



CORPUS CHRISTI REGIONAL  
TRANSPORTATION AUTHORITY

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



**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2010**



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

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For the Year Ended December 31, 2010**

**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. Secondly, the Authority will also act responsibly to enhance the regional economy.*

*Prepared by the Accounting & Finance Department*



# **2010**

# **Introductory Section**

Comprehensive Annual Financial Report



**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 1, 2011

Crystal Lyons, Board Chair  
and Members of the Board of Directors of the  
Corpus Christi Regional Transportation Authority  
and Citizens of our service area

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, 2010. 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.

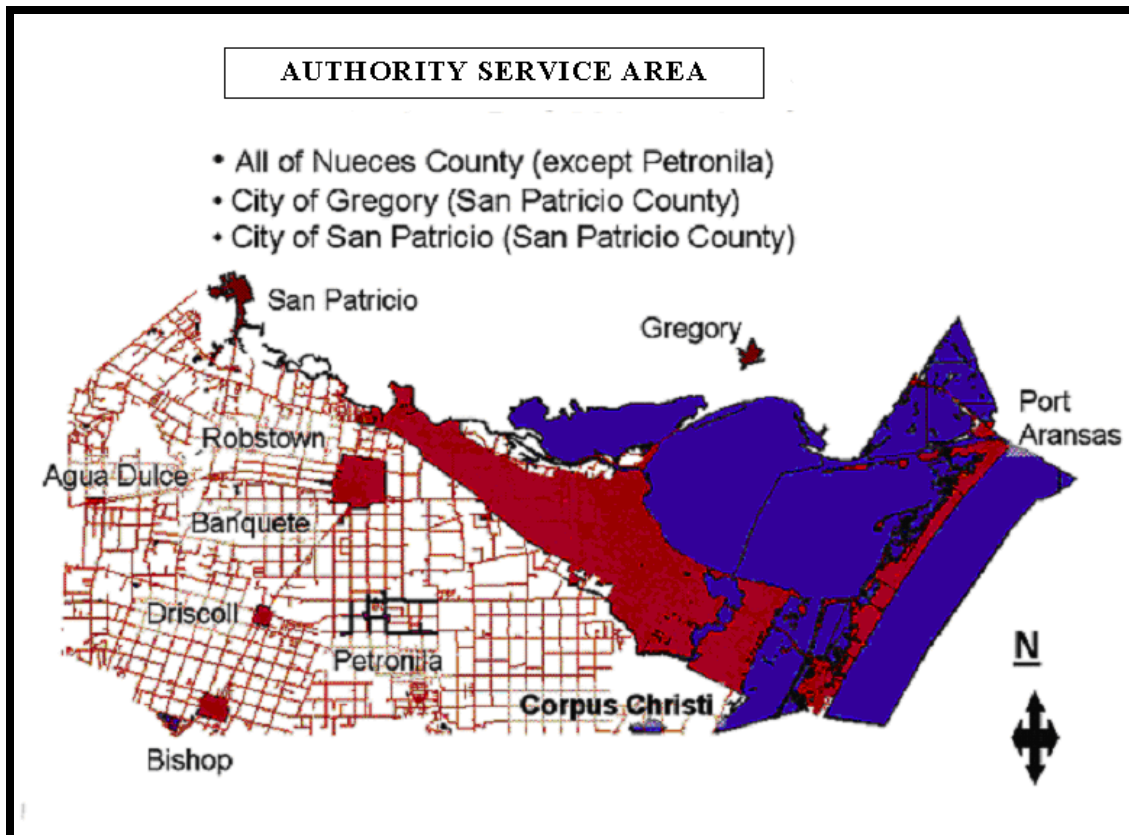
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements and required supplementary information contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. 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 1,400 bus stops and shelters, four transfer stations, three park and ride lots and a fleet of 75 motorbus coaches and 38 para-transit 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 three major divisions including Administration, Program Development and Maintenance & Operations. These broad divisions are organized into numerous departments for operational efficiency. The Authority employs about 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 has increased from 5.3% in 2001 to 7.6% in 2010. During this period, per capita income rose from \$25,518 to an estimated \$37,164.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales and use tax generated from its regional economy. These sales tax revenues have grown at an annual average of 4.0% over the last 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.

In 2010, fuel prices were up sharply with the average price for the year slightly higher than 2007. In early 2011, prices have increased even more rapidly and are anticipated to return to the historic highs of 2008. 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 anticipates moving to a fleet that utilizes alternative fuels.

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

### **Long-Range Financial Planning**

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

In 2010, the Authority completed the final phase of its master plan to upgrade the Authority's Bear Lane complex. Planned future projects include a new customer service center in downtown Corpus Christi and upgraded fueling facilities to include the use of compressed natural gas.

In 2009, the Authority purchased 25 revenue vehicles and related equipment for \$8.5 million. In 2010, the Authority replaced five paratransit vehicles, installed a new fare collection system, and completed major upgrades to information technology systems. In addition, the Authority made \$1.5 million in bus stop improvements that increased accessibility to transit stops in accordance with ADA guidelines. The bus stop improvements and the new fare collection system were financed through a grant under the American Recovery and Reinvestment Act. Total capital outlay in 2010 was \$3.75 million.

### 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, 2009. 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.



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**Scott Neeley**  
**Chief Executive Officer**



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**Susan Vinson, CPA, MSM**  
**Director of Finance**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Corpus Christi Regional Transportation District, Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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.



President

Executive Director

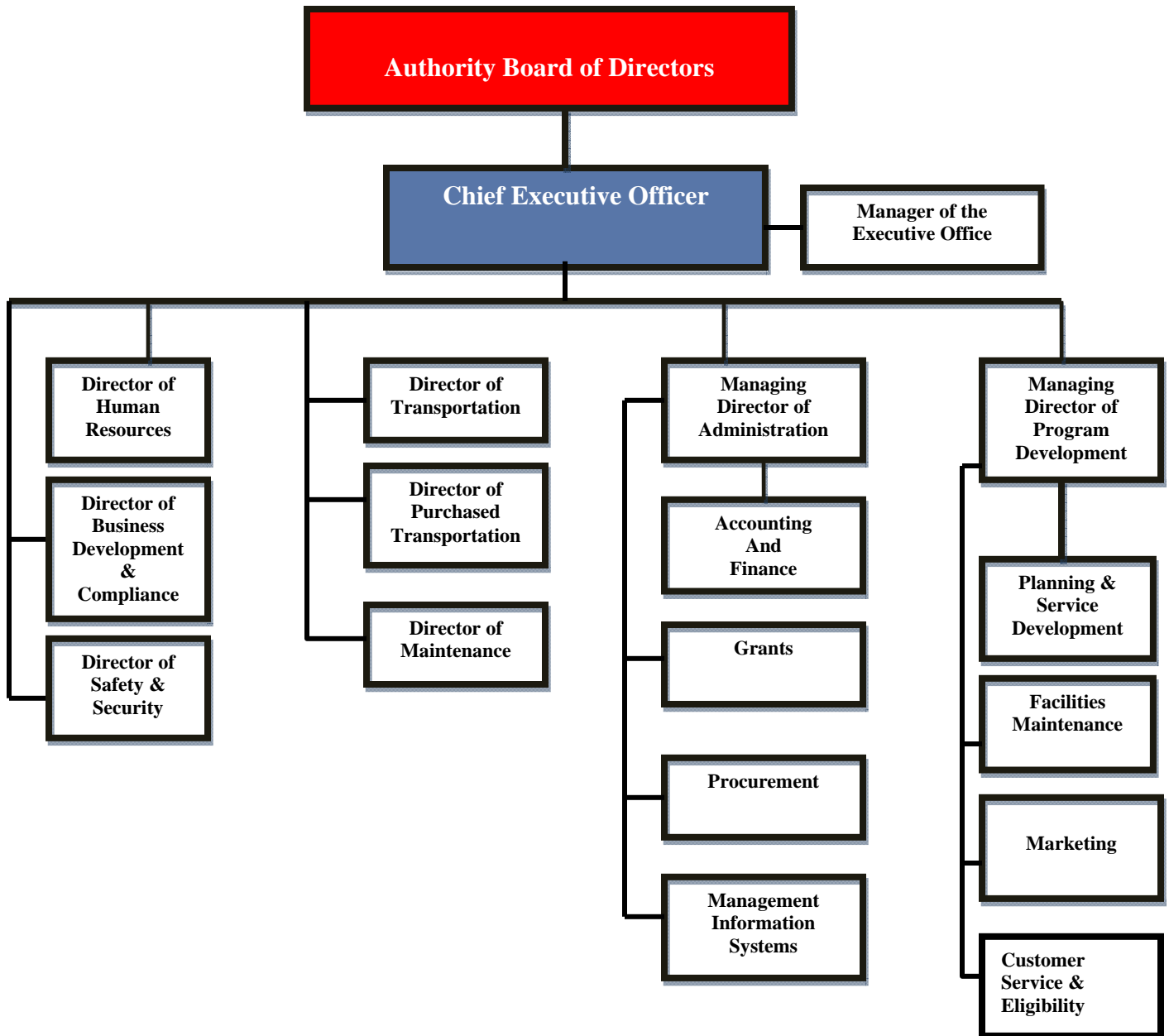
## **BOARD OF DIRECTORS AND ADMINISTRATION**

### **BOARD OF DIRECTORS**

<b>Board Chair</b>	<b>Crystal Lyons</b>
<b>Board Vice-Chair</b>	<b>Gloria Perez</b>
<b>Board Secretary</b>	<b>Angie Flores Granado</b>
<b>Members</b>	<b>Vangie Chapa Gil Hernandez John Longoria David Martinez Ricardo Ramon Mary Saenz Judy Telge John Valls</b>
<b>Advisory Board Member</b>	<b>Rolando Barrera</b>

### **ADMINISTRATION**

<b>Chief Executive Officer</b>	<b>Scott Neeley</b>
<b>Managing Director of Administration</b>	<b>Jorge Cruz-Aedo</b>
<b>Managing Director of Program Development</b>	<b>Sharon Montez</b>
<b>Director of Finance</b>	<b>Susan Vinson</b>
<b>Director of Transportation</b>	<b>Martin Trevino</b>
<b>Director of Business Development &amp; Compliance</b>	<b>Lamont Taylor</b>
<b>Director of Purchased Transportation</b>	<b>Terry Klinger</b>
<b>Director of Safety &amp; Security</b>	<b>Mike Pefanis</b>
<b>Director of Human Resources</b>	<b>Rosa Villarreal</b>
<b>Director of Maintenance</b>	<b>Jose Tovar</b>



# **2010**

# **Financial Section**

Comprehensive Annual Financial Report



INDEPENDENT AUDITOR'S REPORT

May 19, 2011

Board of Directors of the  
Corpus Christi Regional Transportation Authority

We have audited the accompanying statements of net assets of the Corpus Christi Regional Transportation Authority as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2011 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 that 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and other required supplementary information on page 45 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.

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 financial statements as a whole. 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 financial statements. The accompanying schedule of expenditures of federal and state financial awards, pages 75 through 77, 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 financial statements. The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section 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.

*Collins, 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, 2010 and 2009. 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 assets at December 31, 2010 total \$59,451,836. Of this amount, \$23,900,805 (40.2%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement.
- The Authority's net assets increased by \$8,731 (.015%) during 2010 as a result of a loss of \$3,097,871 offset by capital grant contributions of \$3,106,602.
- As of December 31, 2010, the Authority had long term obligations of \$452,658, composed of \$383,756 of other post employment benefits and \$68,902 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 Assets* presents information on all of the Authority's assets and liabilities; with the difference between them being reported as net assets. This is a measure of financial position, which can indicate improvement or deterioration from year to year. The presentation of net assets 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 Assets* accounts for the change in net assets 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 Assets and (b) Fiduciary Funds - Statement of Changes in Net Assets, 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 17.

## ***FINANCIAL ANALYSIS***

### **Statement of Net Assets:**

**Net Assets:** Increases in net assets indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Assets provides the necessary information on which to base this determination. These net assets are presented in two components: (1) those invested in capital assets and (2) those unrestricted and available for operations. Just under sixty percent of the Authority's total net assets are 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 assets. The change in net assets can be explained by looking at the other components of the Statement of Net Assets.

**Table 1**

**CONDENSED SUMMARY OF NET ASSETS**

	<u>At December 31</u>			<u>At December 31</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Current Assets	\$ 26,815,449	25,858,416	957,033	25,858,416	28,578,373	(2,719,957)
Capital Assets, Net of Accumulated Depreciation	35,551,031	37,044,364	(1,493,333)	37,044,364	27,431,699	9,612,665
<b>Total Assets</b>	<b>62,366,480</b>	<b>62,902,780</b>	<b>(536,300)</b>	<b>62,902,780</b>	<b>56,010,072</b>	<b>6,892,708</b>
Current Liabilities	2,461,986	3,171,788	(709,802)	3,171,788	2,365,493	806,295
Long-Term Liabilities	452,658	287,887	164,771	287,887	148,899	138,988
<b>Total Liabilities</b>	<b>2,914,644</b>	<b>3,459,675</b>	<b>(545,031)</b>	<b>3,459,675</b>	<b>2,514,392</b>	<b>945,283</b>
Invested in Capital Assets	35,551,031	37,044,364	(1,493,333)	37,044,364	27,431,699	9,612,665
Unrestricted	23,900,805	22,398,741	1,502,064	22,398,741	26,063,981	(3,665,240)
<b>Total Net Assets</b>	<b>\$ 59,451,836</b>	<b>59,443,105</b>	<b>8,731</b>	<b>59,443,105</b>	<b>53,495,680</b>	<b>5,947,425</b>

The Authority's net assets at December 31, 2010 total \$59,451,836. Of this amount, \$35,551,031 (59.8%) represents the Authority's investment in capital assets (land, buildings, vehicles and other equipment). The remainder is unrestricted. Net assets increased \$8,731 in 2010 due to an overall increase in cash and prepaid expenses, offset by a decrease in investments, receivables and capital assets (net of accumulated depreciation) and a decrease in liabilities. It is important to understand that unrestricted net assets are not necessarily idle assets without a purpose attached to them. The Authority maintains financial projections that provide details of the planned uses of these resources.

The Authority's net assets at December 31, 2009 totaled \$59,443,105. Of this amount, \$37,044,364 (62.3%) represented the Authority's investment in capital assets. The remainder is unrestricted. Net assets increased \$5,947,425 in 2009 due to increases in investments, receivables and capital assets (net of accumulated depreciation), offset by a decrease in cash and an increase in liabilities.

**Current Assets:** At the end of 2010, the Authority's current assets had increased by \$957,033 from the end of 2009. Cash was increased by a reduction in investments due to maturities. Prepaid expenses were also higher than in 2009, although inventories and

receivables were lower. The Authority continues a strategy to build up resources for replacing aging assets and withstanding the current economic slowdown.

During 2009, the Authority's current assets decreased by \$2,719,957. Cash was reduced due to capital expenditures and lower than expected sales tax revenue partially offset by lower than expected operating expenses. Investments, inventories and receivables were also higher than in 2008, although prepaid expenses were lower.

Capital Assets: As of December 31, 2010, the Authority's overall investment in capital assets (net of accumulated depreciation) totals \$35,551,031, a decrease of \$1,493,333 from December 31, 2009. During the year, capital assets totaling \$3,750,174 were added and depreciation totaling \$5,203,248 decreased the carrying value. The Authority also retired capital assets with a historical cost of \$495,550 and accumulated depreciation of \$455,291. Significant 2010 capital additions include:

- ◆ Replacement of five paratransit vehicles and four support vehicles
- ◆ Completion of the Master Plan Phase III Maintenance Facility renovation
- ◆ Sidewalk improvements, bus pads, turnouts and curve cuts at bus stops and shelters
- ◆ Accessibility enhancements per the Authority's ADA Transition Plan
- ◆ Acquisition of land near the Staples Street Station for a planned Customer Service Center
- ◆ A major upgrade to the Authority's fare collection and information systems
- ◆ Various maintenance equipment, furniture and computers

As of December 31, 2009, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled \$37,044,364, an increase of \$9,612,665 from December 31, 2008. During the year, capital assets totaling \$14,396,499 were added and depreciation totaling \$4,514,063 decreased the carrying value. The Authority also retired capital assets with a historical cost of \$9,225,326 and accumulated depreciation of \$8,955,554. Significant 2009 capital additions included:

- ◆ Replacement of twenty-one full size buses
- ◆ One smaller bus and three paratransit vehicles
- ◆ Continued progress on Master Plan Phase III Maintenance Facility renovation
- ◆ Sidewalk improvements, bus pads, turnouts and curve cuts at bus stops and shelters
- ◆ Accessibility enhancements per the Authority's ADA Transition plan
- ◆ Improvements at the Staples Street Station
- ◆ A major upgrade to the Authority's financial and operational information system
- ◆ Various maintenance equipment, furniture and computers

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 Schedule of Expenditures of Federal Awards in the Single Audit Section provides more details on federal

grant activities during the year. The following shows the investment in the Authority's assets by funding source as of December 31, 2010 and 2009:

	Federal and <u>Other Funding</u>	Local <u>Funding</u>	<u>Total</u>
At December 31, 2010:			
Capital Assets At Cost	\$ 63,182,459	17,541,318	80,723,530
Less Accumulated Depreciation	36,286,160	8,886,339	45,172,499
Capital Assets, Net	<u>\$ 26,895,989</u>	<u>8,655,042</u>	<u>35,551,031</u>
At December 31, 2009:			
Capital Assets At Cost	\$ 60,481,008	16,987,898	77,468,906
Less Accumulated Depreciation	32,530,077	7,894,465	40,424,542
Capital Assets, Net	<u>\$ 27,950,931</u>	<u>9,093,433</u>	<u>37,044,364</u>

**Liabilities:** The Authority's total liabilities as of December 31, 2010 are \$2,914,644, of which \$2,461,986 is current and customary to the Authority's business and \$452,658 are non-current liabilities. Current liabilities decreased due to decreased amounts due to other governmental entities for street improvements and decreased trade payables, offset by increased amounts due for payroll related liabilities. As of December 31, 2009 the Authority's total liabilities were \$3,459,675, of which \$3,171,788 was current and \$287,887 was non-current. Current liabilities increased due to increased amounts due to other governmental entities for street improvements, and increased amounts due for capital expenditures and payroll related liabilities.

**Statement of Revenues, Expenses and Changes in Net Assets:**

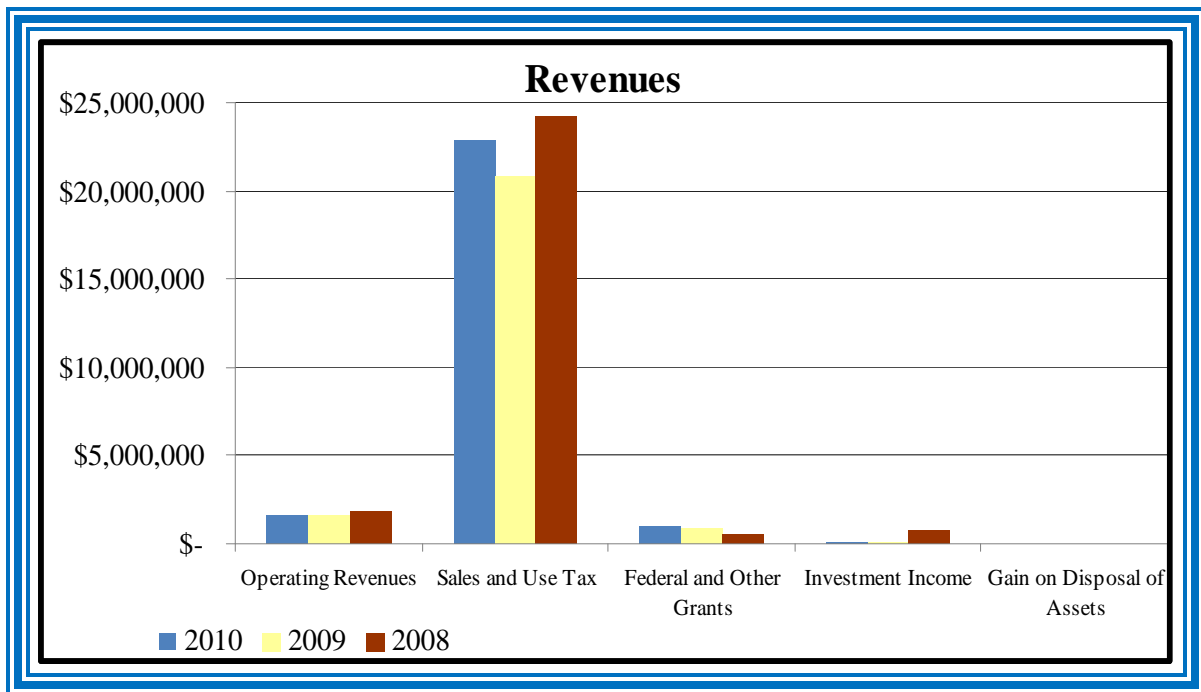
**Change in Net Assets:** While the Statement of Net Assets focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Assets provides further details in to what specific activities took place during the year that led to the change in net assets shown on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

**Table 3**

**CONDENSED SUMMARY OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

	Year Ended December 31			Year Ended December 31		
	2010	2009	Change	2009	2008	Change
<b>Revenues:</b>						
Operating Revenues	\$ 1,626,297	1,658,675	(32,378)	1,658,675	1,819,036	(160,361)
<b>Non-Operating Revenues</b>						
Sales and Use Tax	22,891,712	20,821,573	2,070,139	20,821,573	24,254,132	(3,432,559)
Federal and Other Grants	995,526	805,664	189,862	805,664	496,631	309,033
Investment Income	100,071	81,807	18,264	81,807	723,930	(642,123)
Gain on Property Disposed	10,828	-	10,828	-	-	-
<b>Total Revenues</b>	<b>25,624,434</b>	<b>23,367,719</b>	<b>2,256,715</b>	<b>23,367,719</b>	<b>27,293,729</b>	<b>(3,926,010)</b>
<b>Expenses:</b>						
Operating Expenses	22,190,593	21,295,311	895,282	21,295,311	22,412,132	(1,116,821)
Depreciation	5,203,248	4,514,063	689,185	4,514,063	3,958,931	555,132
Distribution to Regional Entities	1,325,648	1,458,952	(133,304)	1,458,952	1,258,613	200,339
Loss on Property Disposed	-	223,022	(223,022)	223,022	-	223,022
Federal Interest in Disposed Property	2,816	210,517	(207,701)	210,517	-	210,517
<b>Total Expenses</b>	<b>28,722,305</b>	<b>27,701,865</b>	<b>1,020,440</b>	<b>27,701,865</b>	<b>27,629,676</b>	<b>72,189</b>
<b>Net Loss Before Capital Grants</b>	<b>(3,097,871)</b>	<b>(4,334,146)</b>	<b>1,236,275</b>	<b>(4,334,146)</b>	<b>(335,947)</b>	<b>(3,998,199)</b>
<b>Capital Grants</b>	<b>3,106,602</b>	<b>10,281,571</b>	<b>(7,174,969)</b>	<b>10,281,571</b>	<b>5,441,114</b>	<b>4,840,457</b>
<b>Increase In Net Assets</b>	<b>8,731</b>	<b>5,947,425</b>	<b>(5,938,694)</b>	<b>5,947,425</b>	<b>5,105,167</b>	<b>842,258</b>
Net Assets, January 1	59,443,105	53,495,680	5,947,425	53,495,680	48,390,513	5,105,167
Net Assets, December 31	\$ 59,451,836	59,443,105	8,731	59,443,105	53,495,680	5,947,425

Net assets increased \$8,731 during 2010. The Authority's net assets increased because of \$3,106,602 in capital grant contributions offset by a loss of \$3,097,871. Net assets increased \$5,947,425 during 2009 due to grant contributions for capital assets of \$10,281,571 partially offset by a net loss of \$4,334,146. The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net assets.



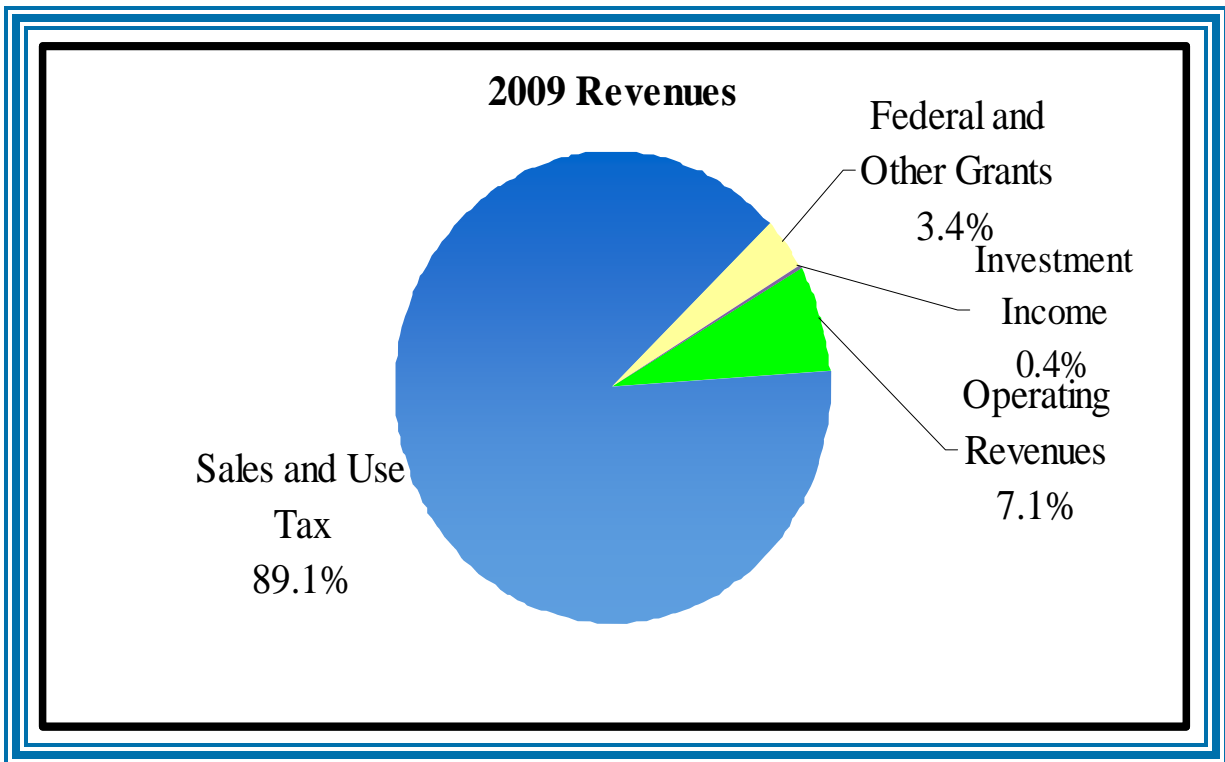
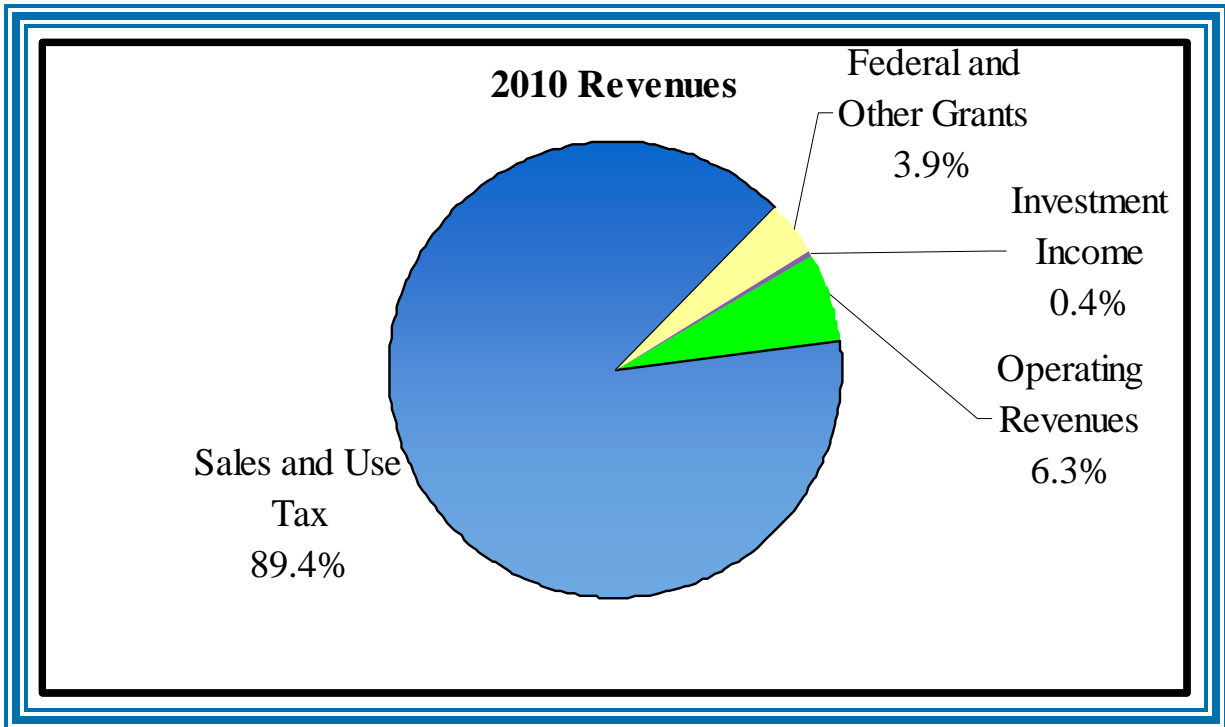
**Revenues:** The Authority's revenues are from sources customary to the public mass transportation industry. Total revenues are made up primarily of sales and use taxes with the smaller share of overall revenues generated from user charges and other ancillary revenues, earnings from investing activities,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

In 2010, the Authority's total revenues increased \$2,256,715 (9.7%) from 2009. Sales taxes, grant revenues and investment income all increased from the prior year levels while operating revenues decreased. In 2009, revenues decreased \$3,926,010 (14.4%) from 2008. Sales taxes, operating revenues and investment income all decreased from 2008 while grant revenues increased. 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 2010, operating revenues represent 6.3% of total revenues and are \$32,378 less than in 2009. While overall rider-ship was up by 2.0% passenger fares were down due to not operating the Harbor Ferry Service in 2010 and a decline in demand response rider-ship. Both demand response and the Harbor Ferry Service bring in higher per passenger fees than fixed route bus service. In 2009, operating revenues represented 7.1% of total revenues and were \$160,361 less than in 2008. This corresponds to a 3.0% overall drop in system ridership.

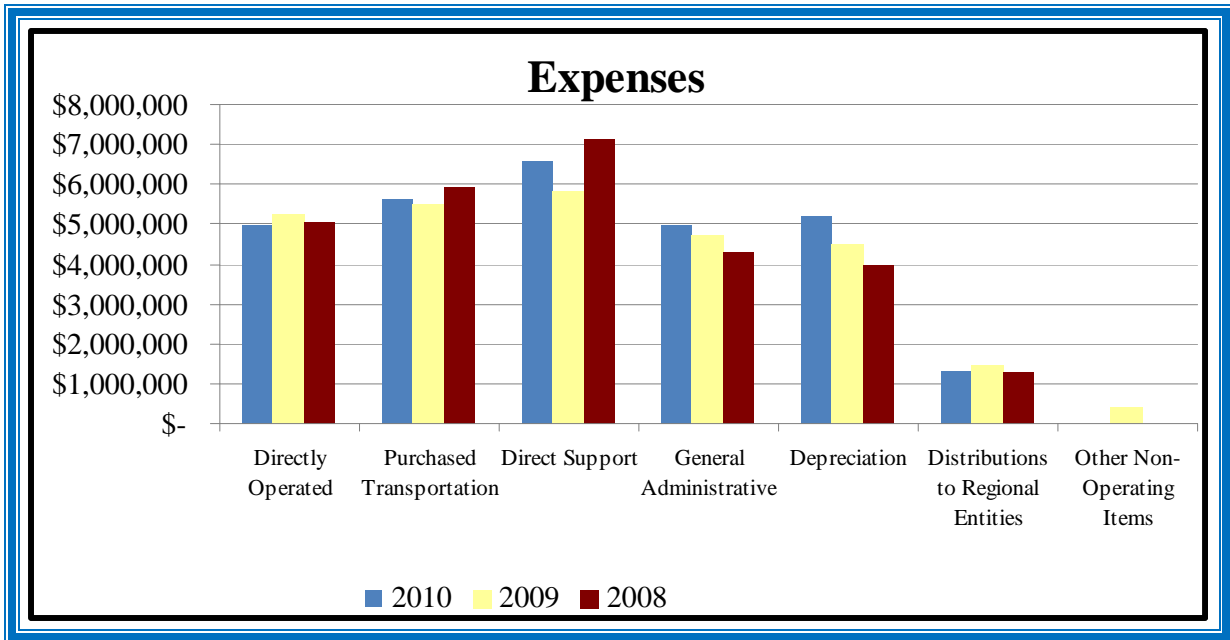


- ◆ Sales and Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the region which provides the primary funding for the Authority's operating budget. For 2010, sales taxes represent 89.4% of total revenues and increased 9.9% from 2009. Improvements in the economy led to a sharp increase in sales tax collections. In 2009, sales taxes were 89.1% of total revenues and were 14.2% lower than 2008, as the slumping 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 2010, these grant revenues are made up primarily of reimbursements for preventive maintenance activities. 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 related state grant reimbursements, FEMA reimbursement for costs incurred in a hurricane-related evacuation in a prior year, and a small amount from a New Freedom Grant for travel training. In 2010, these grants represent 3.9% of total revenues compared to 3.4% in 2009, and compared to 1.8% in 2008. In 2009, these grant revenues were made up primarily of reimbursements for certain maintenance activities. There were also revenues from FTA Job Access and Reverse Commute and related state grants used to help pay for the cost of certain work-related routes and regional mobility coordination, a Department of Justice grant used to fund a security assessment, 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 22.3% from 2009. Although lower cash balances were available for investment, available yields were higher. In 2010, the average portfolio was \$19,217,805 and yielded 0.52% compared to the 2009 average portfolio of \$21,417,683 which yielded .38%. In 2009, these revenues decreased 88.7% from 2008 due to higher cash balances offset by much lower available yields on investments. The average portfolio increased to \$21,417,683 from \$20,962,442 in 2008 and the yields decreased to .38% from 3.5% in 2008.





**Expenses:** The Authority's expenses are made of operating expenses (directly operated services, transportation services purchased from contractors, departments that directly support those functions and general administrative departments), depreciation of capital assets, distributions to regional entities for the Authority's street improvement program, any losses on disposals of capital assets, and any federal interest in disposed property. In 2010, total expenses increased by \$1,020,440 (3.7%) over 2009. In 2009, total expenses increased by \$72,189 (.3%) over 2008.

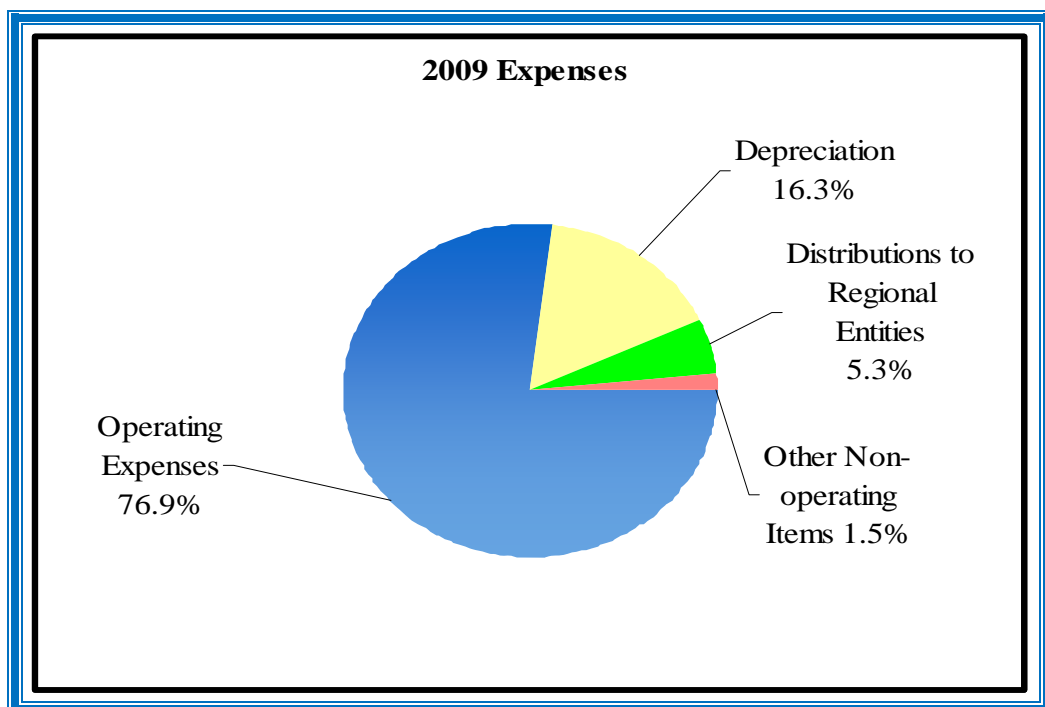
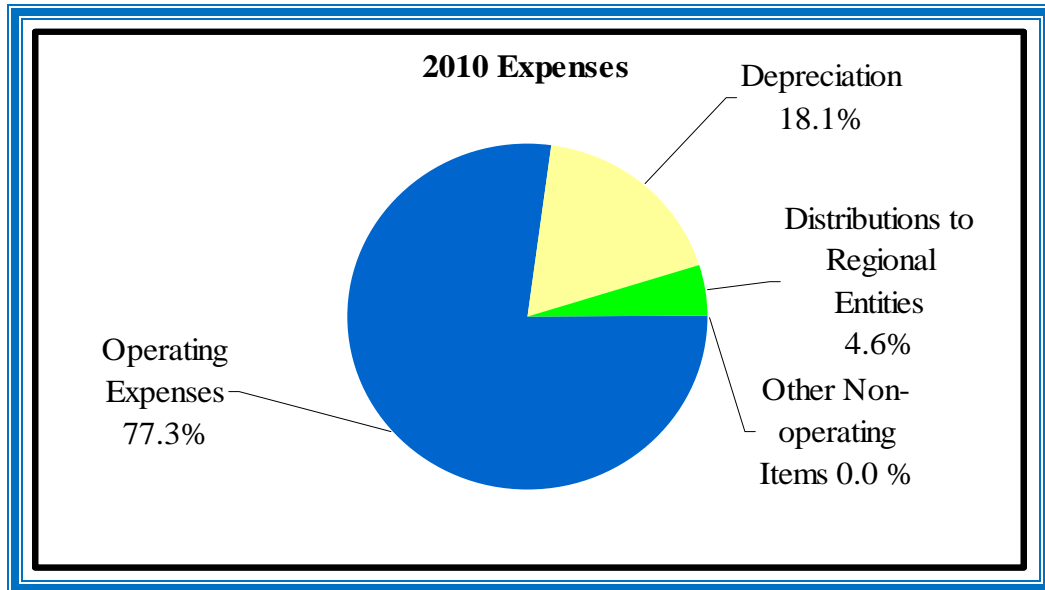


◆ **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 77.3% and 76.9% of total expenses in 2010 and 2009, respectively.

As shown on Table 3 above, the Authority's operating expenses are \$895,282 or 4.2% more than 2009. Directly operated transportation costs decreased \$270,637 (5.2%) primarily due to a reduction in workers' compensation insurance premiums. Purchased transportation services increased \$146,969 (2.7%) due to higher fuel prices. Directly supporting costs are \$747,459 (12.8%) higher than in 2009. Higher fuel prices and increased vehicle maintenance costs were the primary factors. Administrative costs increased \$271,491 (5.8%) from 2009. The largest single factor was an increase in claims related to the Authority's self funded health insurance plan.

For 2009, operating expenses were 5.0% less than 2008. Directly supporting costs were \$1,297,442 (18.2%) lower than 2008 due to lower fuel prices and reduced parts cost for newer vehicles. The cost of directly operated transportation services increased by 3.5% due to pay increases for drivers and other transportation staff. Purchased transportation services decreased by 7.1% due to lower fuel prices, a new contract for purchased

transportation services and fewer days of operation for the Harbor Ferry. Administrative costs increased 10.0% from 2008 primarily due to a \$779,671 increase in a required contribution to the defined benefit pension plan as a result of portfolio losses in 2008. Partially offsetting the increase in pension costs was a \$432,124 decrease in claims related to the Authority's self funded health and dental insurance plans. The remaining increase in Administrative costs was due to a reorganization that resulted in additional staff.



**Depreciation:** Depreciation is \$689,185 (15.3%) higher than 2009 as the Authority capitalizes and depreciates the significant costs of replacing its maintenance facility, vehicles, and equipment that are at or past the end of their useful lives. There is also additional depreciation for the costs of various investments in improvements to bus stops, shelters and other system improvements being capitalized. In 2009, depreciation was \$555,132 (14.0%) higher than 2008 as the Authority depreciated the significant costs of replacing its older fleet of motor buses and trolleys, paratransit buses and various support vehicles.

**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 2010, these costs decreased \$133,304 (9.1%) from 2009 due to a decrease in budgeted sales tax. In 2009, the costs of the program increased \$200,339 (15.9%) from 2008 due to higher budgeted sales tax revenue.

**Other Non-Operating Items:** In 2010, the Authority had a gain on disposal of assets of \$10,828. In addition there was a related expense for the federal interest in disposed property of \$2,816. In 2009, the Authority had a loss on disposal of assets of \$223,022. In addition there was a related expense for the federal interest in disposed property of \$210,517. Federal interest in disposed property occurs when property purchased with federal funds is disposed of before it is fully depreciated.

### **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 2010, improved investment performance consistent with overall stock and bond market trends resulted in \$4,736,209 (18.7%) in increased value of the plans' assets since the end of 2009. This follows a gain of \$6,553,591 (34.9%) in 2009. The Authority and its investment advisor continue to monitor market conditions and currently expect the recovery to continue. 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***

The 2011 operating budget (net of depreciation on contributed capital) is \$26,585,220. This represents a 2.0% increase over the 2010 budget. Sales tax, the Authority's largest revenue source, was budgeted at \$22,940,474 an increase of 7.0% over what was budgeted in 2010. Sales tax is expected to cover 86.3% of the net operating budget in 2011 as opposed to 82.3% in 2010.

The budget was formulated in the expectation that continued recovery from the deep recession of the past few years would result in an increase in sales tax revenue that would cover cost increases due to inflationary pressures. Assumptions include minor service increases, maintaining the current fare structures, continued growth of fuel, labor and health care costs, and a decrease in pension expense resulting from improved 2010 investment performance by the Defined Benefit Plan.

Sales tax revenue growth is expected to be at a slower rate than in 2010 as the economy stabilizes. Passenger fare revenues are up for the first quarter of 2011 as increased fuel prices have increased demand for public transportation. The increase in fuel prices in early 2011 have been much greater than what was budgeted and a budget amendment is anticipated to address the increase. The Authority expects to cover the increased fuel cost through savings in other areas and through increased sales tax and operating revenues. On a long term basis the Authority expects to control fuel costs by going from diesel to compressed natural gas as the primary fuel for the fleet.

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

- ◆ Continued acquisition of real estate for a new Customer Center
- ◆ ADA Improvements, Shelters & Facilities throughout the system
- ◆ Improvements to Bus Stops, Streets and Park and Rides
- ◆ Replacement plan for buses and para-transit vehicles
- ◆ Continued improvements to information technology
- ◆ A new fueling station and other capital improvements needed for conversion to CNG

During 2011, the Authority is continuing to carefully assess factors in the local market and ways to increase revenues or decrease costs in order to live within the means available.



### ***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, Chief Executive Officer's office, 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](http://www.ccrta.org).

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**

**Statement of Net Assets**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents (Note 2)	\$ 11,710,519	7,940,050
Investments (Note 2)	8,304,453	11,220,569
Receivables:		
Sales and Use Taxes	4,442,162	3,778,060
Accrued Interest	46,458	49,599
Federal Government	1,155,387	1,846,420
Other	67,221	62,896
Inventories	573,797	681,392
Prepaid Expenses	515,452	279,430
<b>Total Current Assets</b>	<u>26,815,449</u>	<u>25,858,416</u>
<b>Capital Assets (Note 3):</b>		
Land	1,928,997	1,722,307
Buildings	16,741,830	9,823,133
Transit Stations, Stops and Pads	17,370,114	16,871,482
Other Improvements	1,695,710	1,695,710
Vehicles and Equipment	40,831,599	39,024,226
Construction in Progress	2,155,280	8,332,048
Total Capital Assets	80,723,530	77,468,906
Less: Accumulated Depreciation	(45,172,499)	(40,424,542)
<b>Capital Assets, Net</b>	<u>35,551,031</u>	<u>37,044,364</u>
<b>TOTAL ASSETS</b>	<u><b>62,366,480</b></u>	<u><b>62,902,780</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	691,549	1,336,199
Accrued Compensated Absences (Note 4)	201,115	191,872
Distributions to Regional Entities Payable	873,388	1,013,423
Other Accrued Liabilities	695,934	630,294
<b>Total Current Liabilities</b>	<u>2,461,986</u>	<u>3,171,788</u>
<b>Non-Current Liabilities:</b>		
Accrued Compensated Absences (Note 4)	68,902	70,382
Other Post Employment Benefits (Note 6)	383,756	217,505
<b>Total Non-Current Liabilities</b>	<u>452,658</u>	<u>287,887</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,914,644</b></u>	<u><b>3,459,675</b></u>
<b>Net Assets:</b>		
Invested In Capital Assets	35,551,031	37,044,364
Unrestricted	23,900,805	22,398,741
<b>TOTAL NET ASSETS</b>	<u><b>\$ 59,451,836</b></u>	<u><b>59,443,105</b></u>

See Notes to Financial Statements

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Operating Revenues:</b>		
Passenger Service	\$ 1,537,772	1,577,232
Bus Advertising	30,000	40,000
Charter Service	3,000	-
Other Operating Revenues	55,525	41,443
<b>Total Operating Revenues</b>	<u>1,626,297</u>	<u>1,658,675</u>
<b>Operating Expenses:</b>		
Transportation	4,973,659	5,244,296
Customer Programs	358,206	380,776
Purchased Transportation	5,645,907	5,498,938
Service Development	196,715	182,272
MIS	249,656	251,183
Vehicle Maintenance	4,934,457	4,336,145
Facilities Maintenance	952,392	801,619
Materials Management	146,143	139,642
Administrative and General	4,514,495	4,161,018
Marketing and Special Projects	218,963	299,422
Depreciation	5,203,248	4,514,063
<b>Total Operating Expenses</b>	<u>27,393,841</u>	<u>25,809,374</u>
<b>Operating Loss</b>	<b>(25,767,544)</b>	<b>(24,150,699)</b>
<b>Non-Operating Revenues (Expenses):</b>		
Sales and Use Tax Revenue	22,891,712	20,821,573
Federal and Other Grant Assistance	995,526	805,664
Investment Income	100,071	81,807
Gain (Loss) on Disposition of Property	10,828	(223,022)
Federal Interest in Disposed Property	(2,816)	(210,517)
Distributions to Regional Entities	(1,325,648)	(1,458,952)
<b>Net Loss Before Capital Grant Contributions</b>	<b>(3,097,871)</b>	<b>(4,334,146)</b>
<b>Capital Grant Contributions</b>	<u>3,106,602</u>	<u>10,281,571</u>
<b>Change in Net Assets</b>	8,731	5,947,425
<b>Net Assets, January 1</b>	<u>59,443,105</u>	<u>53,495,680</u>
<b>Net Assets, December 31</b>	<u>\$ 59,451,836</u>	<u>59,443,105</u>

See Notes to Financial Statements



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Statement of Cash Flows**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 1,537,772	1,577,232
Cash Received from Bus Advertising and Other Ancillary	84,200	113,829
Cash Payments to Suppliers for Goods and Services	(12,046,487)	(10,343,938)
Cash Payments to Employees for Services	(7,389,258)	(7,075,372)
Cash Payments for Employee Benefits	(3,074,202)	(3,194,718)
	<u>(20,887,975)</u>	<u>(18,922,967)</u>
<b>Net Cash Used by Operating Activities</b>		
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Sales and Use Taxes Received	22,227,610	21,732,990
Grants and Other Reimbursements	995,526	805,664
Distributions to Regional Entities	(1,465,683)	(1,313,873)
	<u>21,757,453</u>	<u>21,224,781</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Federal and Other Grant Assistance	3,455,908	9,264,365
Proceeds from Disposal of Capital Assets	10,827	46,748
Purchase and Construction of Capital Assets	(3,585,073)	(14,263,057)
	<u>(118,338)</u>	<u>(4,951,944)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Investment Income	261,933	296,506
Purchases of Investments	(6,342,604)	(8,234,550)
Maturities and Redemptions of Investments	9,100,000	6,100,000
	<u>3,019,329</u>	<u>(1,838,044)</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	3,770,469	(4,488,174)
<b>Cash and Cash Equivalents, January 1</b>	7,940,050	12,428,224
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 11,710,519</u>	<u>7,940,050</u>

(Continued)

	<u>2010</u>	<u>2009</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>		
Operating Loss	\$ (25,767,544)	(24,150,699)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	5,203,248	4,514,063
Changes in Assets and Liabilities:		
Other Receivables	(4,325)	32,386
Inventories	107,595	(28,704)
Prepaid Expenses	(236,022)	253,732
Accounts Payable and Accrued Liabilities	(190,927)	456,255
Net Cash Used for Operating Activities	\$ <u>(20,887,975)</u>	<u>(18,922,967)</u>
Non-Cash Investing, Capital and Financing Activities:		
Change in Fair Value of Investments	\$ 18,630	(96,117)

See Notes to Financial Statements

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Fiduciary Funds - Statement of Net Assets**  
**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Investments (Note 2)</b>		
Money Market Funds	\$ 1,658,757	1,485,708
Debt Mutual Funds	6,339,275	5,391,560
Equity Mutual Funds	<u>22,069,787</u>	<u>18,454,342</u>
<i>Total Assets</i>	<u>30,067,819</u>	<u>25,331,610</u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		
Held In Trust For Pension Benefits	<u>\$ 30,067,819</u>	<u>25,331,610</u>

See Notes to Financial Statements

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Fiduciary Funds - Statement of Changes in Net Assets**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Additions:</b>		
Investment Income (Loss)	\$ 3,884,010	5,272,066
Employee Contributions	686,777	700,747
Employer Contributions (Note 5)	1,168,423	1,361,626
<i>Total Additions</i>	<u>5,739,210</u>	<u>7,334,439</u>
<b>Deductions:</b>		
Benefits Paid	966,384	759,348
Administrative Expenses	36,617	21,500
<i>Total Deductions</i>	<u>1,003,001</u>	<u>780,848</u>
<b>Increase/(Decrease) in Net Assets</b>	4,736,209	6,553,591
<b>Net Assets, January 1</b>	<u>25,331,610</u>	<u>18,778,019</u>
<b>Net Assets, December 31</b>	<u>\$ 30,067,819</u>	<u>25,331,610</u>

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. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, 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 Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

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:

<u>Asset Type</u>	<u>Years</u>
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 assets. 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, health 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:** During 2010, the Authority implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Statement 51 provides guidance on capitalization of intangible costs including information technology. Governmental Accounting Standards Board (GASB) Statement 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the Authority to report derivatives at fair value and to disclose the effectiveness of any hedge transactions was also effective for 2010, but had no effect on the Authority which does not currently make use of derivative instruments.

(2) **Deposits and Investments**

As of December 31, 2010 and 2009, the Authority had the following cash and investments:

Deposits and Investments by Type	2010			2009		
	Enterprise Fund Fair Value	Fiduciary Funds Fair Value	Weighted Average Maturity (Days)	Enterprise Fund Fair Value	Fiduciary Funds Fair Value	Weighted Average Maturity (Days)
Demand Deposits	\$ 320,245		1	\$ -		
Government Agencies	8,203,280		210	11,120,240		385
Certificates of Deposit	100,000		177	100,000		177
Money Market Funds	11,386,624	1,658,757	1	7,939,400	1,485,708	1
Debt Mutual Funds		6,339,275	1		5,391,560	1
Equity Mutual Funds		22,069,787	1		18,454,342	1
Total	20,010,149	30,067,819		19,159,640	25,331,610	
Included In Cash and Cash Equivalents	(11,706,869)	(1,658,757)		(7,939,400)	(1,485,708)	
Equity in Investments	\$ 8,303,280	28,409,062		\$ 11,220,240	23,845,902	

The carrying value of the Enterprise Fund Equity in Investments was \$8,304,453 and \$11,220,569 at December 31, 2010 and 2009, 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.

**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. Banks are contractually liable for continuously maintaining collateral at the required margin when balances exceed the amount covered by the Federal Deposit Insurance Corporation. At December 31, 2010 bank funds on deposit in excess of FDIC insurance were collateralized at more than 102%. At December 31, 2009 all Authority's deposits were swept into overnight investments outside the bank and owned by the Authority.

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, 2010 and 2009, all Authority's securities were handled in this manner.

**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 Authority's policy for managing this risk, in compliance with state law, allows the Authority to invest in obligations of United States and its agencies or instrumentalities, states, counties, cities and other political subdivisions of any state having a rating of not less than A or its equivalent; certificates of deposit; prime domestic banker's acceptances; certain commercial paper; certain mutual funds; fully collateralized repurchase agreements and public investment pools. As of December 31, 2010 and 2009, the Authority's investments consisted of such securities as outlined by law and its investment policy.

The Authority participated in several money market funds during the year including the Goldman Sachs Government Fund and several funds managed by Wells Fargo. The funds are registered with the Securities and Exchange Commission and were rated AAA by Moody's and Standard & Poors with the exception of the cash sweep fund which is privately managed by Wells Fargo. The underlying portfolio of the money market funds included U.S. Government obligations, commercial paper, time and certificates of deposit, repurchase agreements and municipal, corporate and floating rate bonds.

**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 all investments to a maximum of three years. As of December 31, 2010 and 2009, all investments were in compliance with policy.

**Concentration of Credit Risk:** This is the risk of investing predominantly in any one type of investment or entity. The Authority's investment policy limits the amounts of such investments to various specified percentages of the total portfolio based on the type of investments. All investments are in compliance with policy as of December 31, 2010 and 2009.

**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 so there is no significant 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 at least three 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, 2010 is as follows:

	<b>Balance at 12/31/2009</b>	<b>Additions / Transfers</b>	<b>Retirements</b>	<b>Balance at 12/31/2010</b>
<b>Assets Not Being Depreciated:</b>				
Land	\$ 1,722,307	206,690	-	1,928,997
Construction in Progress	8,332,048	(6,176,768)	-	2,155,280
	<u>10,054,355</u>	<u>(5,970,078)</u>	-	<u>4,084,277</u>
<b>Assets Being Depreciated:</b>				
Buildings	9,823,133	6,918,697	-	16,741,830
Transit Stations, Bus Stops, Street Pads & Other Improvements	16,871,482	498,632	-	17,370,114
Improvements other than Buildings	1,695,710	-	-	1,695,710
Vehicles, Furniture and Equipment	39,024,226	2,302,923	(495,550)	40,831,599
	<u>67,414,551</u>	<u>9,720,252</u>	<u>(495,550)</u>	<u>76,639,253</u>
<b>Total Capital Assets</b>	<b><u>77,468,906</u></b>	<b><u>3,750,174</u></b>	<b><u>(495,550)</u></b>	<b><u>80,723,530</u></b>
<b>Less: Accumulated Depreciation:</b>				
Buildings	7,107,884	598,443	-	7,706,327
Transit Stations, Bus Stops, Street Pads & Other Improvements	11,436,895	959,275	-	12,396,170
Improvements other than Buildings	1,280,642	140,788	-	1,421,430
Vehicles, Furniture and Equipment	20,599,121	3,504,742	(455,291)	23,648,572
<b>Total Accumulated Depreciation</b>	<b><u>40,424,542</u></b>	<b><u>5,203,248</u></b>	<b><u>(455,291)</u></b>	<b><u>45,172,499</u></b>
<b>Total Capital Assets, Net</b>	<b>\$ <u>37,044,364</u></b>	<b><u>(1,453,074)</u></b>	<b><u>(40,259)</u></b>	<b><u>35,551,031</u></b>

Capital asset activities for the year ended December 31, 2009 is as follows:

	<b>Balance at 12/31/2008</b>	<b>Additions / Transfers</b>	<b>Retirements</b>	<b>Balance at 12/31/2009</b>
<b>Assets Not Being Depreciated:</b>				
Land	\$ 1,722,307	-	-	1,722,307
Construction in Progress	3,944,778	4,387,270	-	8,332,048
	<u>5,667,085</u>	<u>4,387,270</u>	<u>-</u>	<u>10,054,355</u>
<b>Assets Being Depreciated:</b>				
Buildings	10,055,684	-	(232,551)	9,823,133
Transit Stations, Bus Stops, Street Pads & Other Improvements	16,294,260	812,403	(235,181)	16,871,482
Improvements other than Buildings	1,733,360	4,350	(42,000)	1,695,710
Vehicles, Furniture and Equipment	38,547,344	9,192,476	(8,715,594)	39,024,226
	<u>66,630,648</u>	<u>10,009,229</u>	<u>(9,225,326)</u>	<u>67,414,551</u>
<b>Total Capital Assets</b>	<b><u>72,297,733</u></b>	<b><u>14,396,499</u></b>	<b><u>(9,225,326)</u></b>	<b><u>77,468,906</u></b>
<b>Less: Accumulated Depreciation:</b>				
Buildings	6,908,812	431,623	(232,551)	7,107,884
Transit Stations, Bus Stops, Street Pads & Other Improvements	10,783,702	888,374	(235,181)	11,436,895
Improvements other than Buildings	1,160,240	153,165	(32,763)	1,280,642
Vehicles, Furniture and Equipment	26,013,280	3,040,901	(8,455,060)	20,599,121
<b>Total Accumulated Depreciation</b>	<b><u>44,866,034</u></b>	<b><u>4,514,063</u></b>	<b><u>(8,955,555)</u></b>	<b><u>40,424,542</u></b>
<b>Total Capital Assets, Net</b>	<b>\$ <u>27,431,699</u></b>	<b><u>9,882,436</u></b>	<b><u>(269,771)</u></b>	<b><u>37,044,364</u></b>

The operating information presented in the statistical section includes several indicators of the volume, usage and nature of the Authority's capital assets.



**(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 2010 and 2009:

**Changes in Long Term Liabilities**

<b>2010</b>	<b>1/1/2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>12/31/2010</b>	<b>Due Within One Year</b>
Other Post Employment Benefits	\$ 217,505	169,206	(2,955)	383,756	-
Compensated Absences	262,254	320,421	(312,658)	270,017	201,115
<b>Total Long Term Liabilities</b>	<b>\$ 479,759</b>	<b>489,627</b>	<b>(315,613)</b>	<b>653,773</b>	<b>201,115</b>

<b>2009</b>	<b>1/1/2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>12/31/2009</b>	<b>Due Within One Year</b>
Other Post Employment Benefits	\$ 108,408	115,899	(6,802)	217,505	-
Compensated Absences	217,273	365,837	(320,856)	262,254	191,872
<b>Total Long Term Liabilities</b>	<b>\$ 325,681</b>	<b>481,736</b>	<b>(327,658)</b>	<b>479,759</b>	<b>191,872</b>



(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 and January 2010.

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 years times number of years of service for the Authority. Reduced early retirement benefits are available at age 55 with ten years of service. There are currently 407 participants in this plan as follows:

Retirees and beneficiaries currently receiving benefits	66
Terminated and entitled to, but not yet receiving benefits	136
Active employees	205

**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:

<i>Valuation Date</i>	<i>01/01/10</i>	<i>01/01/09</i>
<i>Cost Method</i>	<i>Entry Age Normal Cost</i>	<i>Entry Age Normal Cost</i>
<i>Investment Rate of Return – Pre Retire</i>	<i>7.50%</i>	<i>7.50%</i>
<i>Investment Rate of Return – Post Retire</i>	<i>7.50%</i>	<i>7.50%</i>
<i>Projected Salary Increases</i>	<i>3.50%</i>	<i>3.50%</i>
<i>Amortization Method</i>	<i>Level dollar amount over</i>	<i>Level dollar amount over</i>
	<i>15 years from 01/01/09</i>	<i>15 years from 01/01/09</i>
<i>Remaining Amortization Period</i>	<i>14 Years</i>	<i>15 Years</i>
<i>Asset Valuation Method</i>	<i>Market Value</i>	<i>Market Value</i>
<i>Normal Cost as a percent of covered payroll</i>	<i>9.1%</i>	<i>8.8%</i>
<i>Annual Required Contribution</i>	<i>\$1,168,423</i>	<i>\$1,355,811</i>
<i>Contribution Made</i>	<i>\$1,168,423</i>	<i>\$1,355,811</i>

In 2009, the amortization method was changed from the level percent of pay open, with an amortization period of 8.3325 years to the level dollar amount over 15 years. Without the change the required annual contribution for 2009 would have been \$1,446,157.

**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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Annual Required Contribution (ARC)	\$ 1,168,423	\$ 1,355,811
Adjustment to ARC	-	-
Interest On NPO	-	-
APC	1,168,423	1,355,811
Contributions	<u>(1,168,423)</u>	<u>(1,355,811)</u>
Net Change in NPO	-	-
NPO – Beginning of Year	-	-
ONPO – End of Year	<u>\$ -</u>	<u>\$ -</u>

**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:

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 1,168,423	\$ 1,168,423	100%	\$ -
2009	\$ 1,355,811	\$ 1,355,811	100%	\$ -
2008	\$ 576,140	\$ 576,140	100%	\$ -

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

<u>January 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2010	\$ 17,913,932	\$ 22,390,777	\$ 4,476,845	80.0%	\$ 7,246,596	61.78%
2009	\$ 13,297,998	\$ 20,416,886	\$ 7,118,888	65.1%	\$ 6,634,041	107.31%

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, 2010, the Plan's net assets were valued at approximately \$21,547,899, an increase of 20% since December 31, 2009. As a result, the annual required contribution for 2011 is estimated to be \$886,742 in comparison to the \$1,168,423 contributed for 2010.

**Financial Statements:** The DB Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2010 and 2009 are as follows:

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**Statement of Fiduciary Net Assets**  
**December 31, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Money Market Funds	\$ 331,658	295,744
Mutual Funds - Debt	5,618,943	4,735,323
Mutual Funds - Equity	15,597,298	12,882,865
<i>TOTAL ASSETS</i>	<u>21,547,899</u>	<u>17,913,932</u>
<b>LIABILITIES</b>		
	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		
Held In Trust For Pension Benefits	\$ <u>21,547,899</u>	<u>17,913,932</u>

**Statement of Changes in Fiduciary Net Assets**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Additions:</b>		
Investment Income/(Loss)	\$ 2,975,080	3,703,229
Employer Contributions	1,168,423	1,361,626
<i>Total Additions</i>	<u>4,143,503</u>	<u>5,064,855</u>
<b>Deductions:</b>		
Benefits Paid	481,118	439,720
Administrative Expenses	28,418	9,201
<i>Total Deductions</i>	<u>509,536</u>	<u>448,921</u>
<b>Increase in Net Assets</b>	3,633,967	4,615,934
<b>Net Assets, January 1</b>	<u>17,913,932</u>	<u>13,297,998</u>
<b>Net Assets, December 31</b>	<u>\$ 21,547,899</u>	<u>17,913,932</u>

**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 \$7,964,070 in 2010 and \$7,682,497 in 2009. Employee contributions were \$686,777 in 2010 and \$700,747 in 2009. 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 2010 and 2009 are as follows:

**Statement of Fiduciary Net Assets**  
**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Money Market Funds	\$ 1,327,099	1,189,964
Mutual Funds - Debt	720,332	656,237
Mutual Funds - Equity	6,472,489	5,571,477
<i>Total Assets</i>	<u>8,519,920</u>	<u>7,417,678</u>
<b>LIABILITIES</b>		
	-	-
<b>NET ASSETS</b>		
Held In Trust For Pension Benefits	\$ <u>8,519,920</u>	<u>7,417,678</u>

**Statement of Changes in Fiduciary Net Assets**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Additions:</b>		
Investment Income (Loss)	\$ 908,930	1,568,837
Employee Contributions	686,777	700,747
<i>Total Additions</i>	<u>1,595,707</u>	<u>2,269,584</u>
<b>Deductions:</b>		
Benefits Paid	485,266	319,628
Administrative Expenses	8,199	12,299
<i>Total Deductions</i>	<u>493,465</u>	<u>331,927</u>
<b>Increase/(Decrease) in Net Assets</b>	1,102,242	1,937,657
<b>Net Assets, January 1</b>	<u>7,417,678</u>	<u>5,480,021</u>
<b>Net Assets, December 31</b>	<u>\$ 8,519,920</u>	<u>7,417,678</u>

**(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 effective date of GASB 45 implementation for the Authority is January 1, 2008. The most recent actuarial valuation performed in accordance with the standard was dated January 1, 2010.

**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 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:** Plan member contributions toward healthcare costs are established by the Authority. 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 2010, \$619.84 was the required monthly contribution for retiree family coverage and \$241.88 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
Eligible, but not retired	33
Active Work Force	<u>170</u>
Total	<u>206</u>

**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:

	<u>2010</u>	<u>2009</u>
Annual Required Contribution	\$ 172,772	\$ 117,676
Interest on OPEB Liability	9,787	4,878
Adjustment to the ARC	<u>(13,353)</u>	<u>(6,655)</u>
Annual OPEB Cost	169,206	115,899
Employer Contributions	<u>(2,955)</u>	<u>(6,802)</u>
Net Change in OPEB Liability	166,251	109,097
OPEB Liability at January 1	<u>217,505</u>	<u>108,408</u>
OPEB Liability at December 31	<u>\$ 383,756</u>	<u>\$ 217,505</u>

**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
2010	\$172,772	1.7%	\$383,756
2009	\$ 117,676	5.8%	\$217,505
2008	\$117,676	7.8%	\$108,408

**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
	a	b	c = b - a	d	d / c
01/01/10	\$ -	\$ 1,016,925	\$ 1,016,925	\$ 7,246,956	14%
01/01/08	\$ -	\$ 766,655	\$ 766,655	\$ 6,394,664	12%

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:

<i>Valuation Date</i>	<i>01/01/10</i>	<i>01/01/08</i>
<i>Cost Method</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
<i>Asset Valuation Method</i>	<i>Unfunded, Pay-as-you-go basis</i>	<i>Unfunded, Pay-as-you-go basis</i>
<i>Investment Rate of Return **</i>	<i>4.50%</i>	<i>4.50%</i>
<i>Annual Healthcare Cost Trend</i>	<i>9% initially, graded down to 5% in year 9</i>	<i>9% initially, graded down to 5% in year 9</i>
<i>Inflation Rate</i>	<i>2.50%</i>	<i>2.50%</i>
<i>Utilization</i>	<i>50% of eligible actives</i>	<i>50% of eligible actives</i>
<i>Amortization Period</i>	<i>30 Years</i>	<i>30 Years</i>
<i>Amortization Method</i>	<i>Level Dollar, Open</i>	<i>Level Dollar, Open</i>

*\*\* 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. In January 2007, the Authority changed carriers to Liberty Mutual with the same structure and in December 2009, the Authority changed carriers back to 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 2010 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, 2008, 2009 and 2010 are as follows:

	<b><u>Workers' Compensation</u></b>	<b><u>Health and Dental Benefits</u></b>
Balance at 12/31/07	\$ 65,681	\$ 165,622
Incurred Claims	-	1,229,946
Changes in Estimate	( 28,581)	-
Claims Paid	<u>( 6,206)</u>	<u>( 1,308,443)</u>
Balance at 12/31/08	\$ 30,894	\$ 87,125
Incurred Claims	-	797,391
Changes in Estimate	-	-
Claims Paid	<u>( 5,118)</u>	<u>( 772,822)</u>
Balance at 12/31/09	\$ 25,776	\$ 111,694
Incurred Claims	-	1,090,198
Changes in Estimate	-	-
Claims Paid	<u>( 7,421)</u>	<u>(1,009,844)</u>
Balance at 12/31/10	<u>\$ 18,355</u>	<u>\$ 192,048</u>

**(8) Commitments and Contingencies**

Expenditures financed by Federal grants are subject to audit by the granting agencies. In the event of any such audits, management is of the opinion that no significant liability will arise.

As of December 31, 2010 the Authority still had commitments for about \$230,000 on construction to improve access to bus stops. The construction is being funded by the American Recovery and Reinvestment Act of 2009, and is part of the Authority's American's with Disabilities Act Transition Plan. Engineering and design has begun on a second phase of the project budgeted at \$1.3 million but no construction contracts had been entered into as of December 31, 2010.

As of December 31, 2009 the Authority had commitments for two major construction projects. A \$5.8 million renovation of the Authority's maintenance facility was 96% complete. The project is being funded by Federal Transit Administration grants and local funds. The Authority has entered into contracts totaling \$1.35 million for construction to improve access to bus stops. The construction is being funded by the American Recovery and Reinvestment Act of 2009, and is part of the Authority's American's with Disabilities Act Transition Plan. Construction is to begin in January of 2010.

(9) **Concentrations**

During 2010, the Authority received \$3,106,602 for capital assistance and \$976,015 for other projects from the FTA.

During 2009, the Authority received \$10,054,504 for capital assistance and \$747,737 for other projects from the FTA.

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 new 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. Expenses under the new contract amounted to \$4,186,713 in 2010 and \$3,965,280 in 2009. 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:**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
January 1, 2010 (Note 5)	\$ 17,913,932	\$ 22,390,777	\$ 4,476,845	80.0%	\$ 7,246,596	61.8%
January 1, 2009	\$ 13,297,998	\$ 20,416,886	\$ 7,118,888	65.1%	\$ 6,634,041	107.3%
January 1, 2008	\$ 18,514,359	\$ 18,587,028	\$ 72,669	99.6%	\$ 6,394,664	1.14%

Note: The Authority updated various assumptions as a result of policy changes. In 2009, the amortization method was changed from level percent of pay open over 8.3255 years, to level dollar amount over 15 years. Changes, which took effect on the 2008 actuarial valuation, are as follows:

1. Mortality table changed to more recent RP2000 from 1983 Group Annuity.
2. The pre-retirement interest rate changed to 7.5% from 8.0%.
3. The projected salary increase assumption was changed to 3.5% from 4.0%.

**Schedule of Employer Contributions for Defined Benefit Pension Plan:**

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 1,168,423	100 %
2009	\$ 1,355,811	100 %
2008	\$ 576,140	100 %

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

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Unit Cost</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL As Percentage of Payroll</u>
January 1, 2010	\$ -	\$1,016,925	\$1,016,952	\$ 7,246,956	14%
January 1, 2008	\$ -	\$ 766,655	\$ 766,655	\$ 6,394,664	12%





## **SUPPLEMENTAL SCHEDULES**





**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Supplemental Schedule - Actual and Budget By Function**  
**Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget Versus Actual</u>
<b>Operating Revenues:</b>				
Passenger Service	\$ 1,620,503	1,620,503	1,537,772	(82,731)
Bus Advertising	40,000	40,000	30,000	(10,000)
Charter Service	-	-	3,000	3,000
Other Operating Revenues	45,205	45,205	55,525	10,320
<i>Total Operating Revenues</i>	<u>1,705,708</u>	<u>1,705,708</u>	<u>1,626,297</u>	<u>(79,411)</u>
<b>Operating Expenses:</b>				
Transportation	5,311,876	5,151,467	4,973,659	177,808
Customer Programs	459,978	459,978	358,206	101,772
Purchased Transportation	6,428,353	6,358,198	5,645,907	712,291
Service Development	193,869	193,869	196,715	(2,846)
MIS	309,944	309,944	249,656	60,288
Vehicle Maintenance	5,401,450	5,379,334	4,934,457	444,877
Facilities Maintenance	869,173	995,673	952,392	43,281
Materials Management	136,998	151,998	146,143	5,855
Administrative and General	4,223,532	4,334,712	4,514,495	(179,783)
Special Projects	304,667	304,667	218,963	85,704
Depreciation	4,400,000	4,400,000	5,203,248	(803,248)
<i>Total Operating Expenses</i>	<u>28,039,840</u>	<u>28,039,840</u>	<u>27,393,841</u>	<u>645,999</u>
<b>Operating Loss</b>	<b>(26,334,132)</b>	<b>(26,334,132)</b>	<b>(25,767,544)</b>	<b>566,588</b>
<b>Non-Operating Revenues (Expenses):</b>				
Sales and Use Tax Revenue	21,446,094	21,446,094	22,891,712	1,445,618
Federal and Other Grant Assistance	2,086,807	2,086,807	995,526	(1,091,281)
Investment Income	154,011	154,011	100,071	(53,940)
Gain on Property Dispositions	-	-	10,828	10,828
Federal Interest in Disposed Property	-	-	(2,816)	(2,816)
Distributions to Region Entities	(1,325,648)	(1,325,648)	(1,325,648)	-
<b>Net Loss Before Capital Grant Contributions</b>	<b>\$ <u>(3,972,868)</u></b>	<b><u>(3,972,868)</u></b>	<b><u>(3,097,871)</u></b>	<b><u>874,997</u></b>



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Fiduciary Funds - Combining Statement of Net Assets**  
**December 31, 2010 With Comparative Totals for December 31, 2009**

	<b>2010</b>			<b>2009</b>
	<b>Defined Benefit Pension Plan</b>	<b>Defined Contribution Pension Plan</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Investments (Note 2)</b>				
Money Market Funds	\$ 331,658	1,327,099	1,658,757	1,485,708
Mutual Funds – Debt	5,618,943	720,332	6,339,275	5,391,560
Investments	15,597,298	6,472,489	22,069,787	18,454,342
<i>TOTAL ASSETS</i>	<u>21,547,899</u>	<u>8,519,920</u>	<u>30,067,819</u>	<u>25,331,610</u>
<b>LIABILITIES</b>				
	-	-	-	-
<b>NET ASSETS</b>				
Held In Trust For Pension Benefits	\$ <u>21,547,899</u>	<u>8,519,920</u>	<u>30,067,819</u>	<u>25,331,610</u>



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Fiduciary Funds - Combining Statement of Changes in Net Assets**  
**Year Ended December 31, 2010 With Comparative Totals for December 31, 2009**

	2010			2009
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
<b>Additions:</b>				
Investment Income/(Loss)	\$ 2,975,080	908,930	3,884,010	5,272,066
Employee Contributions	-	686,777	686,777	700,747
Employer Contributions	1,168,423	-	1,168,423	1,361,626
<i>Total Additions</i>	4,143,503	1,595,707	5,739,210	7,334,439
<b>Deductions:</b>				
Benefits Paid	481,118	485,266	966,384	759,348
Administrative Expenses	28,418	8,199	36,617	21,500
<i>Total Deductions</i>	509,536	493,465	1,003,001	780,848
<b>Increase/(Decrease) in Net Assets</b>	3,633,967	1,102,242	4,736,209	6,553,591
<b>Net Assets, January 1</b>	17,913,932	7,417,678	25,331,610	18,778,019
<b>Net Assets, December 31</b>	\$ 21,547,899	8,519,920	30,067,819	25,331,610



# **2010 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends .....	54
<i>These schedules contain trend information to help the reader understand how the Authority’s financial performance has changed over time.</i>	
Revenue Capacity .....	58
<i>These schedules contain information to help the reader access the Authority’s most significant revenue source, sales and use tax.</i>	
Demographic & Economic Data .....	62
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.</i>	
Operating Information .....	64
<i>These schedules contain service data to help the reader understand how the information in the Authority’s financial report relates to the services that the Authority provides and the activities it performs.</i>	

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

**Table 1**

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Net Assets**  
**Last Ten Fiscal Years**

		<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Invested in Capital Assets, Net of Related Debt	\$	20,530,518	23,779,240	28,376,996	31,705,996
Restricted		-	-	-	-
Unrestricted		19,063,732	16,812,964	15,332,061	16,617,052
Total	\$	39,594,250	40,592,204	43,709,057	48,323,048



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<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
27,995,330	25,040,740	23,923,319	27,431,699	37,044,364	35,551,031
-	-	-	-	-	-
19,925,305	22,205,341	24,467,194	26,063,981	22,398,741	23,900,805
47,920,635	47,246,081	48,390,513	53,495,680	59,443,105	59,451,836

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**Table 2**

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

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Operating Revenues:				
Passenger Service	\$ 1,118,331	1,008,067	1,094,855	1,088,331
Other Operating	63,478	95,969	44,799	54,618
Total Operating Revenues	<u>1,181,809</u>	<u>1,104,036</u>	<u>1,139,654</u>	<u>1,142,949</u>
Operating Expenses:				
Transportation	7,742,871	8,329,369	8,715,881	8,667,813
Vehicle/Facilities Maintenance	3,883,523	3,968,553	4,019,978	4,454,404
Other Mission-Direct	853,147	805,627	874,254	790,347
General And Administrative	2,471,752	3,011,894	3,165,532	3,529,146
Depreciation	4,200,958	4,010,875	3,983,236	4,553,847
Total Operating Expenses	<u>19,152,251</u>	<u>20,126,318</u>	<u>20,758,881</u>	<u>21,995,557</u>
Operating Loss	(17,970,442)	(19,022,282)	(19,619,227)	(20,852,608)
Non Operating Revenues (Expenses):				
Sales and Use Tax	16,482,198	16,617,511	15,963,016	17,621,532
Grant Assistance	1,182,050	1,260,868	2,481,224	2,394,066
Investment Income	625,575	387,206	213,804	192,654
Other Non-Operating Items	(2,990,826)	(2,087,033)	(1,534,381)	(473,590)
Distributions to Region Entities	(1,711,255)	(1,211,255)	(1,223,085)	(1,168,404)
Net Loss before Capital Grants	<u>(4,382,700)</u>	<u>(4,054,985)</u>	<u>(3,718,649)</u>	<u>(2,286,350)</u>
Capital Grants	3,206,976	5,052,939	6,835,502	6,715,810
Prior Period Adjustment	-	-	-	184,531
Total Change in Net Assets	<u>\$ (1,175,724)</u>	<u>997,954</u>	<u>3,116,853</u>	<u>4,613,991</u>

2005	2006	2007	2008	2009	2010
1,197,195	1,380,241	1,602,328	1,707,930	1,577,232	1,537,772
44,061	78,147	105,656	111,106	81,443	88,525
1,241,256	1,458,388	1,707,984	1,819,036	1,658,675	1,626,297
9,029,595	9,521,582	10,130,199	10,989,280	10,743,234	10,619,566
4,821,933	5,084,954	5,686,273	6,201,002	5,137,764	5,886,849
894,035	873,695	937,440	936,894	702,690	701,064
3,444,749	3,401,302	3,571,073	4,284,956	4,711,623	4,983,114
4,394,500	3,969,403	3,748,996	3,958,931	4,514,063	5,203,248
22,584,812	22,850,936	24,073,981	26,371,063	25,809,374	27,393,841
(21,343,556)	(21,392,548)	(22,365,997)	(24,552,027)	(24,150,699)	(25,767,544)
18,939,617	20,115,282	21,328,966	24,254,132	20,821,573	22,891,712
1,951,794	213,829	276,340	496,631	805,664	995,526
529,327	959,788	1,121,785	723,930	81,807	100,071
12,648	(499,721)	-	-	(433,539)	8,012
(1,255,302)	(1,274,132)	(1,342,549)	(1,258,613)	(1,458,952)	(1,325,648)
(1,165,472)	(1,877,502)	(981,455)	(335,947)	(4,334,146)	(3,097,871)
763,059	1,202,948	2,125,887	5,441,114	10,281,571	3,106,602
-	-	-	-	-	-
(402,413)	(674,554)	1,144,432	5,105,167	5,947,425	8,731



**Table 3**

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

<b>Year</b>	<b>Operating Revenues (1)</b>	<b>Sales And Use Tax</b>	<b>Federal Operating Grants And Reimbursements</b>	<b>Investment Income</b>	<b>Other (2)</b>	<b>Total</b>
2001	\$ 1,118,333	16,482,198	1,182,050	625,575	900	19,409,056
2002	\$ 1,104,036	16,617,511	1,260,868	387,206	-	19,369,621
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	10,828	25,624,434

(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)**

<b>Year</b>	<b>Operating And Other Miscellaneous</b>	<b>Sales And Use Tax</b>	<b>Operating Grants And Reimbursements</b>	<b>Operating And Other Miscellaneous</b>	<b>Directly Generated Tax</b>	<b>Other Grants And Assistance</b>
	<b>Corpus Christi RTA</b>			<b>Transportation Industry (1)</b>		
2001	9.0%	84.9%	6.1%	41.6%	7.7%	50.7%
2002	7.7%	85.8%	6.5%	41.5%	8.3%	50.2%
2003	6.8%	80.6%	12.6%	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	10.6%	88.4%	1.0%	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	7.4%	89.1%	3.5%	37.4%	6.5%	56.1%
2010	6.8%	89.3%	3.9%	*	*	*

(1) Source: The American Public Transportation Association, 2011 Public Transportation Fact Book,  
Appendix A: Historical Tables, Table 41.

\* Not Available



**Table 5**

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**

**Passenger Fee Capacity**

**Last Ten Years**

**(Unaudited)**

<b>Year</b>	<b>Total Unlinked Trips</b>	<b>Passenger Revenues</b>
2001	5,846,798	\$1,118,332
2002	5,683,364	1,008,068
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

**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.

2001	.....	7.48%
2002	.....	6.85%
2003	.....	6.79%
2004	.....	6.55%
2005	.....	6.58%
2006	.....	7.31%
2007	.....	7.88%
2008	.....	7.62%
2009	.....	7.41%
2010	.....	6.93%



**Table 7**

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Demographic Statistics**  
**Last 10 Ten Years**  
**(Unaudited)**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in thousands) (1)</b>	<b>Mean Per Capita Income (1)</b>	<b>Public School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2001	311,783	\$7,956,075	\$25,518	61,087	5.30%
2002	312,891	\$8,203,882	\$26,220	61,386	6.10%
2003	312,938	\$8,635,094	\$27,594	60,852	6.50%
2004	315,324	\$9,083,456	\$28,807	60,944	6.10%
2005	317,218	\$9,711,696	\$30,615	60,666	5.40%
2006	319,029	\$10,424,076	\$32,674	60,429	4.90%
2007	318,902	\$11,170,436	\$35,028	60,807	4.30%
2008	320,319	\$12,192,635	\$38,064	61,184	4.60%
2009	323,046	\$12,004,999	\$37,162	61,260	6.70%
2010	340,223	\$12,644,067 *	\$37,164 *	61,415	7.60%

(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 based on prior years.



**Table 8**

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY  
Top 10 Employers  
By Size of Employment**

Rank	Business	Type of Product - Service	Employment 2010	% of Total Employment 2010	Employment 2000
1	Naval Air Station – Corpus Christi	Flight Training	5,525	3.6%	N/A
2	Corpus Christi ISD	School District	5,178	3.4%	N/A
3	CHRISTUS Spohn Health Systems	Hospital	5,144	3.3%	N/A
4	H.E.B.	Grocery Company	5,000	3.3%	N/A
5	Corpus Christi Army Depot	Helicopter Repair	3,541	2.3%	N/A
6	City of Corpus Christi	City Government	3,171	2.1%	N/A
7	Bay, Ltd.	Industrial Construction	2,100	1.4%	N/A
8	Driscoll Children’s Hospital	Hospital	1,800	1.2%	N/A
9	Del Mar College	Junior College	1,542	1.0%	N/A
10	Corpus Christi Medical Center	Hospital	1,300	0.8%	N/A

Nueces County - provided by Corpus Christi Regional Economic Development Corp.

N/A - information not available

**Table 9**

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

	2001	2002	2003	2004
<b>Directly Operated:</b>				
Transportation	119.50	120.50	120.50	120.50
<b>Purchased Transportation:</b>				
Purchased Transportation	1.00	1.00	1.00	1.00
<b>Direct Support</b>				
Customer Programs	8.00	8.00	8.00	8.00
Service Development	4.00	4.00	4.00	4.00
Vehicle Maintenance	33.00	36.00	37.00	33.00
Facilities Maintenance	7.50	9.00	9.50	9.00
Materials Management	4.00	4.00	4.00	4.00
	56.50	61.00	62.50	58.00
<b>General Administrative:</b>				
MIS	2.00	2.00	2.00	4.00
Contracts and Grants	2.00	3.00	3.00	3.00
General Management	2.00	2.00	2.00	2.00
Finance and Accounting	6.00	7.50	6.50	5.50
Human Resources	4.00	4.00	4.00	4.00
DBE/EEO	2.00	2.00	2.00	2.00
Capital Projects	2.00	2.50	2.50	2.50
Marketing & Special Projects	-	-	-	-
TCN – Regional Coordinator	-	-	-	-
	20.00	23.00	22.00	23.00
Totals	197.00	205.50	206.00	202.50



2005	2006	2007	2008	2009	2010
119.50	114.50	116.50	117.00	117.00	117.00
1.00	1.00	2.00	2.00	1.00	1.00
9.00	8.00	9.00	9.00	7.00	7.00
3.00	4.00	4.00	4.00	3.00	3.00
35.00	33.00	35.00	35.00	38.00	38.00
10.00	13.00	14.00	14.00	14.00	14.00
4.00	4.00	5.00	5.00	4.00	4.00
61.00	62.00	67.00	67.00	66.00	66.00
4.00	4.00	3.00	3.00	2.00	2.00
2.00	3.00	2.00	2.00	3.00	3.00
2.00	2.00	2.00	2.00	5.00	5.00
5.50	5.50	5.75	5.75	5.80	5.80
6.00	5.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00
1.50	2.50	2.00	2.00	2.00	2.00
-	-	-	-	2.00	2.00
-	-	-	-	-	1.00
23.00	24.00	19.75	19.75	24.80	25.80
204.50	201.50	205.25	205.75	208.80	209.80



**Table 10**

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

		<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>System Ridership</b>					
Motor Bus	a	5,626,632	5,466,690	5,190,678	5,368,866
Demand Response / Para-transit	b	175,508	168,949	172,669	172,248
Ferry Boat	b	33,572	47,725	33,777	29,773
Vanpool	c	11,086	-	-	-
<b>System Revenue Hours</b>					
Motor Bus	a	199,808	207,866	207,077	209,768
Demand Response / Para-transit	b	63,003	59,163	64,125	61,461
Ferry Boat	b	792	746	746	783
Vanpool	c	1,810	-	-	-
<b>System Revenue Miles</b>					
Motor Bus	a	2,769,518	2,970,224	2,962,548	2,989,787
Demand Response / Para-transit	b	1,226,807	1,140,181	1,313,140	1,256,950
Ferry Boat	b	1,287	47,725	1,865	1,989
Vanpool	c	92,056	-	-	-
<b>Vehicles In Service</b>					
Motor Bus		63	75	65	65
Demand Response / Para-transit		31	37	31	31
Ferry Boat		1	1	1	1
Vanpool		3	-	-	-
<b>Uses of Capital Funds</b>					
Vehicles	e	\$ 1,142,399	1,343,573	3,908,286	6,143,077
Communications & Information Technology		\$ -	694,863	1,080,831	1,087,300
Facilities and Stations (and Other)	f	\$ 2,064,577	4,487,328	1,498,967	1,250,337
Other	f	\$ -	200,320	372,146	-
<b>Operating Expenses by Mode</b>					
Motor Bus	e	\$ 11,948,832	13,063,019	13,659,888	14,295,509
Demand Response / Para-transit		\$ 2,892,760	2,800,393	2,895,927	2,883,097
Ferry Boat		\$ 161,784	167,379	164,995	178,060
Vanpool		\$ 59,602	-	-	-

- 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 - Other equipment included in facilities until 2002.

Source: National Transit Database



2005	2006	2007	2008	2009	2010
5,664,053	5,315,568	4,976,009	5,229,034	5,064,696	5,238,131
185,415	192,775	190,774	198,328	196,617	190,745
31,025	21,477	-	21,705	11,683	-
-	7,138	9,200	21,447	10,178	5,410
206,098	198,456	198,524	207,661	207,551	225,073
64,967	67,798	67,422	74,614	68,680	71,558
679	688	-	689	545	-
-	647	652	1,344	961	965
2,931,365	2,750,228	2,787,318	3,033,771	2,785,415	3,232,691
1,160,493	1,277,414	1,253,448	1,525,568	1,348,943	1,599,595
1,725	1,719	-	2,537	1,860	-
-	19,021	16,898	44,647	25,525	29,710
63	58	58	59	63	58
30	30	30	31	30	26
1	1	-	1	1	-
-	2	3	2	2	4
-	320	1,863,855	2,492,718	8,397,094	526,506
176,480	605,551	63,707	39,594	738,184	562,545
502,846	624,952	669,006	3,394,186	3,844,189	471,546
61,101	283,709	697,679	1,540,813	1,417,030	2,189,577
14,018,276	14,116,321	15,504,328	17,099,983	16,519,155	17,410,873
3,836,669	4,376,009	4,630,521	4,913,357	4,425,076	4,568,425
230,761	209,129	-	219,212	182,925	-
-	65,075	675,801	65,878	69,857	78,084

**Table 11**  
**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY**  
**Miscellaneous Statistics**  
**(Unaudited)**

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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	342,412
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	\$.75
Number of Routes *	45
Number of Transfer Stations *	4
Number of Bus Stops *	Over 1,400
Average Speed in Miles Per Hour	13

\* Historical trend information is not available. See Table 9 for utilization and level of capital investment trends.

**2010**

**Single Audit Section**

**Comprehensive Annual Financial Report**



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 19, 2011

The Board of Directors of the  
Corpus Christi Regional Transportation Authority

We have audited the basic financial statements of the Corpus Christi Regional Transportation Authority as of and for the year ended December 31, 2010, and have issued our report thereon dated May 19, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Wood

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 19, 2011

The Board of Directors of the  
Corpus Christi Regional Transportation Authority

Compliance

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 its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

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 to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Governing Board, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

*Collins, Johnson & Woods*

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2010

- 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

**Corpus Christi Regional Transportation Authority**  
**Schedule of Expenditures of Federal and State Financial Awards**  
**Year Ended December 31, 2010**

<b>GRANTOR</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures, Indirect Costs, And Refunds</b>
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Federal Transportation Administration (FTA):</i>			
Federal Transit Cluster – Direct Programs			
Capital Investment Grants	20.500	TX03-0189	\$ 894
			894 *
Transit Formula Funds	20.507	TX90-0507	84,561
Transit Formula Funds	20.507	TX90-0541	47,533
Transit Formula Funds	20.507	TX90-0581	34,627
Transit Formula Funds	20.507	TX90-0620	58,878
Transit Formula Funds	20.507	TX90-0658	261,008
Transit Formula Funds	20.507	TX90-0716	751,334
Transit Formula Funds	20.507	TX90-0773	12,328
Transit Formula Funds	20.507	TX90-0777	32,430
Transit Formula Funds	20.507	TX90-0809	268,758
Transit Formula Funds	20.507	TX90-0857	266,562
Transit Formula Funds	20.507	TX96-X019	2,031,163 **
			3,849,182 *
Total Federal Transit Cluster			3,850,076
Direct Programs:			
Job Access and Reverse Commute	20.516	TX37-4038	158,560
Job Access and Reverse Commute	20.516	TX37-4058	70,416
			228,976
New Freedoms	20.521	TX57-4007	3,565
Total Direct Programs			232,541
Passed through Texas Department of Transportation:			
State Planning and Research	20.515	519XXF7006	8,068
<b>Total Department of Transportation</b>			<b>4,090,685</b>
<b>OFFICE OF HOMELAND SECURITY</b>			
<i>Federal Emergency Management Agency (FEMA):</i>			
Disaster Grants – Public Assistance (Presidentially Declared)	97.036	FEMA - 3294	9,426
<b>Total Federal Emergency Management Agency (FEMA)</b>			<b>9,426</b>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ 4,100,111</b>

\* Major Program

\*\* American Recovery and Reinvestment Act of 2009



<u>GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures, Indirect Costs, And Refunds</u>
<b><u>STATE PROGRAMS</u></b>			
Passed Through Texas Department of Transportation:			
State Planning and Research		519XXF7006	<u>2,017</u>
<b>TOTAL FEDERAL AND STATE FINANCIAL AWARDS</b>			<b>\$ <u>4,102,128</u></b>

See Notes to Federal and State Financial Awards

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**Corpus Christi Regional Transportation Authority**  
**Notes to Schedule of Expenditures of Federal and State Financial Awards**  
**For the Year Ended December 31, 2010**

(1) General

The accompanying Schedule of Expenditures of Federal and State Financial Awards presents the activity of all Federal and State 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 and State 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 and State financial capital and operating assistance is reported in the Authority's basic financial statements as follows:

Federal and Other Grant Assistance	\$ 995,526
Capital Grant Contributions	<u>3,106,602</u>
Total Federal and State Contributions	<u>\$ 4,102,128</u>

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal and State 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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