CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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For the Year Ended December 31, 2012

Mission Statement

The Regional Transportation Authority was created by the people to provide quality transportation in a responsible manner consistent with its financial resources and the diverse needs of the people. Secondarily, the Authority will also act responsibly to enhance the regional economy.

Prepared by the Finance Department

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2012
Introductory Section

Comprehensive Annual Financial Report

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

5658 Bear Lane **Corpus Christi, Texas 78405** **(361) 289-2712**

June 5, 2013

John Valls, Board Chair
and Members of the Board of Directors of the
Corpus Christi Regional Transportation Authority

Dear Board Chair, Board Members, and Citizens:

Management is pleased to submit to you this Comprehensive Annual Financial Report (CAFR) of the Corpus Christi Regional Transportation Authority (Authority) for its fiscal year ended December 31, 2012. This CAFR is indicative of Authority management's continued commitment to provide high quality, complete, concise and reliable financial information about the Authority.

Management assumes full responsibility for the completeness and reliability of this information based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not outweigh the benefits, the Authority's system of controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

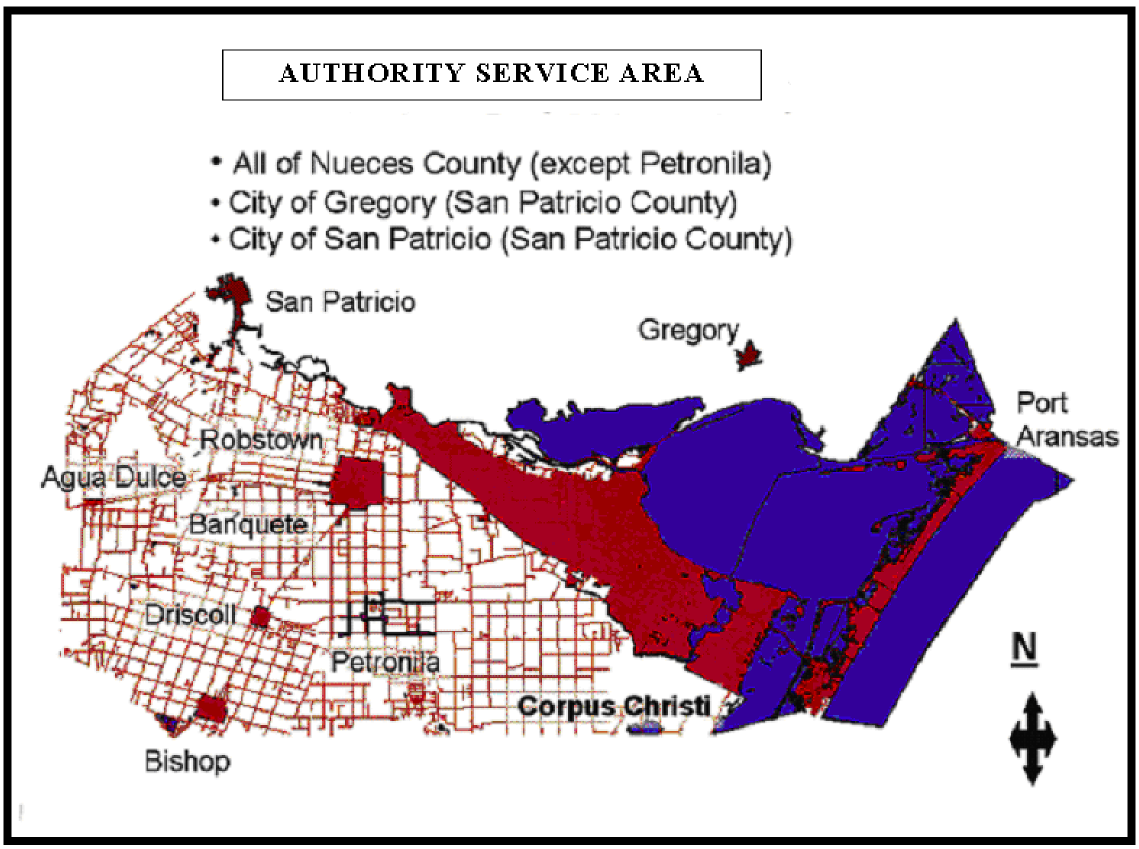
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements and required supplementary information contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. The independent firm of Collier, Johnson & Woods, P.C., Certified Public Accountants, has issued an unqualified (clean) opinion on the Authority's financial statements and related information. Their opinion letters are presented first in the Financial and Single Audit sections of this CAFR.

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

PROFILE OF THE AUTHORITY

The Authority was created in 1985 by majority vote of the taxpayers and commenced operations on January 1, 1986. Note 1 in the Financial Section provides more details about the Authority as a legal entity.

Located in Corpus Christi, Texas on the coast of the Gulf of Mexico, the Authority is a *regional* provider of mass transportation services, primarily within Nueces County and also part of San Patricio County. Nueces County includes the cities of Agua Dulce, Bishop, Corpus Christi, Driscoll, Port Aransas, Robstown, and unincorporated areas. San Patricio County coverage includes the cities of Gregory and San Patricio. The total area is 838 square miles and has a population of 342,412 according to the 2010 Census. A schematic of the Authority's service area is presented below.



Services and Service Delivery

Either directly or through contractors, the Authority provides virtually all public transportation services in this area. These services include fixed route, para-transit, vanpool, specialized services, and ferryboat transportation. The Authority maintains 1,351 bus stops and shelters, four transfer stations, three park and ride lots and a fleet of 76 motorbus coaches and 38 smaller revenue vehicles. Certain commuter, para-transit and ferry services are provided through contractors specializing in these services. Table 10 in the Statistical Section contains service delivery statistics for the past ten years.

Officials

An eleven-member Board of Directors (Board) governs the Authority. The City of Corpus Christi, Nueces County and Committee of Small City Mayors appoint members of the Board, excluding the Chair. The Board makes decisions, designates management, significantly influences operations and maintains primary fiscal accountability.

The Board establishes policy and sets direction for the Authority. The Board is made up of a chair and ten members. Five members are appointed by the City of Corpus Christi, three members are appointed by the Nueces County Commissioners and two members are appointed by participating small cities. The Chair is appointed by the sitting Board members. The Board members serve overlapping two-year terms. A listing of Authority Board members is included on page ix.

Executives

A Chief Executive Officer (CEO) is responsible for the daily operations of the Authority. The CEO supervises four major divisions including Administration, Capital Programs, Strategic Planning and Operations. These broad divisions are organized into numerous departments for operational efficiency. The Authority has more than 200 employees in addition to about 100 staff employed by various contractors. An organizational chart is shown on page x.

Budget

The Board is required to adopt an annual operating budget before the beginning of each fiscal year. The budget serves as a policy document, an operations guide, a financial plan and a communication device. The process for developing the Authority's budgets typically begins with Board strategic planning in June or July and, through a series of meetings and analysis, results in an operating budget and a prioritized capital budget. The Authority may not spend more than the approved operating budget. The Board must approve increases to the budget. The CEO may permit movement of funds within the approved budget. If these reallocations are significant, Board approval is obtained.

LOCAL ECONOMY

The regional economy is diversified and includes naval air training, shipping, fishing, tourism, petrochemical refining, construction, agriculture, health care, government services and higher education. The region has a varied base that adds to the relative stability of employment. The estimated unemployment rate in Nueces County was 6.2% in 2012 compared to 6.1% in 2002. Per capita income rose from $25,941 in 2002 to an estimated $40,174 in 2012.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales and use tax generated from its regional economy. Sales tax revenues have grown at an annual average of 7.9% over the past ten years compared to average growth in operating expenses, including depreciation, of 4.7% over the same period. The Authority continues to operate with its original transit tax rate of .5%. The current overall sales and use tax rate for the Corpus Christi area is 8.25%, which is the maximum allowed by current law. Drilling activity in the Eagle Ford Shale was responsible for much of the increase in sales tax revenue over the past two years.

In 2012, fuel prices for both diesel and unleaded fuel reached record highs. Over the past ten years diesels prices have increased by 355% while the price of unleaded gasoline has increased by 280%. Higher fuel prices at the pump tend to encourage higher utilization of public transportation by citizens. However, these same rising costs also dramatically impact the Authority's ability to afford fuel needed to provide services. Rising fuel costs also impact the cost of maintenance materials for the Authority's fleet and energy prices associated with the Authority's customer amenities. In response to these high costs the Authority is in the process of converting its fleet to CNG.

Consistent with its mission statement, the Authority remains steadfast in its commitment to provide excellent public transportation to its riders while responsibly managing resources.

<u>Long-Range Financial Planning</u>

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

In 2012, the Authority completed the first phase of the conversion to CNG with the construction of a CNG fueling station, related modifications to the existing maintenance plant and the purchase of ten CNG powered motor buses. The Authority anticipates replacing at least twenty para-transit vehicles and seven non-revenue vehicles with CNG powered vehicles in 2013.

Other major capital projects completed in 2012 included $2.6 million in bus stop improvements including those that increased accessibility to transit stops in accordance with ADA guidelines, replacement of three para-transit vehicles, and continued upgrades to information technology including a new telephone system. In 2013, the Authority expects to complete another phase in the ADA bus stop accessibility plan and additional improvements to the management information system. Planned future projects include a new customer service center in downtown Corpus Christi. Purchases of land for the project were completed in 2012 and construction and financing options are currently under review.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We express appreciation to the staff of the Finance Department for the significant investment of time and effort needed to prepare this report. Thank you to executive management for their various contributions to the information contained in this report. We also express deep appreciation for the innumerable efforts of our bus operators, street supervisors, dispatchers, trainers, security, safety personnel, mechanics, fleet service workers and facility maintenance staff who are directly involved with the daily provision of service to our customers.

Scott Neeley
Chief Executive Officer

Susan Vinson

Susan Vinson, CPA, MSM
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Corpus Christi Regional Transportation Authority

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

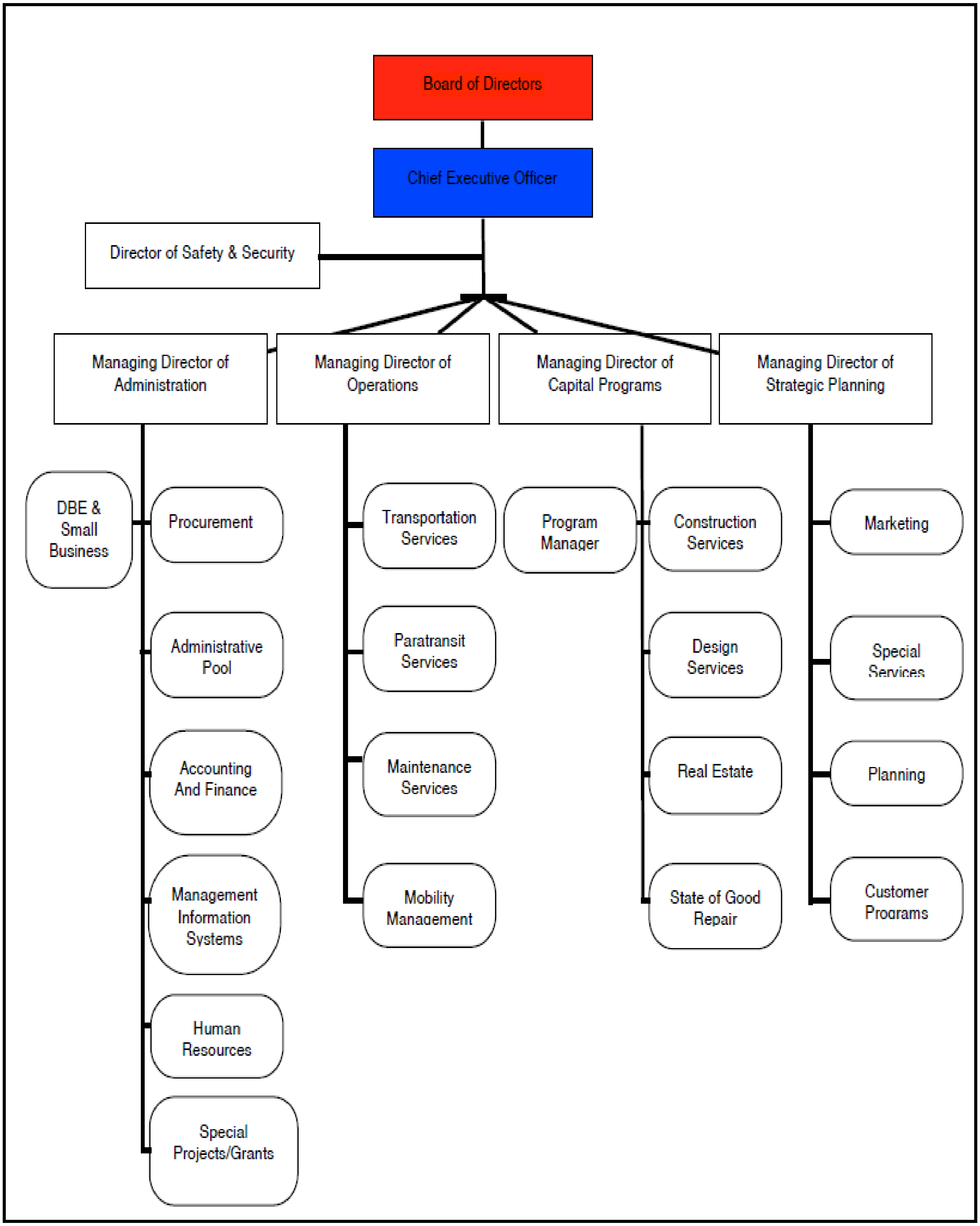
BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Board Chair	**John Valls**
Board Vice-Chair	**Vangie Chapa**
Board Secretary	**Angie Flores Granado**
Members	**George Clower** **Thomas Dreyer** **Tony Elizondo** **Robert Garcia** **Gil Hernandez** **Ray Hunt** **Mary Saenz** **Lamont Taylor**
Advisory Board Member	**Crystal Lyons**

ADMINISTRATION

Chief Executive Officer	**Scott Neeley**
Managing Director of Administration	**Jorge Cruz-Aedo**
Managing Director of Capital Programs	**Sharon Montez**
Managing Director of Operations	**Rosa Villarreal**
Managing Director of Strategic Planning	**Carl Weckenmann**
Director of Transportation	**Robert Saldana**
Director of Finance	**Susan Vinson**
Director of Maintenance	**Jose Tovar**
Director of Special Services	**Terry Klinger**
Director of Marketing	**Jane Haas**
Acting Director of Procurements	**William Laridis**


Board of Directors
Chief Executive Officer
Director of Safety & Security
Managing Director of Administration
Managing Director of Operations
Managing Director of Capital Programs
Managing Director of Strategic Planning
DBE & Small Business
Procurement
Administrative Pool
Accounting And Finance
Management Information Systems
Human Resources
Special Projects/Grants
Transportation Services
Paratransit Services
Maintenance Services
Mobility Management
Program Manager
Construction Services
Design Services
Real Estate
State of Good Repair
Marketing
Special Services
Planning
Customer Programs

2012
Financial Section

Comprehensive Annual Financial Report

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

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INDEPENDENT AUDITOR'S REPORT

May 29, 2013

Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Corpus Christi Regional Transportation Authority as of for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corpus Christi Regional Transportation Authority as of December 31, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18 and other required supplementary information on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 77 and 78, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal financial awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules and the schedule of expenditures of federal financial awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Corpus Christi Regional Transportation Authority (Authority) offers to readers of its financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2012 and 2011. We encourage readers to consider this information as part of a greater whole and read it in conjunction with the information provided in our transmittal letter in the introductory section and all other information presented in the notes to the financial statements and other sections.

FINANCIAL HIGHLIGHTS

- The Authority's net position at December 31, 2012 was $73,283,561. Of this amount, $29,843,986 (40.7%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement.

- The Authority's net position increased by $9,576,725 (15.0%) during 2012 as a result of net income of $3,784,048 and capital grants and donations of $5,792,677.

- As of December 31, 2012, the Authority had long term obligations of $607,514, composed of $531,047 of other post employment benefits and $76,467 in accrued compensated absences.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities; with the difference between them being reported as net position. This is a measure of financial position, which can indicate improvement or deterioration from year to year. The presentation of net position also distinguishes between those invested in capital assets 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 *Notes to the Financial Statements* and *Required Supplementary Information* 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 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 in this section.

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

FINANCIAL ANALYSIS

Statement of Net Position:

Net Position: Increases in net position indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Position provides the necessary information on which to base this determination. The net position is presented in two components: (1) those invested in capital assets and (2) those unrestricted and available for operations. Just over fifty-nine percent of the Authority's total net position is invested in capital assets consisting of buses, bus stops, shelters, stations, operating facilities and related land. There is no debt associated with these assets. The Authority uses these assets for the purpose of achieving its mission.

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

Table 1

CONDENSED SUMMARY OF NET POSITION

		At December 31			At December 31		
		2012	**2011**	**Change**	**2011**	**2010**	**Change**
Current Assets	$	35,104,552	32,369,128	2,735,424	32,369,128	26,815,449	5,553,679
Capital Assets		43,439,575	35,534,213	7,905,362	35,534,213	35,551,031	(16,818)
Total Assets		78,544,127	67,903,341	10,640,786	67,903,341	62,366,480	5,536,861
Current Liabilities		4,653,052	3,630,590	1,022,462	3,630,590	2,461,986	1,168,604
Long-Term Liabilities		607,514	565,915	41,599	565,915	452,658	113,257
Total Liabilities		5,260,566	4,196,505	1,064,061	4,196,505	2,914,644	1,281,861
Invested in Capital Assets		43,439,575	35,534,213	7,905,362	35,534,213	35,551,031	(16,818)
Unrestricted		29,843,986	28,172,623	1,671,363	28,172,623	23,900,805	4,271,818
Total Net Position	$	73,283,561	63,706,836	9,576,725	63,706,836	59,451,836	4,255,000

The Authority's net position at December 31, 2012 was $73,283,561. Of this amount, $43,439,575 (59.3%) represents the Authority's investment in capital assets (land, buildings, vehicles and other equipment). The remaining $29,843,986 was unrestricted. Net position increased $9,576,725 in 2012 due to an overall increase in investments and capital assets (net of accumulated depreciation), offset by decreases in cash, receivables and prepaid expenses and an increase in liabilities. It is the intent of the Board to assure that the Authority maintains adequate resources for operations and capital projects.

The Authority's net position at December 31, 2011 total $63,706,836. Of this amount, $35,534,213 (55.8%) represents the Authority's investment in capital assets. The remainder is unrestricted.

Current Assets: At the end of 2012, the Authority's current assets had increased by $2,735,424 from the end of 2011. Investments were increased by a reduction in cash. Receivables, prepaid expenses and the net pension asset were lower than in 2011. The Authority continues a strategy to maintain adequate resources for replacement, enhancement and expansion of capital assets and withstanding economic uncertainty.

During 2011, the Authority's current assets increased by $5,553,679. Cash was increased by a reduction in investments due to maturities. Receivables and the net pension asset were also higher than in 2010.

Capital Assets: As of December 31, 2012, the Authority's overall investment in capital assets (net of accumulated depreciation) totals $43,439,575, an increase of $7,905,362 from December 31, 2011. During the year, capital assets totaling $13,428,696 were added and depreciation totaling $5,523,334 decreased the carrying value. The Authority also retired capital assets with a historical cost of $9,532,773 and accumulated depreciation of $9,532,773. Significant 2012 capital additions include:

- Completion of $5 million project to construct a CNG fueling station and retrofit the Maintenance Building for CNG
- Purchase of 10 CNG buses as the first phase of conversion to a CNG fleet
- Sidewalk improvements, bus pads, turnouts and curb cuts at bus stops and shelters
- Accessibility enhancements per the Authority's ADA Transition Plan
- Acquisition of additional land for expansion of the Staples Street Station and a new customer service center
- Continuing upgrades to the Authority's information systems including a new telephone system

As of December 31, 2011, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $35,534,213, a decrease of $16,818 from December 31, 2010. During the year, capital assets totaling $5,862,990 were added and depreciation totaling $5,878,720 decreased the carrying value. The Authority also retired capital assets with a historical cost of $583,066 and accumulated depreciation of $581,978. Significant 2011 capital additions included:

- Replacement of five motor coaches, and purchase of several smaller revenue and support vehicles
- Sidewalk improvements, bus pads, turnouts and curb cuts at bus stops and shelters
- Accessibility enhancements per the Authority's ADA Transition Plan
- Acquisition of additional land at the Staples Street and Port Ayers Stations
- Continuing upgrades to the Authority's fare collection and information systems including on board internet access

Additional details about the Authority's capital asset activities are presented in Note 3 of the notes to the financial statements. The primary funding source for capital projects is federal grants with a matching principle requiring that the Authority generally fund 20% of the total cost. Assets are then depreciated while maintaining the funding breakdown. The CNG fueling station and related modifications to the maintenance facility were funded with local funds. The Schedule of Expenditures of Federal Awards in the Single Audit Section provides more details on federal grant activity during the year. The following shows the investment in the Authority's assets by funding source as of December 31, 2012 and 2011:

Table 2

		Federal and Other Funding	Local Funding	Total
At December 31, 2012:				
Capital Assets At Cost	$	65,937,918	23,961,459	89,899,377
Less Accumulated Depreciation		37,386,608	9,073,194	46,459,802
Capital Assets, Net	$	28,551,310	14,888,265	43,439,575
At December 31, 2011:				
Capital Assets At Cost	$	67,967,834	18,035,620	86,003,454
Less Accumulated Depreciation		40,561,744	9,907,497	50,469,241
Capital Assets, Net	$	27,406,090	8,128,123	35,534,213

Liabilities: The Authority's total liabilities as of December 31, 2012 are $5,260,566, of which $4,653,052 is current and customary to the Authority's business and $607,514 are non-current liabilities. Current liabilities increased due to increased amounts due to other governmental entities for street improvements and increased trade and accrued payables. As of December 31, 2011 the Authority's total liabilities were $4,196,505, of which $3,630,590 was current and $565,915 was non-current. Current liabilities increased due to increased amounts due to other governmental entities for street improvements and increased trade payables.

Statement of Revenues, Expenses and Changes in Net Position:

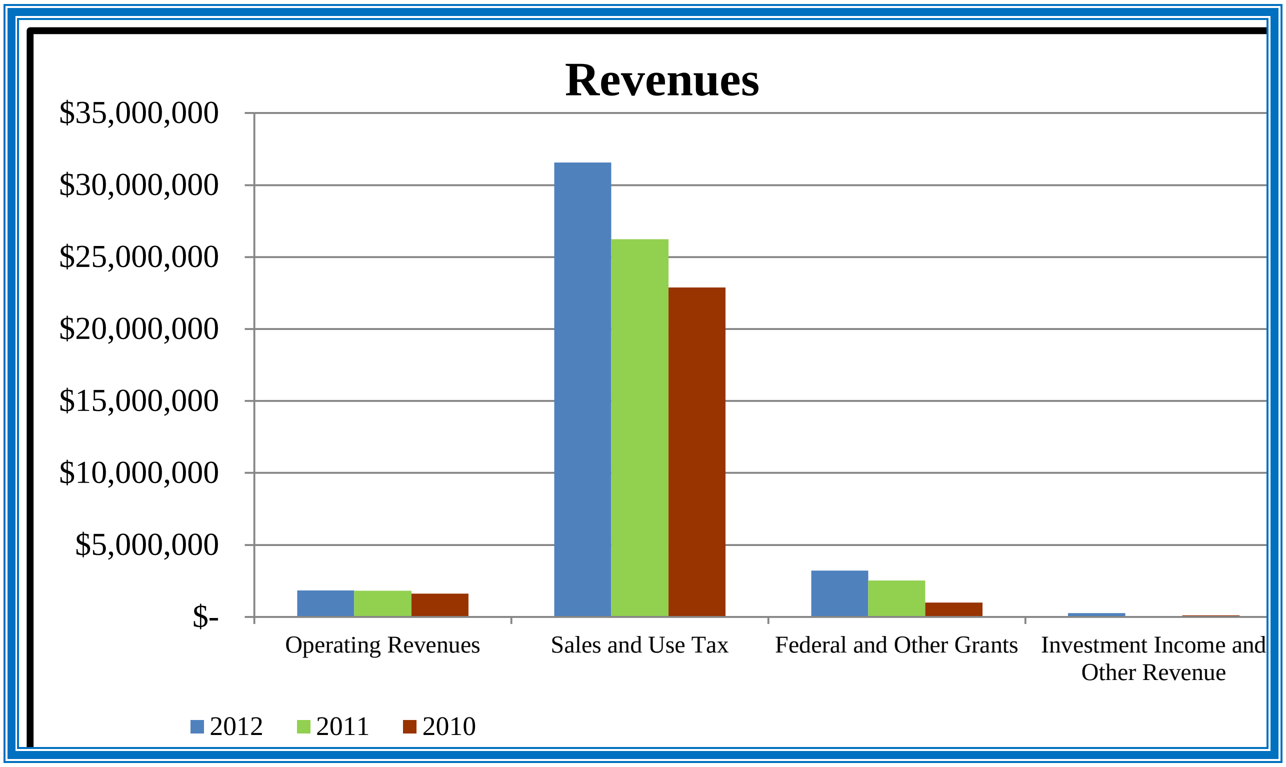
Change in Net position: While the Statement of Net Position focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Position provides further details as to what specific activities took place during the year that led to the changes shown on the Statement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

Table 3

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended December 31			Year Ended December 31		
	2012	**2011**	**Change**	**2011**	**2010**	**Change**
Revenues:						
Operating Revenues	$ 1,851,238	1,813,663	37,575	1,813,663	1,626,297	187,366
Non-Operating Revenues						
Sales and Use Tax	31,571,834	26,235,525	5,336,309	26,235,525	22,891,712	3,343,813
Federal and Other Grants	3,226,061	2,527,017	699,044	2,527,017	995,526	1,531,491
Investment Income	51,173	27,860	23,313	27,860	100,071	(72,211)
Gain on Property Disposed	1,086	1,733	(647)	1,733	10,828	(9,095)
Total Revenues	36,701,392	30,605,798	6,095,594	30,605,798	25,624,434	4,981,364
Expenses:						
Operating Expenses	25,239,860	23,801,087	1,438,773	23,801,087	22,190,593	1,610,494
Depreciation	5,523,334	5,878,720	(355,386)	5,878,720	5,203,248	675,472
Distribution to Regional Entities	2,154,150	1,918,020	236,130	1,918,020	1,325,648	592,372
Federal Interest in Disposed Property	-	-	-	-	2,816	(2,816)
Total Expenses	32,917,334	31,597,827	1,319,517	31,597,827	28,722,305	2,875,522
Net Income (Loss) Before Capital Grants and Donations	3,784,048	(992,029)	4,776,077	(992,029)	(3,097,871)	2,105,842
Capital Grants and Donations	5,792,677	5,247,029	545,648	5,247,029	3,106,602	2,140,427
Increase In Net Position	9,576,725	4,255,000	5,321,725	4,255,000	8,731	4,246,269
Net Position, January 1	63,706,836	59,451,836	4,255,000	59,451,836	59,443,105	8,731
Net Position, December 31	$ 73,283,561	63,706,836	9,576,725	63,706,836	59,451,836	4,255,000

Net position increased by $9,576,725 during 2012. The Authority's net position increased because of $5,792,677 in Federal capital grants and net income of $3,784,048. Net position increased by $4,255,000 during 2011 due to $4,857,596 in Federal capital grants and $389,433 in private capital donations offset by a loss of $992,029. The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net position.



Revenues: The Authority's revenues are from sources customary to the public mass transportation industry. Total revenues are made up primarily of sales and use taxes with the smaller share of overall revenues generated from user charges and other ancillary revenues, grants used for operating assistance earnings from investing activities, and occasional gains from disposing of property owned by the Authority.

In 2012, the Authority's total revenues increased $6,095,594 (19.9%) from 2011. Sales taxes, grant revenues, operating revenues and investment income all increased from the prior year while gain on disposed property decreased. Drilling activity in the Eagle Ford Shale was responsible for much of the economic growth fueling the 20.3% increase in sales tax revenue. In 2011, the Authority's total revenues increased $4,981,364 (19.4%) from 2010. Sales taxes, grant revenues and operating revenues all increased from the prior year levels while investment income and gain on disposed property decreased. Details about the Authority's revenue activities are discussed in the following sections.

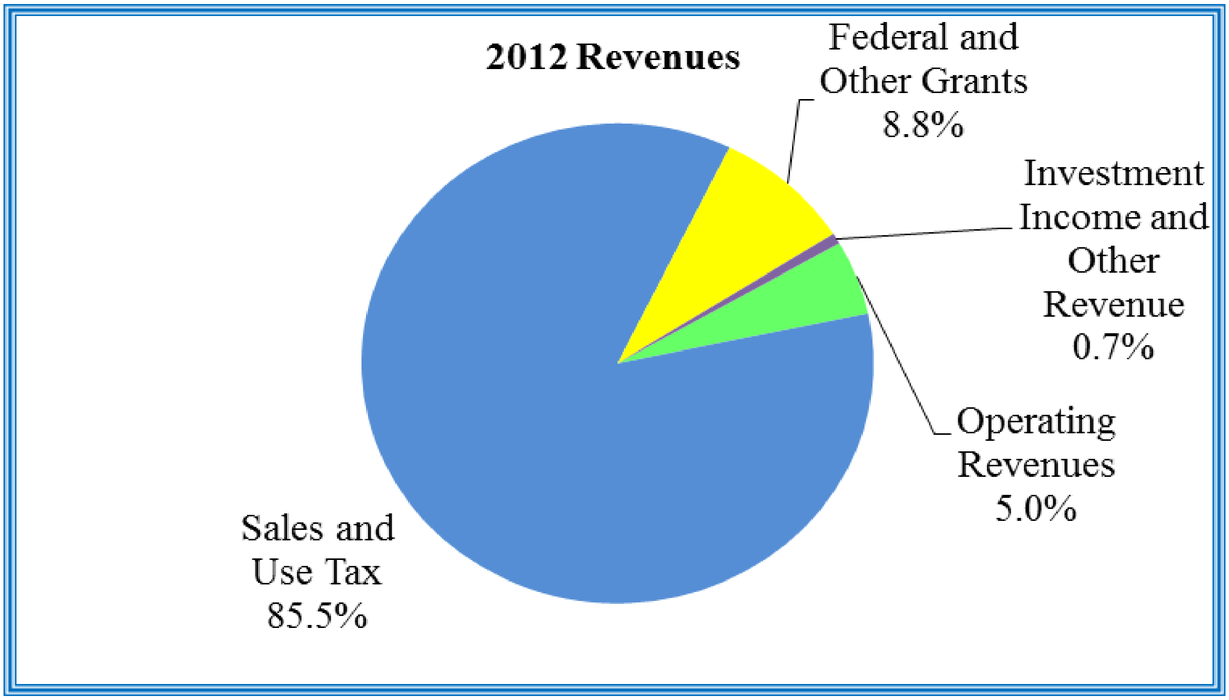
- Operating Revenues include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues. For 2012, operating revenues represent 5.1% of total revenues and are $37,575 more than in 2011. Overall rider-ship was up by 0.9%. Ridership on fixed routes was up by 0.5% while para-transit ridership increased by about 1.6% due to increases in employment and improvement in the overall economy. Ridership on the Harbor Ferry was up 63.7% due to an improved economy and a positive response to improved service and amenities during the 2011 season. Passenger revenues were up 2.8%, with revenues leading increased ridership because increases were primarily in higher fare services. In 2011, operating revenues represented 5.9% of total revenues and were $187,366 more than in 2010. Overall rider-ship was up by 10.6% of which about 1.0% was due to operation of the Harbor Ferry which did not run in 2010. Ridership on fixed routes was up by 10% while demand response ridership was up by 4.7% due to increases in employment and improvement in the overall economy. Passenger revenues were up 8.0%, with revenues lagging increased ridership because the greatest increase was in lower fare services.

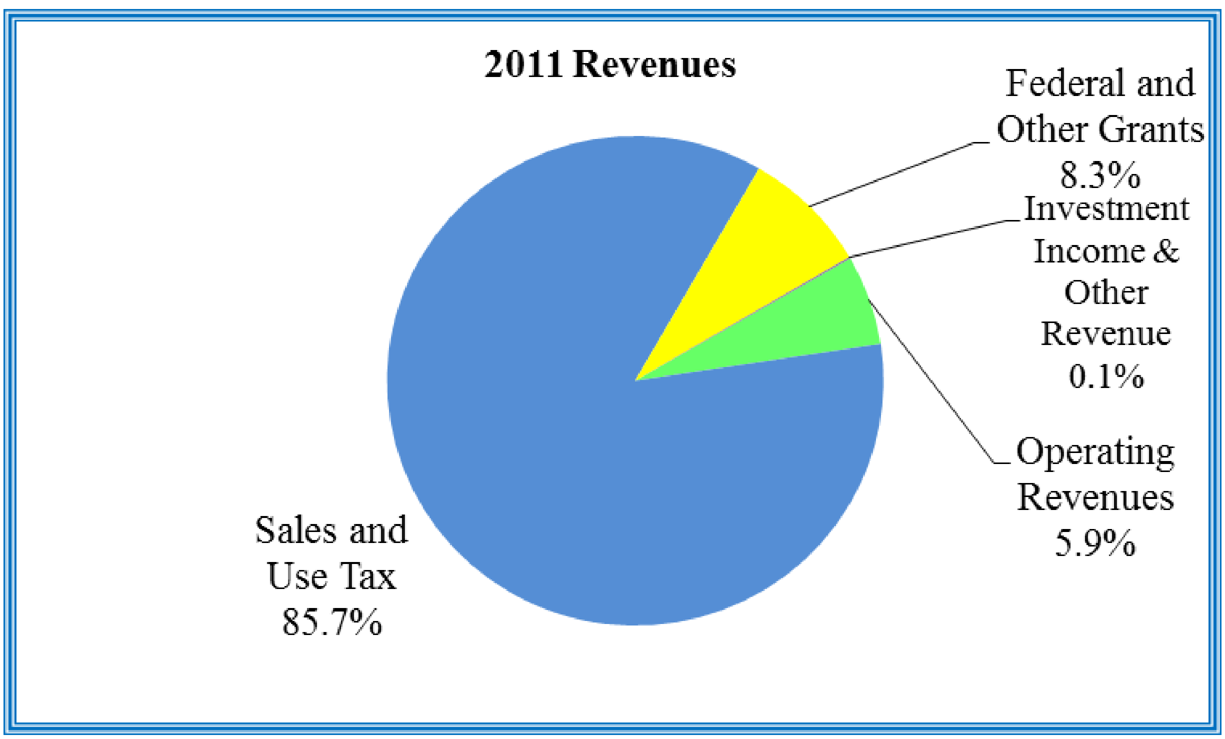
- Sales and Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the region which provides the primary funding for the Authority's operating budget. For 2012, sales taxes represent 85.5% of total revenues and increased 20.3% from 2011. Continued improvements in the overall economy and increased economic activity related to the Eagle Ford Shale play were responsible for the increase in sales tax collections. In 2011, sales taxes were 85.7% of total revenues and were 14.6% higher than 2010, as improvements in the economy directly impacted sales tax collections in the region.

- Operating Grant Assistance represents reimbursements to the Authority for preventative maintenance activities, the cost of certain work-related routes and regional mobility coordination. 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 2012, these grant revenues are made up primarily of reimbursements for preventive maintenance activities and operating assistance for ADA para-transit services. There are also revenues from FTA Job Access and Reverse Commute used to help pay for the cost of certain work-related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training. In 2012, these grants represent 8.7% of total revenues compared to 8.3% in 2011, and 3.9% in 2010 as the Authority made greater use of preventive maintenance reimbursements. In 2011, these grant revenues were made up primarily of reimbursements for preventative maintenance activities. There were also revenues from FTA Job Access and Reverse Commute used to help pay for the cost of certain work-related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training.

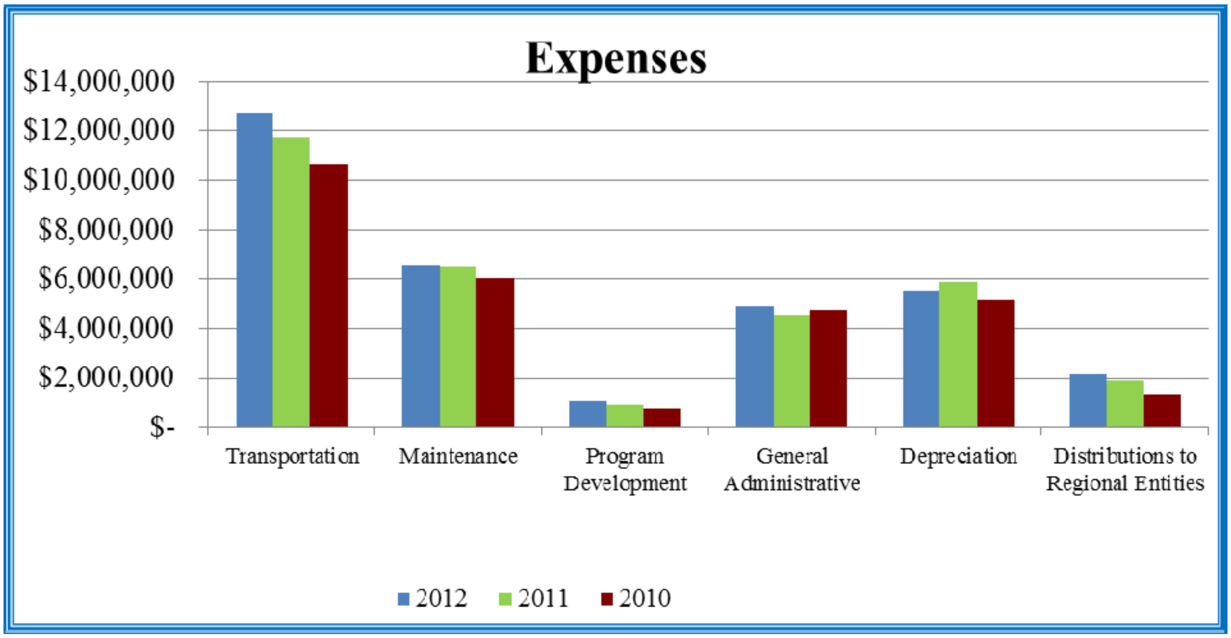
- Investment Income is income earned from the Authority's investing activities. Income generated from the Authority's portfolio increased $23,313 from 2011. The increase was primarily due to higher cash balances resulting from increased sales tax revenue as available yields remained low. In 2012, the average portfolio was $25,614,230 and yielded 0.20% compared to the 2011 average portfolio of $21,335,935 which yielded .13%. In 2011, these revenues decreased $72,211 from 2010 due to lower available yields on higher cash balances. The average portfolio increased to $21,335,935 from $19,217,805 in 2010 and the yields decreased to .13% from .52% in 2010.

Other Revenues include gains on disposals of assets and release of debt from purchase of like-kind property. In 2012 these items resulted in revenues of $1,086 compared to $1,733 in 2011 and $10,828 in 2010. Other revenues have been included with interest income on the revenue charts below.





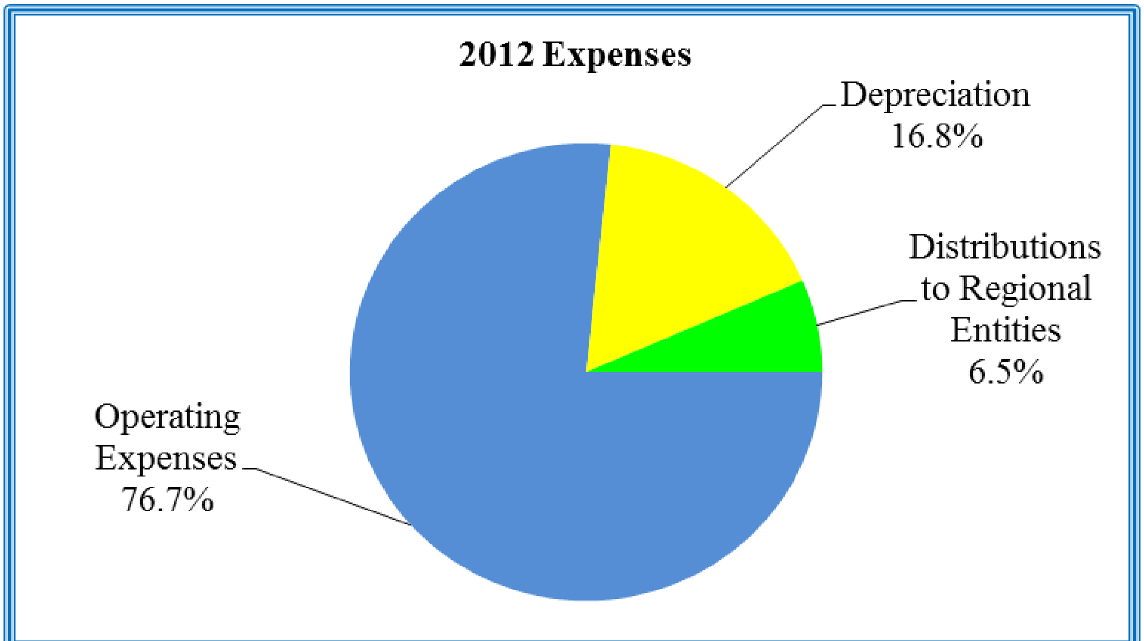
Expenses: The Authority's expenses are made of operating expenses (directly operated and purchased transportation services, maintenance, planning and program development, and general administrative costs), depreciation of capital assets, and distributions to regional entities for the Authority's street improvement program. In 2012, total expenses increased by $1,319,517 (4.2%) over 2011. In 2011, total expenses increased by $2,875,522 (10.0%) over 2010.

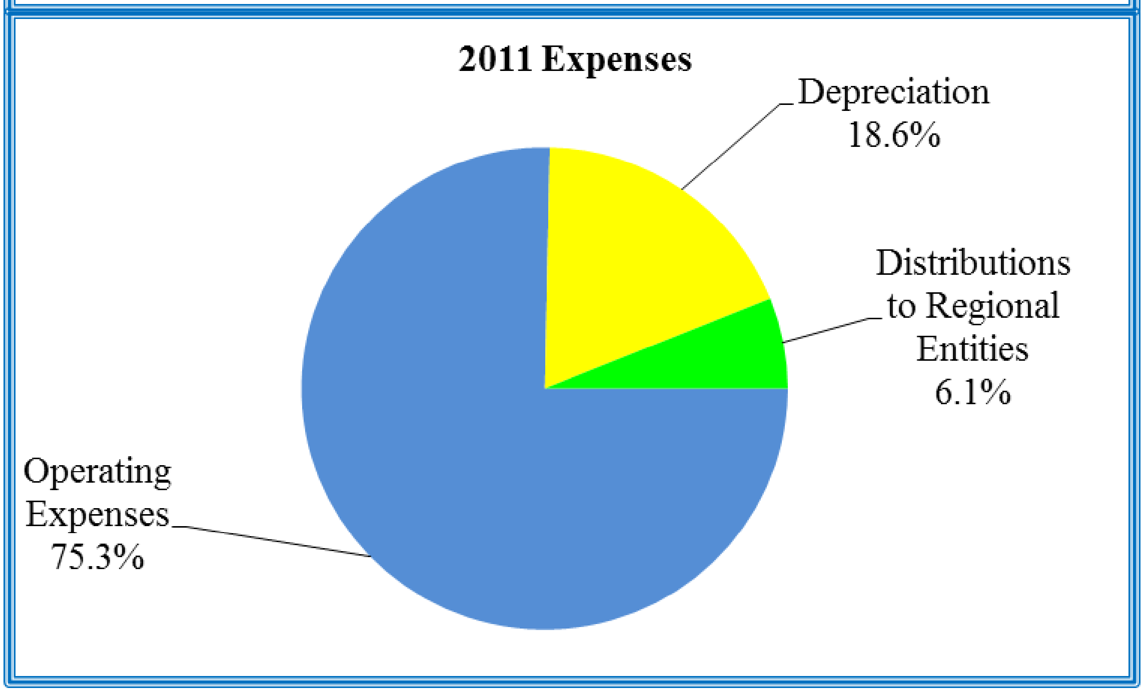


- **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 76.7% and 75.3% of total expenses in 2012 and 2011, respectively.

  As shown on Table 3 above, operating expenses increased by $1,438,773 (6.0%) in 2012. Transportation costs which include both directly operated services and purchased transportation services increased $954,171 (8.1%). A 3% COLA and an additional pay increase for drivers along with increased para-transit and Harbor Ferry services were the primary causes of increased transportation costs. Maintenance costs for facilities and for directly operated revenue and support vehicles remained stable with an increase of $3,995 (0.1%) in 2012. Costs for program development (including service development, customer service, and marketing) increased by $312,239 (32.7%) with much of the cost increase related to the development of a new long range system plan. Administrative costs increased $361,249 (7.9%) from 2011. The largest single factor was an increase in the cost of funding the Authority's pension due to a lower than anticipated year end market valuation.

  For 2011, operating expenses were 7.3% more than 2010. Transportation costs increased by $1,144,463 (10.8%) due to resumption of the Harbor Ferry Service, increases in demand response services, higher fuel prices and increased overtime costs resulting from staff vacancies and absences. Maintenance costs were $486,075 (8.1%) higher than 2010 due to higher fuel prices. Administrative costs decreased from 2010 primarily due to a decrease in the cost of funding the Authority's pension due to improved market conditions.





Depreciation: Depreciation is $355,386 (5.7%) lower than 2011 due to an increase in fully depreciated capital assets. In 2011, depreciation was $675,472 (13.0%) higher than 2010 as the Authority capitalized and began to depreciate new assets including replacements of fully depreciated assets and investments in improvements to bus stops, shelters and other system assets.

Distributions to Regional Entities: The Authority, through collaborative efforts with the regional member government entities, maintains a street improvement program for the purpose of constructing, rebuilding and rehabilitating streets within its service region. These projects represent a major investment in enhancing mobility, reducing congestion and improving the overall service area. The streets are not the property of the Authority and, thus, the expenditures are reported as non-operating expenses in the Authority's financial statements. The level of funding is determined annually based on budgeted sales tax revenues and other factors. In 2012, these costs increased $236,130 (12.3%) from 2011 due to an increase in sales tax. In 2011, the costs of the program increased $592,374 (44.7%) from 2010 due to an increase in sales tax.

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 2012, a rally in the stock market and steady performance the fixed income markets resulted in a $4,655,676 (15.8%) increase in value of the plans' assets since the end of 2011. This follows a decrease of $671,013 (2.2%) in 2011. Note 5 in the notes section provides a discussion of the administration of the plans and there are further details contained in required supplementary information and supplemental schedules contained in the financial section of this CAFR.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For 2013 operating expenses including depreciation are budgeted at $33,087,373. This represents a 3.2% increase over the final 2012 budget. Sales tax, the Authority's largest revenue source, was budgeted at $31,482,000 an increase of 17.6% over what was budgeted in 2012. Sales tax is expected to equal 95.1% of operating expenses in 2013 as opposed to 83.1% in the 2012 budget.

The budget was formulated in the expectation that continued expansion of operations at the Eagle Ford Shale will result in an increase in sales tax revenue that will cover inflationary pressures on expenses. The Eagle Ford Shale is a 20,000 square mile formation that produces natural gas, oil, and related condensate and liquids located in South Central Texas. The Eagle Ford Shale has a significant impact on 20 Texas counties: fourteen producing counties, and six others including Nueces and San Patricio that provide major support to the producing counties such as transportation, refining and pipe laying and manufacturing. A 2013 study released by the Center for Community and Business Research at the University of Texas at San Antonio Economic Institute for Economic Development estimates that in 2012, Eagle

Ford related activity in Nueces County resulted in $8.5 billion in output, supported 6,699 jobs, with payrolls in excess of $350 million, and over $2 billion in gross county product. By 2022, Eagle Ford related output is expected to be $19.9 billion, with employment of 11,563, and payrolls in excess of $650 million, and gross county product exceeding $4 billion.

Sales tax revenue growth is expected to remain robust but at a slower rate than in 2012. Compared to 2012, sales tax revenue in the first quarter of 2013 increased 10%.

Other assumptions in the 2013 budget include minor service increases, maintaining the current fare structures, continued growth of fuel and health care costs. A 3.0 % COLA and an increase in starting compensation for garage service persons were included in the 2013 budget. The budget also assumes continued reliance on preventive maintenance funding available on federal capital grants.

Passenger fare revenues were flat for the first quarter of 2013 as both job growth and fuel prices moderated. Expenses for the first quarter of 2013 have been significantly below budget due to lower than anticipated costs for fuel, health care and wages.

Several significant capital projects are planned for 2013. The cost will be funded with a combination of FTA and other federal grants, local funds and the use of state toll credits in place of matching funds. The projects include:

- Demolition of existing buildings at the site for the proposed Customer Service Center adjoining the Staples Street Transfer Station in downtown Corpus Christi has begun. The scope of the building, timeline and financing await board action.
- Replacement of 23 revenue and seven non-revenue vehicles with CNG fueled vehicles
- ADA Improvements, Shelters & Facilities throughout the system
- Improvements to Bus Stops, Streets and Park and Rides
- Continued improvements to information technology
- Improvements to the Bus Wash

During 2013, the Authority is continuing to carefully assess factors in the local economy and ways to increase revenues or decrease costs in order to live within the means available. The Authority also continues to look for ways to partner with others to enhance the local economy and transportation options.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in its finances. Questions concerning any of the information in this report or requests for additional information should be addressed to Open Records Request, Attn.: Beth Vidaurri, Corpus Christi Regional Transportation Authority, 5658 Bear Lane, Corpus Christi, Texas 78405, (361) 289-2712. In addition this Comprehensive Annual Financial Report will be posted on the Authority's website: www.ccrta.org.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Net Position
December 31, 2012 and 2011

		2012	2011
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 2)	$	14,941,878	24,335,431
Investments (Note 2)		10,455,218	100,000
Receivables:			
Sales and Use Taxes		6,841,088	5,201,820
Accrued Interest		44,438	16
Federal Government		1,936,569	1,385,047
Other		54,623	96,193
Inventories		510,868	571,406
Prepaid Expenses		150,359	501,669
Net Pension Asset		169,511	177,546
Total Current Assets		35,104,552	32,369,128
Capital Assets (Note 3):			
Land		3,658,054	2,166,370
Buildings		17,777,762	16,741,830
Transit Stations, Stops and Pads		22,191,353	19,665,478
Other Improvements		3,756,651	1,715,273
Vehicles and Equipment		41,790,299	43,654,372
Construction in Progress		725,258	2,060,131
Total Capital Assets		89,899,377	86,003,454
Less: Accumulated Depreciation		(46,459,802)	(50,469,241)
Capital Assets, Net		43,439,575	35,534,213
TOTAL ASSETS		**78,544,127**	**67,903,341**
LIABILITIES AND Net Position			
Current Liabilities:			
Accounts Payable		1,332,816	1,245,715
Accrued Compensated Absences (Note 4)		258,394	207,174
Distributions to Regional Entities Payable		2,632,121	1,355,715
Other Accrued Liabilities		429,721	821,986
Total Current Liabilities		4,653,052	3,630,590
Non-Current Liabilities:			
Accrued Compensated Absences (Note 4)		76,467	75,017
Other Post-Employment Benefits (Note 6)		531,047	490,898
Total Non-Current Liabilities		607,514	565,915
TOTAL LIABILITIES		**5,260,566**	**4,196,505**
Net Position:			
Invested In Capital Assets		43,439,575	35,534,213
Unrestricted		29,843,986	28,172,623
TOTAL Net Position	$	**73,283,561**	**63,706,836**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2012 and 2011

		2012	2011
Operating Revenues:			
Passenger Service	$	1,706,528	1,660,782
Bus Advertising		71,004	40,000
Other Operating Revenues		73,706	112,881
Total Operating Revenues		1,851,238	1,813,663
Operating Expenses:			
Transportation		5,423,661	5,169,318
Customer Programs		216,369	317,752
Purchased Transportation		7,294,539	6,594,711
Planning & Service Development		550,325	350,661
MIS		331,765	248,423
Vehicle Maintenance		5,399,571	5,374,393
Facilities Maintenance		980,410	1,003,605
Materials Management		143,081	141,069
Administrative and General		4,591,389	4,313,482
Marketing and Communications		308,750	287,673
Depreciation		5,523,334	5,878,720
Total Operating Expenses		30,763,194	29,679,807
Operating Loss		**(28,911,956)**	**(27,866,144)**
Non-Operating Revenues (Expenses):			
Sales and Use Tax Revenue		31,571,834	26,235,525
Federal and Other Grant Assistance		3,226,061	2,527,017
Investment Income		51,173	27,860
Gain on Disposition of Property		1,086	1,733
Distributions to Regional Entities		(2,154,150)	(1,918,020)
Net Income (Loss) Before Capital Grants and Donations		3,784,048	(992,029)
Capital Grants and Donations		5,792,677	5,247,029
Change in Net Position		9,576,725	4,255,000
Net Position, January 1		63,706,836	59,451,836
Net Position, December 31	$	73,283,561	63,706,836

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows
Years Ended December 31, 2012 and 2011

		2012	2011
Cash Flows From Operating Activities:			
Cash Received from Customers	$	1,697,768	1,660,782
Cash Received from Bus Advertising and Other Ancillary		186,280	123,909
Cash Payments to Suppliers for Goods and Services		(13,626,410)	(12,554,936)
Cash Payments to Employees for Services		(8,347,048)	(7,693,029)
Cash Payments for Employee Benefits		(3,003,122)	(2,904,055)
Net Cash Used by Operating Activities		(23,092,532)	(21,367,329)
Cash Flows from Non-Capital Financing Activities:			
Sales and Use Taxes Received		29,932,566	25,475,867
Grants and Other Reimbursements		3,226,061	2,527,017
Distributions to Regional Entities		(877,744)	(1,435,693)
Net Cash Provided by Non-Capital Financing Activities		32,280,883	26,567,191
Cash Flows from Capital and Related Financing Activities:			
Federal and Other Grant Assistance		5,027,822	5,026,197
Proceeds from Disposal of Capital Assets		1,086	2,820
Purchase and Construction of Capital Assets		(13,262,345)	(5,882,722)
Net Cash Used by Capital and Related Financing Activities		(8,233,437)	(853,705)
Cash Flows from Investing Activities:			
Investment Income		96,412	300,595
Purchases of Investments		(16,644,879)	(5,121,840)
Maturities and Redemptions of Investments		6,200,000	13,100,000
Net Cash Provided/(Used) by Investing Activities		(10,348,467)	8,278,755
Net Increase (Decrease) in Cash and Cash Equivalents		(9,393,553)	12,624,912
Cash and Cash Equivalents, January 1		24,335,431	11,710,519
Cash and Cash Equivalents, December 31	$	14,941,878	24,335,431

(Continued)

		2012	2011
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	$	(28,911,956)	(27,866,144)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation		5,523,334	5,878,720
Changes in Assets and Liabilities:			
Other Receivables		41,571	(28,972)
Inventories		60,538	2,391
Prepaid Expenses		351,310	13,783
Accounts Payable and Accrued Liabilities		(157,329)	632,893
Net Cash Used for Operating Activities	$	(23,092,532)	(21,367,329)
Non-Cash Investing, Capital and Financing Activities:			
Amortization of premiums on investments	$	89,480	226,293
Change in:			
Fair Value of Investments		(180)	-
Interest Receivable		44,422	(46,442)
Sales and Use Tax Receivable		1,639,268	759,658
Receivable from Federal Government		764,855	229,660
Payable to Federal Government		(213,317)	-
Distributions to Regional Entities Payable		1,276,406	482,327
Retainage Payable		166,351	(10,905)

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Position
December 31, 2012 and 2011

		2012	2011
ASSETS			
Investments (Note 2)			
Money Market Funds	$	2,002,588	1,865,667
Debt Mutual Funds		10,767,835	6,576,406
Equity Mutual Funds		21,282,059	20,954,733
Total Assets		34,052,482	29,396,806
LIABILITIES		-	-
NET POSITION			
Assets Held In Trust For Pension Benefits	$	34,052,482	29,396,806

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Position
Years Ended December 31, 2012 and 2011

		2012	2011
Additions:			
Investment Income (Loss)	$	4,290,190	(754,878)
Employee Contributions		673,604	681,496
Employer Contributions (Note 5)		1,125,651	1,064,288
Total Additions		6,089,445	990,906
Deductions:			
Benefits Paid		1,346,803	1,575,477
Administrative Expenses		86,966	86,442
Total Deductions		1,433,769	1,661,919
Increase/(Decrease) in Net Position		4,655,676	(671,013)
Net Position, January 1		29,396,806	30,067,819
Net Position, December 31	$	34,052,482	29,396,806

See Notes to Financial Statements

(1) Summary of Significant Accounting Practices

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 a 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. To date, neither of these options has been exercised. The Authority is not subject to federal income taxes.

Reporting Entity: "The Financial Reporting Entity," as defined by GASB Statement No. 14, 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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed to the extent that those standards do not conflict with the guidance of the GASB. The Statement which applies to the Authority effective for fiscal year 2012, supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. Since the Authority had not made the election under GASB Statement 20 implementation of Statement No. 62 has had no effect on these financial statements.

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 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 nonparticipating 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 investment policy focuses on strategies that attain preservation of principal primarily and maximizing earnings secondarily.

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

Inventories: 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.

Capital Assets: The Authority generally defines capital assets as items with an initial cost of at least $750 ($500 for IT equipment) and an estimated useful life in excess of one year. Capital assets, which include property, facilities, and equipment, are stated at historical cost. Donated assets are recorded at estimated market value as of the date of donation. 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
Transit Stations and Bus Pads	15
Improvements other than buildings	5
Vehicles, furniture and equipment	3-12
Leasehold improvements	3-5

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

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

Pension Plans: It is the Authority's policy to fund pension costs annually. Pension costs are composed of normal service cost and amortization of unfunded actuarial accrued liability and prior service costs.

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

Recent Accounting Pronouncements: In addition to GASB 62 noted above, during 2012, the Authority also implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Statement 63 provides financial reporting guidance for deferred inflows and deferred outflows of resources. Deferred outflows of resources are the consumption of net assets by the government applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure of net position, previously titled net assets. While the Authority had no deferred inflows or deferred outflows, net assets have been retitled net position.

(2) Deposits and Investments

As of December 31, 2012 and 2011, the Authority had the following cash and investments:

	2012			2011		
Deposits and Investments by Type	**Enterprise Fund Fair Value**	**Fiduciary Funds Fair Value**	**Weighted Average Maturity**	**Enterprise Fund Fair Value**	**Fiduciary Funds Fair Value**	**Weighted Average Maturity**
			(Days)			(Days)
Demand Deposits	$ 2 ,975,868	-	1	$ 375,796	-	1
Government Agencies	2,999,820	-	694	-	-	-
Municipal Obligations	6,966,630	-	130	-	-	-
Certificates of Deposit	490,000	-	229	100,000	-	178
Money Market Funds	11,964,859	2,002,588	1	23,958,485	1,865,667	1
Debt Mutual Funds	-	10,767,835	1	-	6,576,406	1
Equity Mutual Funds	-	21,282,059	1	-	20,954,733	1
Total	25,397,178	34,052,482		24,434,281	29,396,806	
Included In Cash and Cash Equivalents	(14,940,727)	(2,002,588)		(24,334,281)	(1,865,667)	
Equity in Investments	$ 10 ,456,451	32,049,894		$ 100,000	27,531,139	

The carrying value of the Enterprise Fund Equity in Investments was $10,455,218 and $100,000 at December 31, 2012 and 2011, respectively.

The Authority's deposits and investments are subject to various types of risks. The following disclosures are for the purpose of assessing the types of risks involved.

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 six months. The maximum maturity for any one investment is three years.

For the Enterprise Fund as of December 31, 2012,

- no holding in the portfolio had a stated maturity date beyond 694 days,
- holdings maturing beyond six months represented 21.29% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 121 days

For the Enterprise Fund as of December 31, 2011,

- no holding in the portfolio had a stated maturity date beyond 178 days,
- holdings maturing beyond six months represented 0.41% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 2 days

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

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

Concentration of Credit Risk: This is the risk of investing predominantly in any one type of investment or entity. The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Authority's adopted investment policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a monthly basis. As of December 31, 2012 the limits on the various types of authorized investments as a percent of the portfolio were:

Investment Type	Allowable	Actual as of 12/31/2012	Actual as of 12/31/2011
US Treasury Obligations	80.00%	0.00%	0.00%
US Agencies/Instrumentalities	80.00%	11.73%	0.00%
State Government Obligations	35.00%	0.00%	0.00%
Local Government Obligations	35.00%	27.24%	0.00%
Certificates of Deposit (Depository)	50.00%	1.92%	0.41%
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%	0.00%	0.00%
Money Market Funds / Demand Deposits	100.00%	59.11%	99.59%
Commercial Paper	25.00%	0.00%	0.00%
Bankers Acceptances	20.00%	0.00%	0.00%

Custodial Credit Risk – Deposits and Investments: For deposits, this is the risk that if a bank fails, the Authority may not recover its deposits. The Authority contractually requires that all demand deposits held in the bank overnight and repurchase agreements be fully insured or collateralized at 102% under a written agreement. Collateral is held in safekeeping by an independent third party. At December 31, 2012 and 2011 bank funds on deposit in excess of FDIC insurance were collateralized at more than 102%.

For investments, this is the risk that if counterparty fails, the Authority may not recover the value of its investments held by 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, 2012 and 2011, all Authority's securities were handled in this manner.

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

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

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

(3) Capital Assets

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

Capital asset activities for the year ended December 31, 2012 is as follows:

		Balance at 12/31/2011	Additions / Transfers	Retirements	Balance at 12/31/2012
Assets Not Being Depreciated:					
Land	$	2,166,370	1,491,684	-	3,658,054
Construction in Progress		2,060,131	(1,334,873)	-	725,258
		4,226,501	156,811	-	4,383,312
Assets Being Depreciated:					
Buildings		16,741,830	1,043,727	(7,795)	17,777,762
Transit Stations, Bus Stops, Street Pads & Other Improvements		19,665,478	2,621,514	(95,639)	22,191,353
Improvements other than Buildings		1,715,273	2,125,576	(84,198)	3,756,651
Vehicles, Furniture and Equipment		43,654,372	7,481,068	(9,345,141)	41,790,299
		81,776,953	13,271,885	(9,532,773)	85,516,065
Total Capital Assets		**86,003,454**	**13,428,696**	**(9,532,773)**	**89,899,377**
Less: Accumulated Depreciation:					
Buildings		8,409,203	561,108	(7,796)	8,962,515
Transit Stations, Bus Stops, Street Pads & Other Improvements		13,581,341	1,436,063	(95,639)	14,921,765
Improvements other than Buildings		1,549,887	132,369	(84,198)	1,598,058
Vehicles, Furniture and Equipment		26,928,810	3,393,794	(9,345,140)	20,977,464
Total Accumulated Depreciation		**50,469,241**	**5,523,334**	**(9,532,773)**	**46,459,802**
Total Capital Assets, Net	$	**35,534,213**	**7,905,362**	**-**	**43,439,575**

Capital asset activities for the year ended December 31, 2011 is as follows:

		Balance at 12/31/2010	Additions / Transfers	Retirements	Balance at 12/31/2011
Assets Not Being Depreciated:					
Land	$	1,928,997	237,373	-	2,166,370
Construction in Progress		2,155,280	(95,149)	-	2,060,131
		4,084,277	142,224	-	4,226,501
Assets Being Depreciated:					
Buildings		16,741,830	-	-	16,741,830
Transit Stations, Bus Stops, Street Pads & Other Improvements		17,370,114	2,295,364	-	19,665,478
Improvements other than Buildings		1,695,710	19,563	-	1,715,273
Vehicles, Furniture and Equipment		40,831,599	3,405,839	(583,066)	43,654,372
		76,639,253	5,720,766	(583,066)	81,776,953
Total Capital Assets		**80,723,530**	**5,862,990**	**(583,066)**	**86,003,454**
Less: Accumulated Depreciation:					
Buildings		7,706,327	702,876	-	8,409,203
Transit Stations, Bus Stops, Street Pads & Other Improvements		12,396,170	1,185,171	-	13,581,341
Improvements other than Buildings		1,421,430	128,457	-	1,549,887
Vehicles, Furniture and Equipment		23,648,572	3,862,216	(581,978)	26,928,810
Total Accumulated Depreciation		**45,172,499**	**5,878,720**	**(581,978)**	**50,469,241**
Total Capital Assets, Net	$	**35,551,031**	**(15,730)**	**(1,088)**	**35,534,213**

(4) Long – Term Liabilities

The Authority's long-term liabilities are limited to Other Post Employment Benefits and the non-current portion of Compensated Absences. Authority employees are allowed to carry a maximum of 80 hours of accrued but unused personal leave as of December 31 into the next year. Unused personal leave in excess of 80 hours is forfeited. Sick leave can be carried over indefinitely and up to 240 hours can be paid to an employee retiring from the RTA. The following table shows the changes in long-term liabilities during 2012 and 2011:

Changes in Long Term Liabilities

2012		1/1/2012	Additions	Retirements	12/31/2012	Due Within One Year
Other Post Employment Benefits	$	490,898	37,436	2,713	531,047	-
Compensated Absences		282,191	431,116	(378,446)	334,861	258,394
Total Long Term Liabilities	$	773,089	468,552	(375,733)	865,908	258,394

2011		1/1/2011	Additions	Retirements	12/31/2011	Due Within One Year
Other Post Employment Benefits	$	383,756	166,482	(59,340)	490,898	-
Compensated Absences		270,017	352,100	(339,926)	282,191	207,174
Total Long Term Liabilities	$	653,773	518,582	(399,266)	773,089	207,174

(5) Retirement Plans

Defined Benefit Plan

Plan Description: The *RTA Employees Defined Benefit Plan and Trust* (DB Plan) is a single-employer defined benefit pension plan administered by the Authority and established upon the applicable sections of the Internal Revenue Code. The Authority Board may periodically amend the DB Plan document. The current plan provisions were established by a plan and trust agreement adopted by the Board of Directors in July 1986, and amended in July 1994, February 2002, November 2010 and December 2011.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The DB Plan assets are maintained under a trust agreement with Wells Fargo Bank (Trustee). The trustee carries out an investment policy established by the Authority Board consistent with purposes of the plan and all applicable laws. Administration costs are paid by the plan.

All full time employees are included in the plan. Vesting begins at three years of service with full vesting at seven years. Employees who retire on or after age 62 are entitled to an annual retirement benefit equal to 2% of average compensation for the final three consecutive years of employment times their number of years of service for the Authority. Reduced retirement benefits are available at age 55 with ten years of service. In December 2012, the plan was amended to allow those eligible for early retirement during a specified window without incurring the normal reduction in benefits. The plan is not indexed for inflation. As of January 1, 2012 there were 426 participants in this plan as follows:

Retirees and beneficiaries currently receiving benefits	80
Terminated and entitled to, but not yet receiving benefits	151
Active employees	195

Funding Policy: The Authority is the only source of contributions which are determined annually based on actuarial studies as of the valuation date. The contributions consist of a normal annual pension cost and amortization of any unfunded actuarial accrued liability (UAAL). Significant actuarial assumptions used in the valuations are as follows:

Valuation Date	*01/01/12*	*01/01/11*
Cost Method	*Entry Age Normal Cost*	*Entry Age Normal Cost*
Inflation Rate	*0.0%*	*0.0%*
Investment Rate of Return – Pre Retire	*7.50%*	*7.50%*
Investment Rate of Return – Post Retire	*7.50%*	*7.50%*
Projected Salary Increases	*3.50%*	*3.50%*
Amortization Method	*Level dollar amount over 15 years from 01/01/09*	*Level dollar amount over 15 years from 01/01/09*
Remaining Amortization Period	*12 Years*	*13 Years*
Asset Valuation Method	*Market Value*	*Market Value*

Normal Cost as a percent of covered payroll	*9.2%*	*9.1%*
Annual Required Contribution	$1,125,651	$ 886,742
Contribution Made	$1,125,651	$1,064,288

Annual Pension Cost and Net Pension Obligation: The following represents the components of the Annual Pension Cost (APC), contributions, interest and changes in the Net Pension Obligation (NPO) for the years ended December 31, 2012 and 2011:

	2012	**2011**
Annual Required Contribution (ARC)	$ 1,125,651	$ 886,742
Adjustment to ARC	21,351	-
Interest on Net Pension Asset	(13,316)	-
APC	1,133,686	886,742
Contribution Paid	(1,125,651)	(1,064,288)
Change in Net Pension Asset	(8,035)	177,546
Net Pension Asset – Beginning of Year	177,546	-
Net Pension Asset – End of Year	$ 169,511	$ 177,546

Trend Information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Such trend information as of January 1 for the end of the preceding fiscal years (actuarial valuation date) is as follows:

Year	**Annual Pension Cost (APC)**	**Employer Contribution**	**Percentage of APC Contributed**	**Net Pension Asset**
2012	$1,133,686	$ 1,125,651	99%	$ 169,511
2011	$ 886,742	$ 1,064,288	120%	$ 177,546
2010	$1,168,423	$ 1,168,423	100%	$ -

Funded Status and Funding Progress: The funded status of the plan as of the most recent valuation date is as follows:

January 1	**Actuarial Value of Assets**	**Actuarial Accrued Liability**	**Unfunded Actuarial Accrued Liability (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percent of Covered Payroll**
2012	$ 21,791,159	$25,576,425	$ 3,785,266	85.2%	$ 7,221,526	52.42%
2011	$ 21,547,899	$23,682,639	$ 2,134,740	91.0%	$ 7,073,120	30.18%

A schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

The Plan's assets are exposed to various risks such as interest rate, market, and credit risks. To meet the primary investment goal of a rate of return that will match or exceed the growth of the plans liabilities, while limiting risk, the plan assets are in high quality investments such as debt and equity mutual funds. The targeted mix to meet these objectives is 40% fixed income (debt) funds and 60% equity funds. At December 31, 2012, the Plan's net position was $25,566,845, an increase of 17.3% since December 31, 2011. As a result, the annual required contribution for 2013 is estimated to be $990,565 in comparison to the $1,125,651 required contribution for 2012.

Financial Statements: The DB Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2012 and 2011 are as follows:

Statement of Fiduciary Net Position

December 31, 2012 and 2011

		2012	2011
ASSETS			
Money Market Funds	$	516,351	632,414
Mutual Funds - Debt		9,668,138	5,830,618
Mutual Funds - Equity		15,382,356	15,328,127
TOTAL ASSETS		25,566,845	21,791,159
LIABILITIES		-	-
NET POSITION			
Assets Held In Trust For Pension Benefits	$	25,566,845	21,791,159

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2012 and 2011

		2012	2011
Additions:			
Investment Income/(Loss)	$	3,399,160	(165,982)
Employer Contributions		1,125,651	1,064,288
Total Additions		4,524,811	898,306
Deductions:			
Benefits Paid		682,463	591,273
Administrative Expenses		66,662	63,773
Total Deductions		749,125	655,046
Increase in Net Position		3,775,686	243,260
Net Position, January 1		21,791,159	21,547,899
Net Position, December 31	$	25,566,845	21,791,159

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 $8,379,258 in 2012 and $7,990,096 in 2011. Employee contributions were $673,604 in 2012 and $681,496 in 2011. Employees may make selections from money market, debt and equity mutual funds approved by the investment committee.

Financial Statements: The DC Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2012 and 2011 are as follows:

Statement of Fiduciary Net Position
December 31, 2012 and 2011

		2012	2011
ASSETS			
Money Market Funds	$	1,486,237	1,233,253
Mutual Funds - Debt		1,099,697	745,788
Mutual Funds - Equity		5,899,703	5,626,606
Total Assets		8,485,367	7,605,647
LIABILITIES		-	-
NET POSITION			
Assets Held In Trust For Pension Benefits	$	8,485,367	7,605,647

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2012 and 2011

		2012	2011
Additions:			
Investment Income (Loss)	$	891,030	(588,896)
Employee Contributions		673,604	681,496
Total Additions		1,564,634	92,600
Deductions:			
Benefits Paid		664,340	984,204
Administrative Expenses		20,304	22,699
Total Deductions		684,644	1,006,873
Increase/(Decrease) in Net position		879,990	(914,273)
Net Position, January 1		7,605,647	8,519,920
Net Position, December 31	$	8,485,637	7,605,647

(6) Other Post Employment Benefits (OPEB) Plan

GASB Statement No. 45 established new accounting standards for postretirement benefits other than pensions. This standard does not require funding of OPEB, but does require that any difference between the annual required contribution (ARC) and the amount funded during the year be recorded in the employer's financial statements as an increase (or decrease) to the OPEB. The most recent actuarial valuation performed in accordance with the standard was dated January 1, 2012.

The 2012 valuation included changes in actuarial assumptions that reduced the annual required contribution. The changes resulting in a decrease to the annual required contribution:

- Only employees actually participating in the plan were included in the valuation; the previous valuation included all employees eligible to participate
- The estimate of the employees who would elect continued coverage upon retirement was reduced from 50% to 33% based on historical experience
- An updated actuarial table was used to predict retirement and turnover rates

Other changes resulted in increases to the annual required contribution partially offsetting the overall decrease.

- The discount rate was lowered from 4.5% to 4%
- The medical cost trend rate remains at 9% decreasing to 5% over time, but at a rate of .25% per year rather than .5% per year
- The mortality tables were updated

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

Funding Policy: The Authority requires retirees to pay a portion of the monthly "blended" rates that apply to the group as a whole. Since retiree health care costs are generally higher than active employee healthcare costs, there is an implicit subsidy higher than the stated subsidy of the Authority. For 2012, $627.99 was the required monthly contribution for retiree family coverage and $246.44 for retiree single coverage. The Authority's contributions are on a pay-as-you-go basis. As of the most recent valuation membership is as follows:

Retirees	3
Active	176
Total	179

Annual OPEB Cost and Net OPEB Obligation: The Authority's annual other post employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Authority's annual OPEB cost, the amounts actually contributed toward the plan and changes in the net OPEB obligation are as follows:

	2012	2011
Annual Required Contribution	$ 45,097	$ 172,772
Interest on OPEB Liability	19,636	17,269
Adjustment to the ARC	(27,297)	(23,559)
Annual OPEB Cost	37,436	166,482
Employer Contributions	2,713	(59,340)
Net Change in OPEB Liability	40,149	107,142
OPEB Liability at January 1	490,898	383,756
OPEB Liability at December 31	$ 531,047	$ 490,898

Trend Information: The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation At Year-End
2012	$37,436	(7.2)%	$531,047
2011	$166,482	35.6%	$490,898
2010	$169,206	1.7%	$383,756

Funded Status and Funding Progress: The funded status of the plan as of the most recent valuation dates is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Cost	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
01/01/12	$ -	$ 377,934	$ 377,934	$ 6,436,310	6%
01/01/10	$ -	$ 1,016,925	$ 1,016,925	$ 7,246,956	14%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost inflation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time in relation to the actuarial accrued liability.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of cost-sharing between the Authority and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant assumptions used include the following:

Valuation Date	*01/01/12*	*01/01/10*
Cost Method	*Projected Unit Credit*	*Projected Unit Credit*
Asset Valuation Method	*Unfunded, Pay-as-you-go basis*	*Unfunded, Pay-as-you-go basis*
*Investment Rate of Return ***	*4.00%*	*4.50%*
Annual Healthcare Cost Trend	*9% initially, graded down to 5% in year 17*	*9% initially, graded down to 5% in year 9*
Inflation Rate	*2.50%*	*2.50%*
Utilization	*33% of eligible actives*	*50% of eligible actives*
Amortization Period	*30 Years*	*30 Years*
Amortization Method	*Level Dollar, Open*	*Level Dollar, Open*

*** Expected long term returns on Authority investments that will fund the benefits.*

(7) Risk Management and Insurance

The Authority is exposed to various risks of loss related to third party liability claims; theft of, damage to, and destruction of assets; errors and omissions and injuries to employees. The Authority has an inter-local agreement with the Texas Municipal League for the purpose of providing all-risk property coverage with various limits on property and equipment of the Authority.

As a governmental unit, Authority's general and automobile liability are 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 is one continuing claim 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 2012 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 are considered current liabilities.

Claims or settlements have not exceeded coverage for each of the last three years.

Changes in liabilities for self-funded workers' compensation and health insurance liabilities for the years ended December 31, 2010, 2011 and 2012 are as follows:

	Workers' Compensation	Health and Dental Benefits
Balance at 12/31/09	$ 25,776	$ 111,694
Incurred Claims	-	1,090,198
Changes in Estimate	-	-
Claims Paid	(7,421)	(1,009,844)
Balance at 12/31/10	$ 18,355	$ 192,048
Incurred Claims	-	1,269,900
Changes in Estimate	24,592	-
Claims Paid	(21,695)	(1,181,257)
Balance at 12/31/11	$ 21,252	$ 280,691
Incurred Claims	-	1,119,460
Changes in Estimate	(6,133)	-
Claims Paid	(7,105)	(1,299,591)
Balance at 12/31/12	$ 8,014	$ 100,560

(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, 2012 there was no major construction in progress.

As of December 31, 2011 the second phase of the Authority's Americans with Disabilities Act Transition Plan was substantially complete and the Authority had commitments of about $1.3 million on additional projects to improve infrastructure and access at various stations and stops.

9) Concentrations

During 2012, the Authority received $5,579,360 for capital assistance and $3,226,061 for other projects from the Federal Transportation Administration.

During 2011, the Authority received $4,857,596 for capital assistance and $2,527,017 for other projects from the Federal Transportation Administration.

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

(10) Purchased Transportation Services

The Authority has a contract with MV Transportation, Inc. to provide para-transit services for elderly and persons with disability and certain fixed route services. A contract executed December 1, 2008 established a term for these services from January 1, 2009 through December 31, 2011 with an option for the Authority to extend the contract for two additional one-year periods. The Authority exercised the first one-year extension which extended through December 31, 2012 and the second one-year extension which extends through December 31, 2013. Expenses under the contract amounted to $4,645,917 in 2012 and $4,366,360 in 2011. All passenger fares related to these transit services are recorded by the Authority as operating revenue.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for Defined Benefit Pension Plan:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
January 1, 2012	$ 21,791,159	$ 25,576,425	$ 3,785,266	85.2%	$ 7,221,526	52.4%
January 1, 2011	$ 21,547,899	$ 23,682,639	$ 2,134,740	91.0%	$ 7,073,120	30.2%
January 1, 2010	$ 17,913,932	$ 22,390,777	$ 4,476,845	80.0%	$ 7,246,596	61.8%

Schedule of Employer Contributions for Defined Benefit Pension Plan:

Year	Annual Required Contribution	Percentage Contributed
2012	$ 1,125,651	100 %
2011	$ 886,742	120 %
2010	$ 1,168,423	100 %

Schedule of Funding Progress for Other Post Employment Benefits (as of the most recent valuation dates)**:**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Cost	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
January 1, 2012	$ -	$ 377,934	$ 377,934	$ 6,436,310	6%
January 1, 2010	$ -	$ 1,016,925	$1,016,952	$ 7,246,956	14%

SUPPLEMENTAL SCHEDULES

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Supplemental Schedule - Actual and Budget By Function
Year Ended December 31, 2012

		Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues:					
Passenger Service	$	1,742,750	1,742,750	1,706,528	(36,222)
Bus Advertising		42,000	42,000	71,004	29,004
Other Operating Revenues		80,000	80,000	73,706	(6,294)
Total Operating Revenues		1,864,750	1,864,750	1,851,238	(13,512)
Operating Expenses:					
Transportation		5,365,110	5,448,379	5,423,661	24,718
Customer Programs		521,931	255,488	216,369	39,119
Purchased Transportation		7,182,228	7,279,592	7,294,539	(14,947)
Planning & Service Development		533,360	555,842	550,325	5,517
MIS		334,700	349,480	331,765	17,715
Vehicle Maintenance		5,751,391	5,654,662	5,399,571	255,091
Facilities Maintenance		1,023,868	1,019,957	980,410	39,547
Materials Management		148,506	148,866	143,081	5,785
Administrative and General		5,186,914	5,277,319	4,591,389	685,930
Marketing and Communications		408,632	467,055	308,750	158,305
Depreciation		5,600,000	5,600,000	5,523,334	76,666
Total Operating Expenses		32,056,640	32,056,640	30,763,194	1,293,446
Operating Loss		**(30,191,890)**	**(30,191,890)**	**(28,911,956)**	**1,279,934**
Non-Operating Revenues (Expenses):					
Sales and Use Tax Revenue		26,760,565	26,760,565	31,571,834	4,811,269
Federal and Other Grant Assistance		3,708,657	3,708,657	3,226,061	(482,596)
Investment Income		40,000	40,000	51,173	11,173
Gain on Property Dispositions		-	-	1,086	1,086
Distributions to Region Entities		(2,154,150)	(2,154,150)	(2,154,150)	-
Net Income (Loss) Before Capital Grants and Donations	$	(1,836,818)	(1,836,818)	3,784,048	5,620,866

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Net Position
December 31, 2012 With Comparative Totals for December 31, 2011

		2012			2011
		Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS					
Investments (Note 2)					
Money Market Funds	$	516,351	1,486,237	2,002,588	1,865,667
Mutual Funds – Debt		9,668,138	1,099,697	10,767,835	6,576,406
Mutual Funds – Equity		15,382,356	5,899,703	21,282,059	20,954,733
TOTAL ASSETS		25,566,845	8,485,637	34,052,482	29,396,806
LIABILITIES		-	-	-	-
NET POSITION					
Assets Held In Trust For Pension Benefits	$	25,566,845	8,485,637	34,052,482	29,396,806

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Position
Year Ended December 31, 2012 With Comparative Totals for December 31, 2011

		2012			2011
		Defined Benefit Pension Plan	**Defined Contribution Pension Plan**	**Total**	
Additions:					
Investment Income (Loss)	$	3,399,160	891,030	4,290,190	(754,878)
Employee Contributions		-	673,604	673,604	681,496
Employer Contributions		1,125,651	-	1,125,651	1,064,288
Total Additions		4,524,811	1,564,634	6,089,445	990,906
Deductions:					
Benefits Paid		682,463	664,340	1,346,803	1,575,477
Administrative Expenses		66,662	20,304	86,966	86,442
Total Deductions		749,125	684,644	1,433,769	1,661,918
Increase (Decrease) in Net Position		3,775,686	879,990	4,655,676	(671,013)
Net Position, January 1		21,791,159	7,605,647	29,396,806	30,067,819
Net Position, December 31	$	25,566,845	8,485,637	34,052,482	29,396,806

2012
Statistical Section

Comprehensive Annual Financial Report

ABOUT THE AUTHORITY'S STATISTICAL TABLES

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

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Financial Trends ………………………………………………………………….. 56

These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.

Revenue Capacity ………………………………………………………………. 60

These schedules contain information to help the reader assess the Authority's most significant revenue source, sales and use tax.

Demographic & Economic Data …………………………………………….…. 64

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information …………………………………………………………. 66

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.

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

Table 1

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

		2003	2004	2005	2006
Invested in Capital Assets	$	28,376,996	31,705,996	27,995,330	25,040,740
Unrestricted		15,332,061	16,617,052	19,925,305	22,205,341
Total	$	43,709,057	48,323,048	47,920,635	47,246,081

2007	2008	2009	2010	2011	2012
23,923,319	27,431,699	37,044,364	35,551,031	35,534,213	43,439,575
24,467,194	26,063,981	22,398,741	23,900,805	28,172,623	29,843,986
48,390,513	53,495,680	59,443,105	59,451,836	63,706,836	73,283,561

Table 2

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

		2003	2004	2005	2006
Operating Revenues:					
Passenger Service	$	1,094,855	1,088,331	1,197,195	1,380,241
Other Operating		44,799	54,618	44,061	78,147
Total Operating Revenues		1,139,654	1,142,949	1,241,256	1,458,388
Operating Expenses:					
Transportation		8,715,881	8,667,813	9,029,595	9,521,582
Vehicle/Facilities Maintenance		4,019,978	4,454,404	4,821,933	5,084,954
Other Mission-Direct		874,254	790,347	894,035	873,695
General And Administrative		3,165,532	3,529,146	3,444,749	3,401,302
Depreciation		3,983,236	4,553,847	4,394,500	3,969,403
Total Operating Expenses		20,758,881	21,995,557	22,584,812	22,850,936
Operating Loss		(19,619,227)	(20,852,608)	(21,343,556)	(21,392,548)
Non Operating Revenues (Expenses):					
Sales and Use Tax		15,963,016	17,621,532	18,939,617	20,115,282
Grant Assistance		2,481,224	2,394,066	1,951,794	213,829
Investment Income		213,804	192,654	529,327	959,788
Other Non-Operating Items		(1,534,381)	(473,590)	12,648	(499,721)
Distributions to Region Entities		(1,223,085)	(1,168,404)	(1,168,404)	(1,274,132)
Net Loss before Capital Grants		(3,718,649)	(2,286,350)	(1,165,472)	(1,877,502)
Capital and Grants and Donations		6,835,502	6,715,810	763,059	1,202,948
Prior Period Adjustment		-	184,531	-	-
Total Change in Net Position	$	3,116,853	4,613,991	(402,413)	(674,554)

2007	2008	2009	2010	2011	2012
1,602,328	1,707,930	1,577,232	1,537,772	1,660,782	1,706,528
105,656	111,106	81,443	88,525	152,881	144,710
1,707,984	1,819,036	1,658,675	1,626,297	1,813,663	1,851,238
10,130,199	10,989,280	10,743,234	10,619,566	11,764,029	12,718,200
5,686,273	6,201,002	5,137,764	5,886,849	6,519,067	6,523,062
937,440	936,894	702,690	701,064	1,073,506	1,075,444
3,571,073	4,284,956	4,711,623	4,983,114	4,444,485	4,923,154
3,748,996	3,958,931	4,514,063	5,203,248	5,878,720	5,523,334
24,073,981	26,371,063	25,809,374	27,393,841	29,679,807	30,763,194
(22,365,997)	(24,552,027)	(24,150,699)	(25,767,544)	(27,866,144)	(28,911,956)
21,328,966	24,254,132	20,821,573	22,891,712	26,235,525	31,571,834
276,340	496,631	805,664	995,526	2,527,017	3,226,061
1,121,785	723,930	81,807	100,071	27,860	51,173
-	-	(433,539)	8,012	1,733	1,086
(1,342,549)	(1,258,613)	(1,458,952)	(1,325,648)	(1,918,020)	(2,154,150)
(981,455)	(335,947)	(4,334,146)	(3,097,871)	(992,029)	3,784,048
2,125,887	5,441,114	10,281,571	3,106,602	5,247,029	5,792,677
-	-	-	-	-	-
1,144,432	5,105,167	5,947,425	8,731	4,255,000	9,576,725

Table 3

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Revenues By Source
Last Ten Years
(Unaudited)

Year		Operating Revenues (1)	Sales And Use Tax	Federal Operating Grants And Reimbursements	Investment Income	Other (2)	Total
2003	$	1,139,654	15,963,016	2,481,224	213,804	-	19,797,698
2004	$	1,142,949	17,621,532	2,394,066	192,654	-	21,351,201
2005	$	1,241,256	18,939,617	1,951,794	529,327	12,648	22,674,642
2006	$	1,458,388	20,115,282	213,829	959,788	-	22,747,287
2007	$	1,707,984	21,328,966	276,340	1,121,785	-	24,435,075
2008	$	1,819,036	24,254,132	496,631	723,930	-	27,293,729
2009	$	1,658,675	20,821,573	805,664	81,807	-	23,367,719
2010	$	1,626,297	22,891,712	995,526	100,071	8,012	25,621,618
2011	$	1,813,663	26,235,525	2,527,017	27,860	1,733	30,605,798
2012	$	1,851,238	31,571,834	3,226,061	51,173	1,086	36,701,392

(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)		
2003	6.9%	80.6%	12.5%	41.6%	9.1%	49.3%
2004	6.3%	82.5%	11.2%	40.9%	8.7%	50.4%
2005	7.9%	83.5%	8.6%	39.6%	8.5%	51.9%
2006	10.7%	88.4%	0.9%	40.2%	8.3%	51.5%
2007	11.6%	87.3%	1.1%	37.9%	7.6%	54.5%
2008	9.3%	88.9%	1.8%	37.7%	6.4%	55.9%
2009	7.5%	89.1%	3.4%	37.4%	6.5%	56.1%
2010	6.7%	89.3%	4.0%	37.5%	6.5%	56.0%
2011	6.0%	85.7%	8.3%	37.8%	6.2%	56.0%
2012	5.2%	86.0%	8.8%	*	*	*

(1) Source: The American Public Transportation Association, 2012 Public Transportation Fact Book, Appendix A: Historical Tables, Table 63.

* Not Available

Table 5

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Passenger Fee Capacity

Last Ten Years

(Unaudited)

Year	Total Unlinked Trips	Passenger Revenues
2003	5,397,124	1,094,855
2004	5,570,887	1,088,331
2005	5,880,493	1,197,195
2006	5,536,958	1,380,241
2007	5,175,983	1,602,328
2008	5,491,376	1,707,930
2009	5,283,174	1,577,232
2010	5,434,286	1,537,772
2011	6,011,114	1,660,782
2012	6,065,174	1,706,528

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.

2003	....	6.79%
2004	....	6.55%
2005	....	6.58%
2006	....	7.31%
2007	....	7.88%
2008	....	7.62%
2009	....	7.41%
2010	....	6.93%
2011	....	6.98%
2012	....	6.76%

Table 7

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)
2003	317,632		$8,635,094		$27,186		60,852	6.50%
2004	321,879		$9,083,456		$28,220		60,944	6.10%
2005	325,515		$9,711,696		$29,835		60,666	5.40%
2006	329,113		$10,424,076		$31,673		60,429	4.90%
2007	330,512		$11,170,436		$33,797		60,807	4.30%
2008	333,526		$12,237,536		$36,691		61,184	4.60%
2009	338,220		$11,647,857		$34,439		61,260	6.70%
2010	340,373		$12,438,913		$36,545		61,415	7.60%
2011	343,281		$13,196,232		$38,441		62,011	7.70%
2012	346,631	*	$13,925,619	*	$40,174	*	62,596	6.20%

(1) Nueces County - Source: US Dept of Commerce Bureau of Economic Analysis
(2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
- 2008 and 2009 Enrollment figures include charter schools
(3) Nueces County - Source: U.S. Department of Labor-Bureau of Labor Statistics
* Estimated

Table 8

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

Rank	Business	Type of Product - Service	Employment 2012	% of Total Employment 2012	Employment 2003
1	Corpus Christi Army Depot	Helicopter Repair	5,800	3.6%	N/A
2	Corpus Christi ISD	School District	5,178	3.2%	N/A
3	CHRISTUS Spohn Health Systems	Hospital	5,144	3.2%	N/A
4	H.E.B.	Grocery Company	5,000	3.1%	N/A
5	City of Corpus Christi	City Government	3,171	1.9%	N/A
6	Corpus Christi Naval Air Station	Flight Training	2,827	1.7%	N/A
7	Kiewit Offshore Services	Offshore Rig Manu.	2,200	1.3%	N/A
8	Bay, Ltd.	Industrial Construction	2,100	1.3%	N/A
9	Driscoll Children’s Hospital	Hospital	1,800	1.1%	N/A
10	Del Mar College	Junior College	1,542	0.9%	N/A

Source: Corpus Christi Regional Economic Development Corp.

N/A - information not available

Table 9

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

	2003	2004	2005	2006
Transportation				
Transportation - Directly Operated	120.50	120.50	119.50	114.50
Purchased Transportation*	1.00	1.00	1.00	1.00
	121.50	121.50	120.50	115.50
Maintenance				
Vehicle Maintenance	37.00	33.00	35.00	33.00
Facilities Maintenance	9.50	9.00	10.00	13.00
Materials Management	4.00	4.00	4.00	4.00
	50.50	46.00	49.00	50.00
Planning & Service Development				
Customer Programs	8.00	8.00	9.00	8.00
Service Development	4.00	4.00	3.00	4.00
Marketing & Communications	-	-	-	-
	12.00	12.00	12.00	12.00
General Administrative:				
MIS	2.00	4.00	4.00	4.00
Contracts and Grants	3.00	3.00	2.00	3.00
CEO's Office	2.00	2.00	2.00	2.00
Finance and Accounting	6.50	5.50	5.50	5.50
Human Resources	4.00	4.00	6.00	5.00
Capital Project Management	2.50	2.50	1.50	2.50
General Administration	2.00	2.00	2.00	2.00
TCN - Regional Coordinator	-	-	-	-
	22.00	23.00	23.00	24.00
Totals	206.00	202.50	204.50	201.50

* In addition the Authority's has contracted staff of about 100 under various purchased transportation contracts

2007	2008	2009	2010	2011	2012
116.50	117.00	117.00	117.00	122.00	131.00
2.00	2.00	1.00	1.00	1.00	1.00
118.50	119.00	118.00	118.00	123.00	132.00
35.00	35.00	38.00	38.00	38.00	36.00
14.00	14.00	14.00	14.00	14.00	14.00
5.00	5.00	4.00	4.00	4.00	4.00
54.00	54.00	56.00	56.00	56.00	54.00
9.00	9.00	7.00	7.00	6.00	8.00
4.00	4.00	3.00	3.00	4.00	4.00
-	-	2.00	2.00	2.00	2.00
13.00	13.00	12.00	12.00	12.00	14.00
3.00	3.00	2.00	2.00	1.00	1.00
2.00	2.00	3.00	3.00	2.00	3.00
2.00	2.00	5.00	5.00	3.00	3.00
5.75	5.75	5.80	5.80	5.80	5.80
3.00	3.00	3.00	3.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	3.00
-	-	-	1.00	1.00	-
19.75	19.75	22.80	23.80	18.80	19.80
205.25	205.75	208.80	209.80	209.80	219.80

Table 10

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

			2003	2004	2005	2006
System Ridership						
Motor Bus	a		5,190,678	5,368,866	5,664,053	5,315,568
Demand Response / Para-transit	b		172,669	172,248	185,415	192,775
Ferry Boat	b		33,777	29,773	31,025	21,477
Vanpool	c		-	-	-	7,138
System Hours						
Motor Bus	a		207,077	209,768	206,098	198,456
Demand Response / Para-transit	b		64,125	61,461	64,967	67,798
Ferry Boat	b		746	783	679	688
Vanpool	c		-	-	-	647
System Miles	e					
Motor Bus	a		2,962,548	2,989,787	2,931,365	2,750,228
Demand Response / Para-transit	b		1,313,140	1,256,950	1,160,493	1,277,414
Ferry Boat	b		1,865	1,989	1,725	1,719
Vanpool	c		-	-	-	19,021
Vehicles In Service						
Motor Bus			65	65	63	58
Demand Response / Para-transit			31	31	30	30
Ferry Boat			1	1	1	1
Vanpool			-	-	-	2
Uses of Capital Funds	e					
Vehicles		$	3,908,286	6,143,077	-	320
Communications & Information		$	1,080,831	1,087,300	176,480	605,551
Facilities and Stations		$	1,498,967	1,250,337	502,846	624,952
Other		$	372,146	-	61,101	283,709
Operating Expenses by Mode	e					
Motor Bus		$	13,659,888	14,295,509	14,018,276	14,116,321
Demand Response / Para-transit		$	2,895,927	2,883,097	3,836,669	4,376,009
Ferry Boat		$	164,995	178,060	230,761	209,129
Vanpool		$	-	-	-	65,075

a - Directly Operated (Transportation Department) and Purchased Transportation (oversees contractors).
b - Purchased Transportation (contractors overseen by the Purchased Transportation Department).
c - Directly Operated - The Customer Programs Department oversees customers who operate vanpools.
d - Excludes miles not spent in active transportation service (i.e. deadhead, maintenance miles driven, etc.).
e - May not agree with GAAP-basis financial statements due to differences in NTD accounting methodologies.
f - Van Pool operations do not meet FTA guidelines as of 2012 and are not reported on the NTD report and are not included here.

2007	2008	2009	2010	2011	2012
4,976,009	5,251,514	5,064,696	5,238,131	5,749,312	5,764,790
190,774	196,991	196,617	190,745	199,368	202,974
-	21,705	11,683	-	52,951	86,676
9,200	21,166	10,178	5,410	-	-
198,524	194,647	207,551	225,073	226,999	237,320
67,422	68,733	68,680	71,558	74,728	79,413
-	694	545	-	881	1,135
652	1,344	961	965	-	-
2,787,318	2,778,104	2,785,415	3,232,691	3,256,971	3,387,397
1,253,448	1,320,766	1,348,943	1,599,595	1,556,289	1,425,691
-	2,529	1,860	-	2,179	2,660
16,898	34,785	25,525	29,710		
58	59	63	58	56	59
30	30	30	26	26	26
-	1	1	-	1	2
3	2	2	4	-	-
1,863,855	2,492,718	8,397,094	526,506	2,707,772	4,864,974
63,707	103,658	738,184	562,545	425,524	439,364
669,006	3,433,780	3,844,189	471,546	1,022,722	7,228,414
697,679	1,437,155	1,417,030	2,189,577	1,708,706	1,061,601
15,504,328	17,099,983	16,519,155	17,410,873	18,262,737	19,150,089
4,630,521	4,913,357	4,425,076	4,568,425	4,976,669	5,351,413
-	219,212	182,925	-	435,411	617,831
67,501	65,878	69,857	78,084	-	-

Source: National Transit Database

Table 11
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	838
Population In Service Area	346,631
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	$.75
Number of Routes *	42
Number of Transfer Stations *	4
Number of Bus Stops *	1,351

* Historical trend information is not available. See Table 10 for utilization and level of capital investment trends.

2012
Single Audit Section
Comprehensive Annual Financial Report

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 29, 2013

The Board of Directors of the
Corpus Christi Regional Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Corpus Christi Regional Transportation Authority as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 29, 2013

The Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on Compliance for Each Major Federal Program

We have audited the Corpus Christi Regional Transportation Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2012

I. Summary of Audit Results:

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

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

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

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."

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

6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.

7. The programs tested as major programs included:

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

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

8. The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

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

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None

Corpus Christi Regional Transportation Authority

Schedule of Expenditures of Federal and State Financial Awards

Year Ended December 31, 2012

GRANTOR	Federal CFDA Number	Grant Number		Expenditures, Indirect Costs, And Refunds	
DEPARTMENT OF TRANSPORTATION					
Federal Transportation Administration (FTA):					
Federal Transit Cluster					
Capital Investment Grant	20.500	TX03-0189	$	230,466	
Capital Investment Grant	20.500	TX03-0265		470,678	
				701,144	*
Transit Formula Funds	20.507	TX90-0777		176,278	
Transit Formula Funds	20.507	TX90-0809		1,161,410	
Transit Formula Funds	20.507	TX90-0857		645,116	
Transit Formula Funds	20.507	TX90-0931		3,171,932	
Transit Formula Funds	20.507	TX90-0978		2,788,338	
Transit Formula Funds - American Recovery & Reinvestment Act	20.507	TX96-X019		52,704	
				7,995,778	*
Total Federal Transit Cluster				8,696,922	
Job Access and Reverse Commute	20.516	TX37-4038		136,928	
Job Access and Reverse Commute	20.516	TX37-4058		63,091	
				200,019	
New Freedoms	20.521	TX57-4007		1,529	
Total Department of Transportation				**8,898,470**	
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Office of Community Planning & Development					
Economic Development Initiative – Special Projects	14.251	B05SPTX0302		120,268	
Total Federal Financial Awards			$	**9,018,738**	

* Major Program

See Notes to Federal Financial Awards

Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2012

(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	$	3,226,061
Capital Grant Contributions		5,792,677
Total Federal Contributions	$	9,018,738

(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.

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