

**RTA EMPLOYEES DEFINED BENEFIT PLAN  
AND TRUST**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

July 31, 2025

To the Board of Directors  
RTA Employees Defined Benefit Plan and Trust  
Corpus Christi, Texas

### **Opinion**

We have audited the accompanying financial statements of the RTA Employees Defined Benefit Plan and Trust (the Plan), which comprise the statements of fiduciary net position as of December 31, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the fiduciary financial position of the Plan as of December 31, 2024 and 2023, and the respective changes in fiduciary net position for the years the ended, in accordance with accounting principles generally accepted in the Unites States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Adamson & Company, LLC

## RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST

### MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

This section of the financial statements of the RTA Employees Defined Benefit Plan and Trust offers a narrative overview and analysis of the financial activities for the years ended December 31, 2024 and 2023. The reader of this statement should take time to read and evaluate all sections of this report, including the notes and other supplementary information that is provided in addition to the MD&A.

#### **Financial Highlights and Analysis**

- The fiduciary net position held in trust for the Plan increased by \$3,850,247 in 2024 and by \$5,080,184 in 2023. Changes primarily correlate with investment income and employer contributions compared to benefits paid.
- Employer contributions to the plan increased by \$365,394 during 2024 to total \$2,317,966. This reflects the Board's approval in April 2024 to lower the Plan's discount rate from 7% to 6.75%, which required additional contributions to support long-term funding targets.
- Retirement benefits paid to retired members and beneficiaries increased by \$364,816 in 2024. This is a primary result of an increasing number of retirees.
- The Plan's rate of return on investments for the year ended December 31, 2024 was 9.59% which was less than the return of 13.57% for the year ended December 31, 2023. The actuarial assumed rate of return is 6.75%.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The financial statements are comprised of: (1) financial statements, (2) notes to the financial statements, and (3) required supplementary information.

The *Statement of Fiduciary Net Position* reports the Plan's assets and liabilities, with the difference between the two reported as net position. This is a measure of financial position, which can indicate financial condition improvement or deterioration from year to year.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the fiscal year. It reflects contributions by the employer and investment income, along with deductions for retirement benefits, refunds, withdrawals, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes should be read as an integral part of the financial statements.

RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

*Required Supplementary Information* (unaudited) includes management's discussion and analysis (MD&A) and the schedule of net pension liability, the schedule of changes in net pension liability and related ratios, the schedule of contributions, and the schedule of investment returns, and is supplementary information required by U.S. generally accepted accounting principles.

**CONDENSED FINANCIAL INFORMATION**

	<b>DECEMBER</b>			<b>CHANGE</b>	
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2024-2023</b>	<b>2023-2022</b>
Assets:					
Investments at Fair Value	51,463,599	47,614,958	42,543,130	3,848,641	5,071,828
Accrued Interest Receivable	34,663	19,538	9,844	15,125	9,694
Total Plan Assests	51,498,262	47,634,496	42,552,974	3,863,766	5,081,522
Liabilities -	30,388	16,869	15,531	13,519	1,338
Net Position Restricted for Pensions	51,467,874	47,617,627	42,537,443	3,850,247	5,080,184

	<b>YEAR ENDED DECEMBER</b>			<b>CHANGE</b>	
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2024-2023</b>	<b>2023-2022</b>
Additions:					
Net Investment Income	4,626,254	5,837,507	--	(1,211,253)	5,837,507
Employer Contributions	2,317,966	1,952,572	1,382,108	365,394	570,464
Total Additions	6,944,220	7,790,079	1,382,108	(845,859)	6,407,971
Deductions:					
Net Investment Loss	--	--	7,400,557	--	(7,400,557)
Benefits Paid to Participants	2,946,449	2,581,633	2,415,094	364,816	166,539
Administrative Expenses	147,524	128,262	125,177	19,262	3,085
Total Deductions	3,093,973	2,709,895	9,940,828	384,078	169,624
Net Increase (Decrease) in Net Position	3,850,247	5,080,184	(8,558,720)	(1,229,937)	13,638,904

RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

**Request for Information**

This financial report is designed to provide our patrons and other interested parties with a general overview of the finances to demonstrate the Plan’s accountability for the funds it receives. Questions concerning any of the information in this report or requests for additional financial information should be addressed to Corpus Christi Regional Transportation Authority, Finance Department, 602 N. Staples St., Corpus Christi, Texas 78401, (361) 883-2287. In addition, this Employees Defined Benefit Plan and Trust Financial Report for 2024 will be posted on the Authority’s website: [www.ccrta.org](http://www.ccrta.org) under the category “Financial Transparency” – Pension Information.

**RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST**

**STATEMENTS OF FIDUCIARY NET POSITION**

	<b>DECEMBER 31,</b>	
	<b>2024</b>	<b>2023</b>
Assets:		
Investments, at Fair Value (Note 3):		
Money Market Funds	1,196,586	677,675
Mutual Funds	9,917,000	9,753,290
Collective Investment Trusts	40,350,013	37,183,993
Total Investments, at Fair Value	<u>51,463,599</u>	<u>47,614,958</u>
Accrued Interest Receivable	34,663	19,538
Total Assets	<u>51,498,262</u>	<u>47,634,496</u>
Liabilities-		
Due to Broker for Securities Purchased	<u>30,388</u>	<u>16,869</u>
Fiduciary Net Position-		
Net Position - Restricted for Pension Benefits	<u>51,467,874</u>	<u>47,617,627</u>
Total Liabilities and Net Position - Restricted for Pension Benefits	<u><u>51,498,262</u></u>	<u><u>47,634,496</u></u>

See Notes to Financial Statements

**RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

	<b><u>YEAR ENDED DECEMBER 31,</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Additions:		
Employer Contributions	2,317,966	1,952,572
Investment Income:		
Net Appreciation in Fair Value of Investments	4,250,612	5,472,576
Interest	43,819	41,058
Dividends	309,073	307,593
Mutual/Common Trust Fund Earnings	22,750	16,280
Net Investment Income	<u>4,626,254</u>	<u>5,837,507</u>
Total Additions	6,944,220	7,790,079
Deductions:		
Benefits Paid to Participants	2,946,449	2,581,633
Administrative Expenses	147,524	128,262
Total Deductions	<u>3,093,973</u>	<u>2,709,895</u>
Net Increase in Net Position	3,850,247	5,080,184
Net Position Beginning of Year	<u>47,617,627</u>	<u>42,537,443</u>
NET POSITION END OF YEAR	<u><u>51,467,874</u></u>	<u><u>47,617,627</u></u>

See Notes to Financial Statements.

## RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

#### Note 1 – DESCRIPTION OF THE PLAN

The following brief description of the RTA Employees Defined Benefit Plan and Trust (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

##### **General**

The RTA Employees Defined Benefit Plan and Trust (the Plan) is a single-employer defined benefit pension plan administered by the Corpus Christi Regional Transportation Authority (the Authority) and established upon the applicable sections of the Internal Revenue Code. The Authority Board may periodically amend the Plan document. The current Plan provisions were established by a Plan and Trust agreement adopted by the Board of Directors in July 1986, and amended in July 1994, February 2002, November 2010, December 2011, December 2012, and January 2015.

##### **Benefits**

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan assets are maintained under a trust agreement with Principal Financial Group (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.

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

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

Note 1 – DESCRIPTION OF PLAN – (Continuation)

The Plan is not indexed for inflation. As of December 31, 2024 there were 677 participants in the Plan as follows:

	<u>2024</u>	<u>2023</u>
Retirees and beneficiaries currently receiving benefits	268	232
Terminated and entitled to, but not yet receiving benefits	172	189
Active employees	<u>237</u>	<u>241</u>
TOTAL PARTICIPANTS	<u><u>677</u></u>	<u><u>662</u></u>

**Death Benefits**

If the employment of a Participant is terminated by reason of his death prior to the completion of three (3) years of service, no death benefits shall be payable under the Plan. If the employment of a participant is terminated by reason of his death while in the employment of the Authority after the completion of three (3) years of service or after having terminated with at least three (3) years of service, then a death benefit shall be payable to the participant’s surviving spouse equal to the “Pre-Retirement Survivor Annuity”. The “Pre-Retirement Survivor’s Annuity” means a survivor annuity for the life of the deceased participant’s spouse which provides payments to the surviving spouse that are equal to the amounts that would have been paid to the surviving spouse (details provided in Plan Document).

If the participant does not have a surviving spouse, no death benefit shall be payable.

**Disability Retirement**

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

**Contributions**

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

Note 1 – DESCRIPTION OF PLAN – (Continuation)

No contributions shall be required of or permitted by any participant under this Plan.

**Funding Policy**

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

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to the accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at market value, unless otherwise indicated. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further information and related disclosures regarding the Plan's investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments includes realized gains or losses and unrealized appreciation or depreciation on investments bought and sold as well as held during the year. Gains and losses on the sale of investments in registered investment company funds are computed using the weighted average cost method.

**Use of Estimates**

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported carrying value of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**Risk and Uncertainties**

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

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

**Payment of Benefits**

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

**Administrative Expenses**

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

**Date of Management's Review and Subsequent Events**

The Plan has evaluated subsequent events through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

### Note 3 – DEPOSITS AND INVESTMENTS

The investments of the Plan at fair value at December 31, 2024 and 2023 are noted below:

	<u>2024</u>	<u>2023</u>
Money Market Fund-		
Principal Blackrock Short Term Investment Fund A S1	1,196,586	677,675
Mutual Funds:		
Fixed Income:		
Metropolitan West Total Return Bond Fund Class I	4,714,829	4,510,985
International Equity:		
Acadian Emerging Markets Portfolio Class I	640,722	717,108
Europacific Growth Fund Class R6	1,131,358	1,411,399
Invesco Oppenheimer Developing	613,869	718,298
Commodity:		
Alps/Corecommodity Management Complete Commodities Strategy Fund Class I	783,152	1,187,237
Real Estate:		
Fidelity Real Estate Index Fund Class INS	--	1,208,263
Cohen & Steers Institutional Realty Shares	2,033,070	--
Total Mutual Funds	<u>9,917,000</u>	<u>9,753,290</u>
Collective Investment Trusts:		
Domestic Equity:		
Principal Multi-Manager Small Cap CI CIT N	3,028,289	2,518,727
Principal Blackrock S&P Midcap Index CIT N	5,024,646	4,771,147
Principal Blackrock S&P 500 Index CIT N	7,145,660	6,185,592
Principal MFS Value CIT N	1,543,363	1,419,929
Principal T Rowe Price Institutional Equity Income Managed CIT N	1,531,909	1,460,559
Principal T Rowe Price Institutional Large-Cap Growth Managed CIT N	1,525,754	1,458,328
Principal Alliance Bernstein Large Cap Growth CIT N	1,513,950	1,457,206
Fixed Income:		
Allspring Core Bond CIT N	5,194,581	4,498,018
Principal Doge & Cox Intermediate Bond CIT N	5,179,452	4,519,679
Principal Federated Total Return Bond CIT N	4,691,576	4,536,240
International Equity:		
Principal Causeway International Value CIT N	1,120,211	1,465,736
Principal Blackrock International Equity Index CIT N	2,850,622	2,892,832
Total Collective Investment Trusts	<u>40,350,013</u>	<u>37,183,993</u>
TOTAL INVESTMENTS	<u><u>51,463,599</u></u>	<u><u>47,614,958</u></u>

## Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

### **Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

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

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

### **Valuation Methodology**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

#### *Level 1 Fair Value Measurements*

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

#### *Level 2 Fair Value Measurements*

The fair value of certain units of Collective Investment Trusts is based on significant other observable inputs. Underlying investments include securities, government and agency obligations, and fixed income securities. Securities traded on security exchanges are valued at closing market prices on the valuation date. Securities traded in the over-the-counter market are valued at the last sale on the valuation date, if any, otherwise at the last reported bid price. Government and agency obligations are valued based upon the most recent bid quotation for identical or similar obligations. Fixed income securities are valued based upon the most recent bid quotation obtained from major market makers or security exchanges. The fair value of the collective trust fund is the respective net asset values reported by the fund daily.

Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

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

The following presents the Plan’s fair value measurements at December 31, 2024 and 2023, reported by level, within the fair value hierarchy and segregated by entity size or investment objective.

	<b>FAIR VALUE MEASUREMENTS</b>		
	<b>QUOTED PRICES IN ACTIVE MARKET FOR IDENTICAL ASSETS (LEVEL 1)</b>	<b>SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)</b>	
	<b>FAIR VALUE</b>		
<b>DECEMBER 31, 2024</b>			
Money Market Fund	1,196,586	1,196,586	--
Mutual Funds	9,917,000	9,917,000	--
Collective Investment Trusts	40,350,013	--	40,350,013
<b>TOTAL</b>	<b>51,463,599</b>	<b>11,113,586</b>	<b>40,350,013</b>
<b>DECEMBER 31, 2023</b>			
Money Market Fund	677,675	677,675	--
Mutual Funds	9,753,290	9,753,290	--
Collective Investment Trusts	37,183,993	--	37,183,993
<b>TOTAL</b>	<b>47,614,958</b>	<b>10,430,965</b>	<b>37,183,993</b>

**Investment Policy**

The Board of Directors of the Authority has the ultimate responsibility for establishing, terminating, modifying, and administering the Plan. It has delegated the responsibility for administering and managing the Plan’s assets to the RTA Audit, Finance, Health and Pension Subcommittee (the Subcommittee). The Subcommittee has developed a Statement of Investment Policy in order to establish investment objectives and guidelines for the management and monitoring of investments utilized within the Plan.

This Investment Policy is intended to be a guide. If a conflict arises between the Plan trust documents and the Investment Policy, the Plan trust documents will supersede all matters herein.

### Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

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 applicable fiduciary responsibilities and sound investment practices for these funds. Accordingly, the investment manager is required to exercise a high degree of professional care, skill, prudence and diligence in the management of the funds’ assets.

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. Investment performance is measured quarterly but it is not anticipated that performance goals will be satisfied in every single quarter or year. It is, however, expected that these totals be satisfied over a full market cycle. A full market cycle is considered to be three to five years. In addition, the performance of the various asset categories utilized within the overall investment array should be competitive on a long-term basis with their appropriate benchmarks based on investment objective, investment style and market capitalization.

#### **Asset Allocation**

The Plan’s asset allocation policy as of December 31, 2024, adopted by the Subcommittee, is as follows. There were no modifications to the investment policy during 2024.

	<b>TARGET %</b>	<b>MAXIMUM %</b>	<b>MINIMUM %</b>	<b>BENCHMARK</b>
Cash	2%	3%	0%	Treasury Bill Equivalent
Equities	60%	70%	50%	S&P 500
Fixed Income	38%	50%	27%	Barclays Capital Aggregate

#### **Rate of Return**

The portfolio is expected to produce a compounded annual absolute return over a market cycle of at least 6.75%. For the year ended December 31, 2024 and 2023, the annual dollar-weighted rate of return for the Plan investments, was 9.59% and 13.57%, respectively. The dollar-weighted rate of return demonstrates that the present value of future cash flows plus the final market value of the investments equal the current market price of the investment.

#### **Interest Rate Risk**

This is the risk that changes in the interest rates will negatively impact the fair value of an investment. As market interest rates rise, the fair value of an investment held decreases. The Plan’s current Investment Policy does not specifically address interest rate risk. The Plan does, however, monitor exposure using the “Segmented Time Distribution” method.

Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

The following is a list of the Plan’s fixed income investments and related maturity schedule (in years) as of December 31, 2024 and 2023. The maturity schedule is based on the average maturity of the fund as noted by the fund manager:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>LESS THAN 1 YEAR</u>	<u>1-5 YEARS</u>	<u>5-10 YEARS</u>	<u>10+ YEARS</u>
DECEMBER 31, 2024					
Collective Investment Trusts					
Fixed Income:					
Allspring Core Bond CIT N	5,194,581	51,946	1,142,808	727,241	3,272,586
Principal Doge & Cox					
Intermediate Bond Fund CIT N	5,179,452	103,589	466,151	569,740	4,039,972
Principal Federated Total					
Return Bond Fund CIT N	4,691,576	1,461,597	518,631	990,114	1,721,234
TCW Metwest Total Return					
Bond Fund Class I	4,714,829	47,148	754,373	754,373	3,158,935
TOTAL	19,780,438	1,664,280	2,881,963	3,041,468	12,192,727
DECEMBER 31, 2023					
Collective Investment Trusts					
Fixed Income:					
Allspring Core Bond CIT N	4,498,018	15,991	988,619	689,366	2,804,042
Principal Doge & Cox					
Intermediate Bond Fund CIT N	4,519,679	104,449	629,953	455,855	3,329,422
Principal Federated Total					
Return Bond Fund CIT N	4,536,240	1,327,222	783,318	724,438	1,701,262
TCW Metwest Total Return					
Bond Fund Class I	4,510,985	180,439	947,307	631,538	2,751,701
TOTAL	18,064,922	1,628,101	3,349,197	2,501,197	10,586,427

### Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

#### **Custodial Credit Risk**

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by counterparty, or counterparty's trust department or agent but not in the government's name. This is the risk that in the event of bank or investment failure, the Plan's deposits or investments may not be returned. The Plan's investment policy does not specifically address custodial credit risk; however, all of Defined Benefits' deposits and investments are in the name of the Plan and Trust. As of December 31, 2024 and 2023, the Plan's deposits or investments exposed to custodial credit risk are minimal.

#### **Concentration of Credit Risk**

This is the risk of investing predominately in any one type of investment or entity. The Plan recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Plan's adopted investment policy established diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a monthly basis. Per the policy, no equity holding may exceed 5% of the outstanding voting shares of the issuing corporation. Likewise, regarding fixed income investments, not more than 5% of the market value of the total portfolio may be invested in the debt securities of any one company. As of December 31, 2024 and 2023 there were no exceptions to these policy limits.

#### **Credit Risk**

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

Note 3 – DEPOSITS AND INVESTMENTS – (Continuation)

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

	<b>Allspring Core Bond CIT N</b>	<b>Principal Dodge &amp; Cox Intermediate Bond CIT N</b>	<b>Principal Federated Total Return Bond CIT N</b>	<b>TCW Metwest Total Return Bond Fund Class I</b>	<b>Total</b>
DECEMBER 31, 2024					
AAA	571,404	3,263,055	3,471,766	3,158,936	10,465,161
AA	3,376,478	155,384	46,916	235,741	3,814,519
A	675,295	362,562	469,158	330,038	1,837,053
BBB	571,404	1,243,068	703,736	518,631	3,036,839
BB and Below	--	155,383	--	471,483	626,866
TOTAL	<u>5,194,581</u>	<u>5,179,452</u>	<u>4,691,576</u>	<u>4,714,829</u>	<u>19,780,438</u>
DECEMBER 31, 2023					
AAA	441,300	2,510,882	1,500,687	2,751,701	7,204,570
AA	3,102,144	190,260	1,447,569	270,659	5,010,632
A	420,157	499,826	407,389	541,318	1,868,690
BBB	525,421	948,586	722,399	586,428	2,782,834
BB and Below	5,398	281,548	263,741	360,879	911,566
Other	3,598	88,577	194,455	--	286,630
TOTAL	<u>4,498,018</u>	<u>4,519,679</u>	<u>4,536,240</u>	<u>4,510,985</u>	<u>18,064,922</u>

Note 4 – NET PENSION LIABILITY

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the Plan’s Fiduciary Net Position. In actuarial terms, this will be the accrued liability less the market value of assets. The components of the Plan’s Net Pension Liability as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Total Pension Liability	63,781,983	59,043,802
Plan Fiduciary Net Position	<u>51,467,874</u>	<u>47,617,627</u>
 NET PENSION LIABILITY	 <u>12,314,109</u>	 <u>11,426,175</u>

The Schedule of Net Pension Liability presents multi-year trend information beginning with 2024 to illustrate changes in the Plan fiduciary net position over time. In addition to the above, this information is presented in the required supplementary information.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2024 and 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal
Inflation	2.25% per annum, compounded annually
Salary Increases	5% per annum, compounded annually for the first 5 years and then 3.5% per annum thereafter
Mortality	Pri-2012 Blue Collar Base Mortality Table projected using scale MP-2021

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. Pursuant to Paragraph 43 of GASB No. 67, an alternative analysis was performed to compare the Plan’s net fiduciary position to projected benefit payments.

1. The Normal Cost represents the annual cost of providing an additional year of pension benefits for active participants.
2. The Unfunded Actuarial Accrued Liability represents the accumulated deficiency of the total cost of benefit payments which have already been earned over the current assets held by the Plan’s trust.
3. The Authority’s contribution policy is to make an annual payment equal to the Normal Cost plus the amortization payment of the Unfunded Actuarial Accrued Liability. The amortization payment is calculated as a level dollar amount over a period of 15 years from January 1, 2009.

Note 4 – NET PENSION LIABILITY – (Continuation)

4. A review of actual contributions over the past five years shows that the Authority has made sufficient contributions to meet its funding policy.

On the basis of the above, the projected cash flows will be sufficient to provide the benefit payments to the Plan participants. Thus, the Discount Rate is equal to the long-term expected rate of return of 6.75%.

**Long-term expected rate of Plan Returns**

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

Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	20%	5.25%
Domestic Equity - Mid Cap	10%	6.05%
Domestic Equity - Small Cap	10%	6.65%
International Equity	15%	5.55%
Fixed income	38%	2.95%
Global Real Estate	2.5%	7.55%
Commodities	2.5%	4.45%
Cash	2%	1.55%

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

The following presents the Net Pension Liability of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	<u>1% Decrease to 5.75%</u>	<u>Current Single Rate Assumption of 6.75%</u>	<u>1% Increase to 7.75%</u>
2024	20,186,130	12,314,109	5,757,148
2023	18,445,638	11,426,175	5,560,278

## Note 5 – PLAN TERMINATION

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

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

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

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

## Note 6 – TAX STATUS

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

**SUPPLEMENTAL SCHEDULES**

**RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST**

**Required Supplementary Information**

**SCHEDULE OF NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS**

Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of Total Pension Liability		Covered Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
				Net Position	Liability		
2024	63,781,983	51,467,874	12,314,109	80.69%	14,667,300	84.0%	
2023	59,043,802	47,617,627	11,426,175	80.65%	13,534,620	84.4%	
2022	53,564,918	42,537,443	11,027,475	79.41%	12,603,883	87.5%	
2021	50,154,625	51,096,162	(941,537)	101.88%	11,696,475	-8.0%	
2020	47,287,748	46,554,157	733,591	98.45%	10,975,562	6.7%	
2019	44,625,498	42,170,049	2,455,449	94.50%	10,668,048	23.0%	
2018	40,368,821	33,900,179	6,468,642	83.98%	10,677,430	60.6%	
2017	37,069,237	36,440,324	628,913	98.30%	9,773,977	6.4%	
2016	34,966,314	32,583,077	2,383,237	93.18%	9,178,411	26.0%	
2015	33,530,870	30,210,461	3,320,409	90.10%	8,818,232	37.7%	

Required Supplementary Information

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**LAST TEN FISCAL YEARS**

	Fiscal Year Ending December 31,									
	2024	2023	2022	2021	2020	2019	2018*	2017	2016	2015
Total Pension Liability:										
Service Cost	1,206,258	1,108,344	988,099	990,244	926,286	879,904	1,066,449	980,740	941,470	876,806
Interest	3,969,060	3,738,299	3,546,868	3,404,718	3,257,661	2,987,293	2,780,193	2,620,680	2,521,413	2,396,547
Changes of Benefit Terms	--	--	--	--	--	--	313,503	--	--	115,478
Differences Between Expected and Actual Experience	972,510	1,649,414	726,557	162,958	336,157	1,943,344	(241,238)	335,013	(465,534)	(260,046)
Change in Assumptions	1,536,802	1,564,460	563,863	601,314	361,060	373,385	1,189,575	--	--	--
Benefit Payments, Included Refunds or Member Contributions	(2,946,449)	(2,581,633)	(2,415,094)	(2,292,357)	(2,218,914)	(1,927,249)	(1,808,898)	(1,833,510)	(1,561,905)	(1,493,324)
Net Change in total Pension Liability	4,738,181	5,478,884	3,410,293	2,866,877	2,662,250	4,256,677	3,299,584	2,102,923	1,435,444	1,635,461
Total Pension Liability - Beginning	59,043,802	53,564,918	50,154,625	47,287,748	44,625,498	40,368,821	37,069,237	34,966,314	33,530,870	31,895,409
TOTAL PENSION LIABILITY - ENDING (a)	63,781,983	59,043,802	53,564,918	50,154,625	47,287,748	44,625,498	40,368,821	37,069,237	34,966,314	33,530,870
Plan Fiduciary Net Position:										
Contributions - Employer	2,317,966	1,952,572	1,382,108	1,382,108	1,227,724	3,691,087	1,425,533	1,383,969	1,503,736	985,175
Net Investment Income	4,626,254	5,837,507	(7,400,556)	5,597,623	5,498,173	6,617,918	(2,046,180)	4,409,016	2,523,595	(348,950)
Benefit Payments, Including Refunds of Member Contributions	(2,946,449)	(2,581,633)	(2,415,094)	(2,292,357)	(2,218,914)	(1,927,249)	(1,808,898)	(1,833,510)	(1,561,905)	(1,493,324)
Administrative Expense	(147,524)	(128,262)	(125,177)	(145,369)	(122,875)	(111,886)	(110,600)	(102,228)	(92,810)	(94,874)
Net Change in Plan Fiduciary Net Position	3,850,247	5,080,184	(8,558,719)	4,542,005	4,384,108	8,269,870	(2,540,145)	3,857,247	2,372,616	(951,973)
Plan Fiduciary Net Position - Beginning	47,617,627	42,537,443	51,096,162	46,554,157	42,170,049	33,900,179	36,440,324	32,583,077	30,210,461	31,162,434
PLAN FIDUCIARY NET POSITION - ENDING (b)	51,467,874	47,617,627	42,537,443	51,096,162	46,554,157	42,170,049	33,900,179	36,440,324	32,583,077	30,210,461
NET PENSION LIABILITY - ENDING (a) - (b)	12,314,109	11,426,175	11,027,475	(941,537)	733,591	2,455,449	6,468,642	628,913	2,383,237	3,320,409
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.69%	80.65%	79.41%	101.88%	98.45%	94.50%	83.98%	98.30%	93.18%	90.10%
Covered Employee Payroll	\$ 14,667,300	\$ 13,534,620	\$ 12,603,883	\$ 11,696,475	\$ 10,975,562	\$ 10,668,048	\$ 10,677,430	\$ 9,773,977	\$ 9,178,411	\$ 8,818,232
Net Pension Liability as a Percentage of Covered Employee Payroll	83.96%	84.42%	87.49%	-8.05%	6.68%	23.02%	60.58%	6.43%	25.97%	37.65%

Notes to Schedule

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

**RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST**

**Required Supplementary Information**

**SCHEDULE OF CONTRIBUTIONS**

**LAST TEN FISCAL YEARS**

Year Ended December 31,	Actuarially Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll December 31	Contributions as a % of Covered Payroll				
						2024	2023	2022	2021
	2,317,966	2,317,966	-	14,667,300	15.8%				
	1,952,572	1,952,572	-	13,534,620	14.4%				
	1,330,108	1,382,108	(52,000)	12,603,883	11.0%				
	1,382,108	1,382,108	-	11,696,475	11.8%				
	1,306,947	1,227,724	79,223	10,975,562	11.2%				
	1,227,724	3,691,087	(2,463,363)	10,668,048	34.6%				
	1,191,087	1,425,533	(234,446)	10,677,430	13.4%				
	1,399,307	1,383,969	15,338	9,773,977	14.2%				
	1,468,804	1,503,736	(34,932)	9,178,411	16.4%				
	983,696	985,175	(1,479)	8,818,232	11.2%				

Notes to Schedule Valuation Date

Actuarially determined contribution rates are calculated as of January 1 for the respective year of contributions.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	5 Years
Asset Valuation Method	Market Value
Inflation Rate	2.25%
Salary Increases	5% per annum, compounded annual for the first 5 years and then 3.5% per annum thereafter
Investment Rate of Return	6.75%

Retirement Age

Established by the Plan Sponsor based on a review of actual plan experience from 2015 through 2024. The assumption reflects varying probabilities of retirement by age, beginning at age 55 and increasing with age. Specifically, retirement is assumed to occur at a rate of 5% annually for participants aged 55-58, increasing 10% for ages 59-61. At age 62, the assumed retirement rate increases to 25%, followed by 15% at ages 63-64, and 20% for ages 65-67. Participants aged 68-69 are assumed to retire at a rate of 50%, with all participants assumed to retire by age 70

Mortality Rates

Pri-2012 Blue Collar Base Mortality Table, Healthy Lives, Separate for Males and Females and projected using scale MP-2021

See accompanying independent auditors' report.

**RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST**

**Required Supplementary Information**

**SCHEDULE OF INVESTMENT RETURNS**

**LAST TEN FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Net Money-Weighted Rate of Return</u>
2024	9.59%
2023	13.57%
2022	-14.51%
2021	12.02%
2020	13.07%
2019	18.98%
2018	-5.40%
2017	13.12%
2016	8.01%
2015	-1.42%

RTA EMPLOYEES DEFINED BENEFIT PLAN AND TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SB 322 INVESTMENT EXPENSE REPORTING IN ANNUAL FINANCIAL REPORTS

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURN	TOTAL INVESTMENT MANAGEMENT FEES	BROKERAGE FEES/ COMMISSIONS	PROFIT SHARE/ CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS
Cash	\$ 2,980	\$ 936	\$ 3,916	\$ --	\$ --	\$ 3,916
Public Entity	\$ 81,094	\$ 75,596	\$ 156,690	\$ --	\$ --	\$ 156,690
Fixed Income	\$ 55,937	\$ 43,367	\$ 99,304	\$ --	\$ --	\$ 99,304
Real Assets	\$ 7,513	\$ 22,027	\$ 29,540	\$ --	\$ --	\$ 29,540
Alternative/Other	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>TOTAL</b>	<b>\$ 147,524</b>	<b>\$ 141,926</b>	<b>\$ 289,450</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 289,450</b>

Alternative/Other

Investment Managers

Total Investment Expenses

List of Alternative/Other Investments  
N/A

List of Investment Manager Names  
Michael Gaul

Total Direct and Indirect Fees and Commissions	Total
\$ 289,450	\$ 289,450
Investment Services	
Custodial	\$ --
Research	\$ --
Investment Consulting	\$ --
Legal	\$ --
<b>Total</b>	<b>\$ --</b>
<b>Total</b>	<b>\$ 289,450</b>

See Accompanying Independent Auditor's Report.