



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



**Comprehensive Annual Financial Report
For the Year Ended December 31, 2005**

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

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2005**

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



2005

Introductory Section

Comprehensive Annual Financial Report



COPRUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	viii
Board of Directors and Administration	ix
Organization Chart	x
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Net Assets	17
Statement of Cash Flows	18
Fiduciary Funds - Statement of Net Assets	20
Fiduciary Funds - Statement of Changes in Net Assets	21
Notes to Financial Statements	23
Required Supplementary Information:	
Schedules of Funding Progress and Contributions to Pension Plan	39
Supplemental Schedules:	
Schedule of Revenues and Expenses - Actual and Budget by Function	43
Fiduciary Funds - Combining Statement of Net Assets	44
Fiduciary Funds - Combining Statement of Changes in Net Assets.....	45

STATISTICAL SECTION

Table 1 Revenues by Source	47
Table 2 Revenues and Operating Assistance - Comparison to Industry Trend Data ..	48
Table 3 Expenses by Function	49
Table 4 Operating Expenses - Comparison to Industry Trend Data	50
Table 5 Fare Structure and Farebox Recovery Percentage	51
Table 6 Operating Statistics	52
Table 7 Demographic Statistics	53
Table 8 Miscellaneous Statistics	54

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	55
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	57
Schedule of Findings and Questioned Costs	59
Schedule of Expenditures of Federal Awards	61
Notes to Schedule of Expenditures of Federal Awards	62



5658 Bear Lane

Corpus Christi, Texas 78405

(361) 289-2712

June 7, 2006

Rolando Barrera, 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, 2005. This CAFR is indicative of Authority management's continued commitment to provide high quality, complete, concise, and reliable financial information about the Authority. The Report is organized as follows:

- **Introductory Section** provides background and context for readers of this report.
- **Financial Section** contains the Independent Auditor's report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and related supplemental schedules.
- **Statistical Section** provides economic and other information in table form.
- **Single Audit Section** provides grants financial and compliance information.

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 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, PC, 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. MD&A complement 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.

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. The Board makes decisions, designates management, significantly influences operations and maintains primary fiscal accountability.

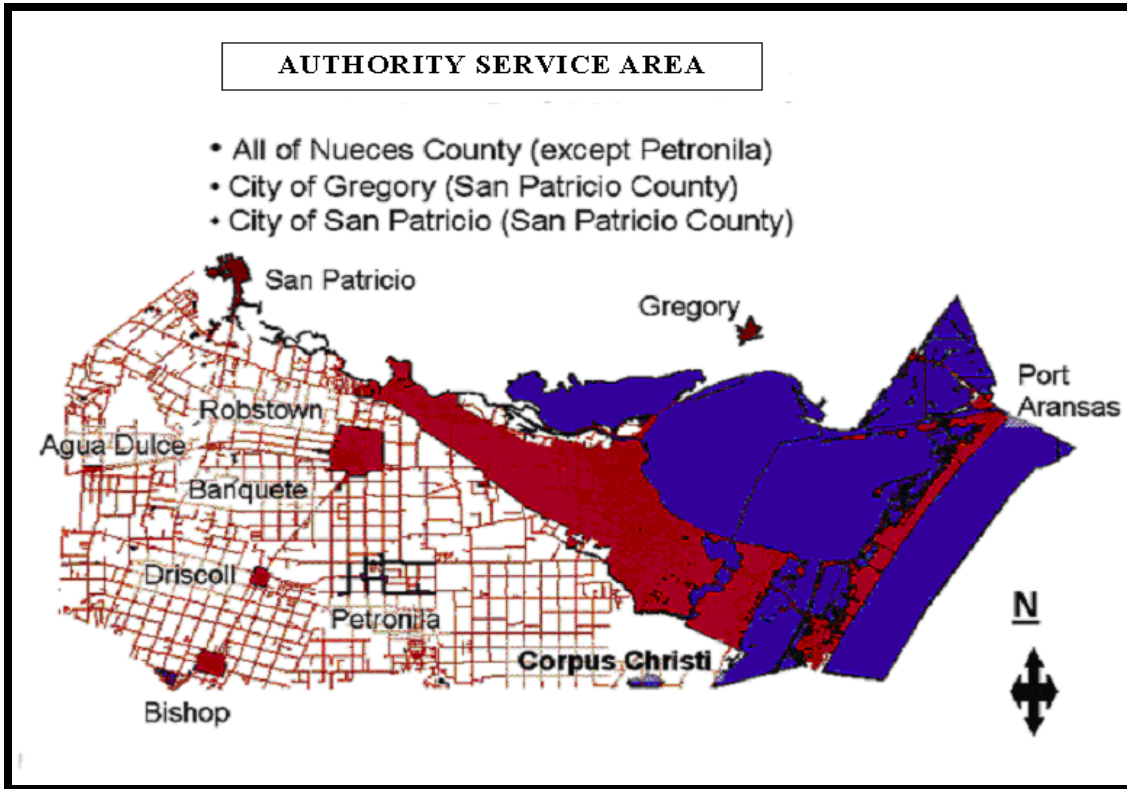
Located in Corpus Christi, Texas on the coast of the Gulf of Mexico, the Authority is a *regional* provider of mass transportation services primarily within Nueces County and also part of San Patricio County. Nueces County includes Agua Dulce, Bishop, Corpus Christi, Driscoll, Port Aransas, Robstown, and unincorporated areas. San Patricio County includes the cities of Gregory and San Patricio. The total area is 838 square miles and has a population of 317,015 according to the 2000 Census. A schematic of the Authority's service area is presented on the following page.

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 waterborne transportation. The Authority maintains over 1,400 bus stops and shelters, five transfer stations, and a fleet of 77 motorbus coaches and 43 demand responsive vehicles. The Authority utilizes a contracted ferryboat to provide its Harbor Ferry services during the summer. Table 6 in the Statistical Section contains service delivery statistics for ten years.

Officials

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. Board members serve overlapping two-year terms. A listing of Authority Board members is included on page ix.



Management

A General Manager is responsible for the daily operations of the Authority and directly supervises seven core personnel who lead the Operations Group, Human Resources, Information Technology, Finance, Capital Projects and Facilities Administration, and the Authority’s Disadvantaged Business Enterprise (DBE) operations. Additionally, there are departments that support these functions. 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 a 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 begins with Board strategic planning in May or June and, through a series of meetings and analysis, results in a balanced 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 General Manager may permit movement of funds within the approved budget.



LOCAL ECONOMY

The regional economy is diversified and includes naval air training, shipping, fishing, tourism, petrochemical refining, meat processing, agriculture, professional services and higher education. The region has a varied base that adds to the relative stability of employment. Unemployment in the area decreased from 8.6% in 1996 to 5.4% in 2005. During this period, personal income rose from \$21,695 to \$31,889 or an average annual increase of 4.4%.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales tax generated from the local economy. These sales tax revenues have grown at an annual average of 3.6% over the last ten years compared to average growth in expenses, including depreciation, of 3.8% over the same period. The current sales tax rate for the Corpus Christi area is 8.25%, which is the maximum rate allowed currently.

As with the global economy, local fuel prices continue to rise above historical highs. This occurrence has a two-sided affect on public transportation providers. Higher fuel prices at the pump tends to encourage higher utilization of public transportation by citizens. However, these same rising costs also impact the Authority's ability to afford fuel. Rising fuel costs ultimately impacts the cost of maintenance materials and energy costs associated with the Authority's fleet and customer amenities. Management believes that higher fuel prices will decrease the amount of disposable income in the area, which would decrease consumer spending and result in lower sales taxes.

Even in light of these challenges, the Authority remains steadfast in its commitment to provide public transportation to its riders while meeting its fiscal challenges.

Long-Range Financial Planning

Due to the significant investment in buses and bus facilities used for service delivery and the necessary funding required to refurbish and to replace those assets when needed, the Authority has been building up resources. As of December 31, 2005 the Authority's unrestricted net assets totals \$19,925,305. Long-term financial projections are maintained and updated when significant events occur that warrant changes to the underlying assumptions.

In 2006, the Authority plans to move forward with the final phase of its master plan. This initiative began in the 1990s and involves several phases to change the configuration of the Authority's Bear Lane complex to update the aged structures and make the operation more efficient. The objective of the last phase of the plan is to refurbish the Authority's bus maintenance facility – its oldest building. The estimated cost of this phase is currently \$7.1 million and will be funded through a combination of federal grants, local dollars and bonds backed by operating revenues. Management expects a measure of higher operating costs associated with this needed update.



Through 2010, the Authority will replace a series of motor coaches, para-transit vehicles and support vehicles. The estimated total cost of \$21,086,539 will be funded mostly with federal grants. Although the federal share of the cost is generally 80% to 83%, the Authority is taking part in a pilot program sponsored by the Federal Transit Administration (FTA) to procure its larger vehicles. The program involves coordinating the vehicle procurements of various transit agencies throughout the industry in order to gain better design and cost efficiencies. The federal grant share for vehicles procured in the program is 90%.

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, 2004. 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 Accounting and Finance Department for the significant investment of time and effort needed to prepare this report. We also acknowledge the efforts of Fred Haley, whose service planning is at the heart of our organization's mission. Thank you to Julio Wilmot for the picture that appears on the report cover. We also express deep appreciation for the innumerable efforts of our bus operators, street supervisors, dispatchers, security, mechanics, and facility maintenance staff who are directly involved with the daily provision of service to our customers.

Ricardo Sánchez, BA, MA
General Manager

Elias Sissamis, CPA, MBA
Director of Finance



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Corpus Christi

Regional Transportation Authority,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director



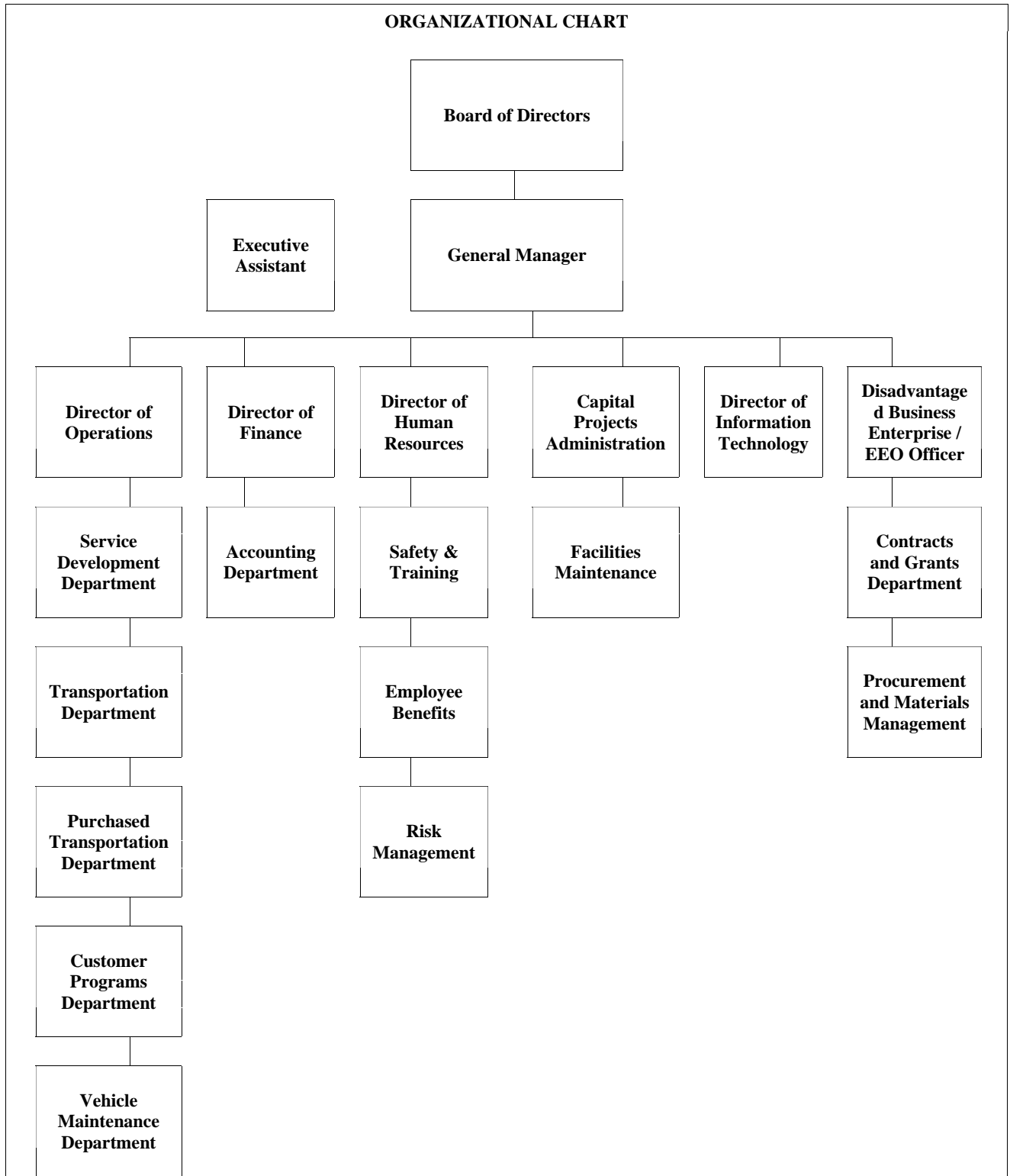
BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS **(As of December 31, 2005)**

Board Chair	Rolando Barrera
Board Vice Chair	Anna M. Flores
Board Secretary	Carmen P. Arias
Members	John J. Buckley Davie Cissna John Longoria Crystal Lyons Glenn Martin David Martinez Sara Salvide John Valls
Advisory Board Member	Mike Rendon

ADMINISTRATIVE MANAGEMENT

General Manager	Ricardo Sanchez
Director of Operations	David Seiler
Director of Service Development	Fred Haley
Director of Information Technology	Eduardo Carrion
Director of Human Resources	Sharlene Sexton
Director of Finance	Elias Sissamis
DBE / EEO	Lamont Taylor
Capital Administration and Facilities	Sharon Montez



2005

Financial Section

Comprehensive Annual Financial Report



INDEPENDENT AUDITOR'S REPORT

March 9, 2006

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, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets 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, 2005 and 2004, 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 March 9, 2006 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.

The management's discussion and analysis and other required supplementary information on pages 3 through 14 and 39 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, pages 61 and 62, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the Authority. The supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion 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, 2005 and 2004. 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 assets exceed its liabilities by \$47,920,635 (net assets) at December 31, 2005. Of this amount \$19,925,305 (41.6%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement.
- Total net assets decreased by \$402,413 from the end of 2004. This was the result of an operating loss of \$1,165,472 offset by capital grant additions of \$763,059.
- The Authority paid off its only long-term liability, the net pension obligation.

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 basic 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 enterprise 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 asset.

The *Statement of Net Assets* presents information on all 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 by 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 pension 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 4 in the notes to the financial statements in this section.

The Authority's basic financial statements can be found beginning on page 16.

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. The largest portion of the Authority's total net assets reflect an investment 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. 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.

Table 1 provides summary multi-year comparative information about the Authority's net assets. The changes 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>2005</u>	<u>2004</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Current Assets	\$ 22,777,689	19,808,183	2,969,506	19,808,183	20,127,625	(319,442)
Capital Assets, Net of Accumulated Depreciation	27,995,330	31,705,996	(3,710,666)	31,705,996	28,376,996	3,329,000
Total Assets	50,773,019	51,514,179	(741,160)	51,514,179	48,504,621	3,009,558
Current Liabilities	2,852,384	2,315,886	536,498	2,315,886	3,760,242	(1,444,356)
Long-Term Liabilities	-	875,245	(875,245)	875,245	850,791	24,454
Total Liabilities	2,852,384	3,191,131	(338,747)	3,191,131	4,611,033	(1,419,902)
Invested in Fixed Assets	27,995,330	31,705,996	(3,710,666)	31,705,996	28,376,996	3,329,000
Unrestricted	19,925,305	16,617,052	3,308,253	16,617,052	15,516,592	1,100,460
Total Net Assets	\$ 47,920,635	48,323,048	(402,413)	48,323,048	43,893,588	4,429,460

The Authority's net assets at December 31, 2005 total \$47,920,635. Net assets decreased \$402,413 during 2005. This was the result of favorable cash-generating operating activities offset by depreciation on aging capital assets. Current liabilities increased because of a higher amount of street improvements to regional entities that were payable at the end of 2005 compared to the end of 2004. The Authority also fully paid the pension liability that existed at the end of the prior year.

Net assets at December 31, 2004 total \$48,323,048. Net assets increased by \$4,429,460. This was the result of significant fixed asset additions funded mostly through federal capital grants and payment of liabilities accrued as of the end of 2003 related to street improvements.

Current Assets: During 2005, the Authority's non-capital assets increased by \$2,969,506. This is due to favorable operating activities, higher receivables and higher prepaid expenses over those at December 31, 2004.

The Authority's current assets at December 31, 2004 decreased from December 31, 2003 due to a decrease in federal grant and interest receivables.



Capital Assets: As of December 31, 2005, the Authority's overall investment in capital assets (net of accumulated depreciation) totals \$27,995,330, a decrease of \$3,710,666 from December 31, 2004. Although capital assets totaling \$683,834 were added during 2005, annual depreciation totaling \$4,394,500 decreased the carrying value. The Authority also retired 18 fully depreciated vehicles with a historical cost of \$7,091,662 and a net carrying value of \$0. Significant 2005 capital activities include:

- ❖ Northwest Inter-modal construction progress
- ❖ Livable Communities Initiative – Interstate Highway 37 bridge construction
- ❖ Bus stop improvements
- ❖ Port-Ayers ADA Enhancements
- ❖ Various improvements to the Bus Maintenance Facility
- ❖ ADART completion

At December 31, 2004 the Authority's investment in capital assets (net of accumulated depreciation) totaled \$31,705,996, which represented a \$3,329,000 increase from December 31, 2003. The Authority wrote off its former administrative building that was demolished during 2004. The Authority also completed several key capital projects, which include:

- ❖ Replacement of aging motor buses for fixed route service
- ❖ Replacement of 11 para-transit vehicles
- ❖ Major renovations completed for the Livable Communities Initiative at Port and Ayers Streets
- ❖ Completion of work done to the bus stop at the Fairgrounds
- ❖ Improvements to the Bear Lane facility parking lot
- ❖ Improvements to various bus shelters and stops
- ❖ Substantial completion of the ADART software.



Additional details about the Authority's capital asset activities are presented in Note 3 in 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 as a match to the federal funding received. 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 Authority's assets by funding source as of December 31, 2005 and 2004:

	Federal/Other Funding	Local Funding	Total
December 31, 2005:			
Capital Assets at Cost	\$ 51,335,393	11,878,948	63,214,341
Less: Accumulated Depreciation	<u>28,455,386</u>	<u>6,763,625</u>	<u>35,219,011</u>
Capital Assets, Net	<u>\$ 22,880,007</u>	<u>5,115,323</u>	<u>27,995,330</u>
December 31, 2004:			
Capital Assets at Cost	\$ 48,965,973	20,656,196	69,662,169
Less: Accumulated Depreciation	<u>25,945,336</u>	<u>11,970,837</u>	<u>37,916,173</u>
Capital Assets, Net	<u>\$ 23,020,637</u>	<u>8,685,359</u>	<u>31,705,996</u>

Liabilities: Total liabilities as of December 31, 2005 total \$2,852,384, which is \$338,747 lower than the prior year. Current liabilities are higher comparatively by \$536,498 due to a higher level of outstanding obligations related to the Authority's street improvement program at year-end. The Authority fully liquidated its only long-term liability (net pension obligation) that existed at the end of 2004. Additional details about the net pension obligation are presented in Note 4.

At December 31, 2004 liabilities total \$3,191,131, which is \$1,419,902 lower than the prior year. Current liabilities are lower by \$1,444,356 due to payouts for previously accrued street improvements and lower operating accruals at the end of 2004 compared to 2003. The long-term liability of \$875,245 relates to the Authority's Defined Benefit Pension Plan. The net pension obligation is the cumulative difference between annual pension cost plus interest on the balance and the Authority's actual contributions.



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.

During 2005, net assets decreased \$402,413. Removing depreciation expense and capital grants (fixed asset activities), other operating activities resulted in an increase in net assets of \$3,229,028. Capital Asset activities were explained previously.

During 2004, net assets increased \$4,429,460. Removing depreciation expense, property disposals and capital grant contributions, other operating activities resulted in an increase in net assets of \$2,741,087.

Table 3

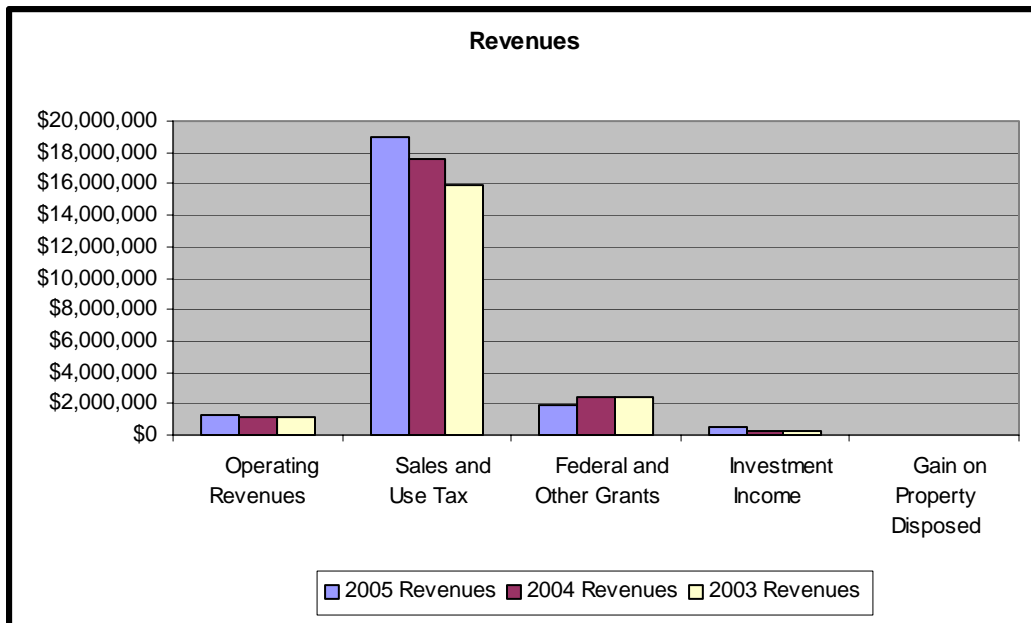
CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>Year Ended December 31</u>			<u>Year Ended December 31</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Revenues:						
Operating Revenues						
Passenger Service	\$ 1,197,195	1,088,331	108,864	1,088,331	1,094,855	(6,524)
Bus Advertising	-	8,200	(8,200)	8,200	2,773	5,427
Charter Service	7,239	13,199	(5,960)	13,199	14,362	(1,163)
Other Operating Revenues	36,822	33,219	3,603	33,219	27,664	5,555
Non-Operating Revenues:						
Sales and Use Tax	18,939,617	17,621,532	1,318,085	17,621,532	15,963,016	1,658,516
Operating Grants	1,951,794	2,394,066	(442,272)	2,394,066	2,481,224	(87,158)
Investment Income	529,327	192,654	336,673	192,654	213,804	(21,150)
Property Disposal Gain	12,648	-	12,648	-	-	-
Total Revenues	22,674,642	21,351,201	1,323,441	21,351,201	19,797,698	1,553,503
Expenses:						
Operating Expenses:						
Operating Expenses	18,190,312	17,441,710	748,602	17,441,710	17,644,443	(202,733)
Depreciation	4,394,500	4,553,847	(159,347)	4,553,847	3,983,236	570,611
Non-Operating Expenses:						
Distribution to Regional Entities	1,255,302	1,168,404	86,898	1,168,404	1,223,085	(54,681)
Property Disposal Loss	-	473,590	(473,590)	473,590	-	473,590
Total Expenses	23,840,114	23,637,551	202,563	23,637,551	22,850,764	786,787
Loss Before Capital Grants	(1,165,472)	(2,286,350)	1,120,878	(2,286,350)	(3,053,066)	766,716
Capital Grants	763,059	6,715,810	(5,952,751)	6,715,810	6,835,502	(119,692)
Increase In Net Assets	(402,413)	4,429,460	(4,831,873)	4,429,460	3,782,436	647,024
Net Assets, January 1	48,323,048	43,893,588	4,429,460	43,893,588	40,111,152	3,782,436
Net Assets, December 31	\$ 47,920,635	48,323,048	(402,413)	48,323,048	43,893,588	4,429,460



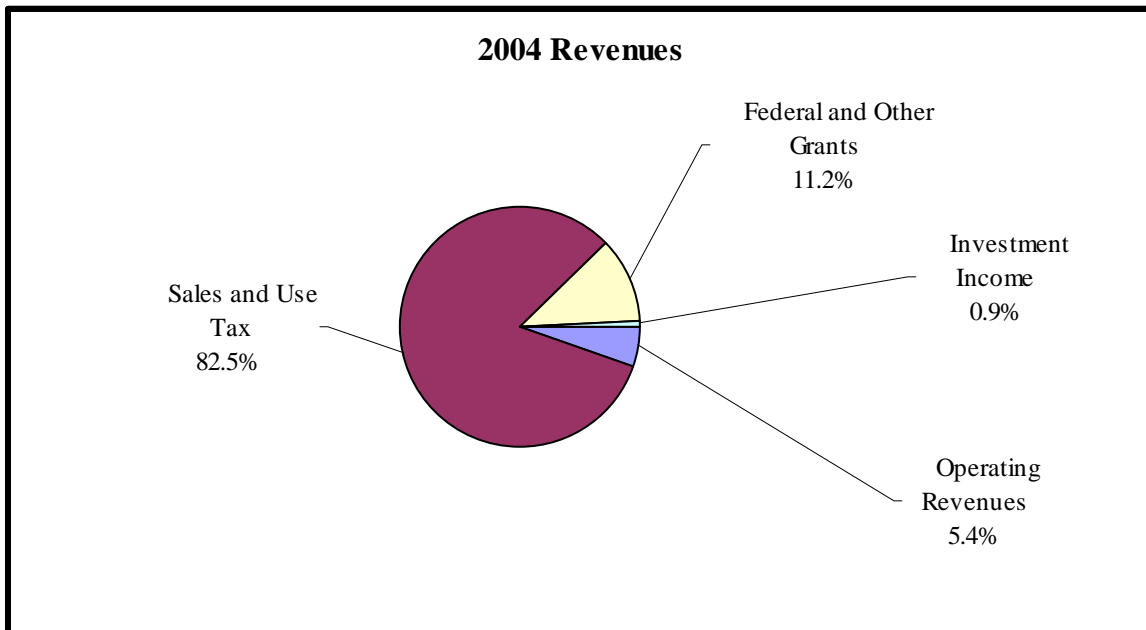
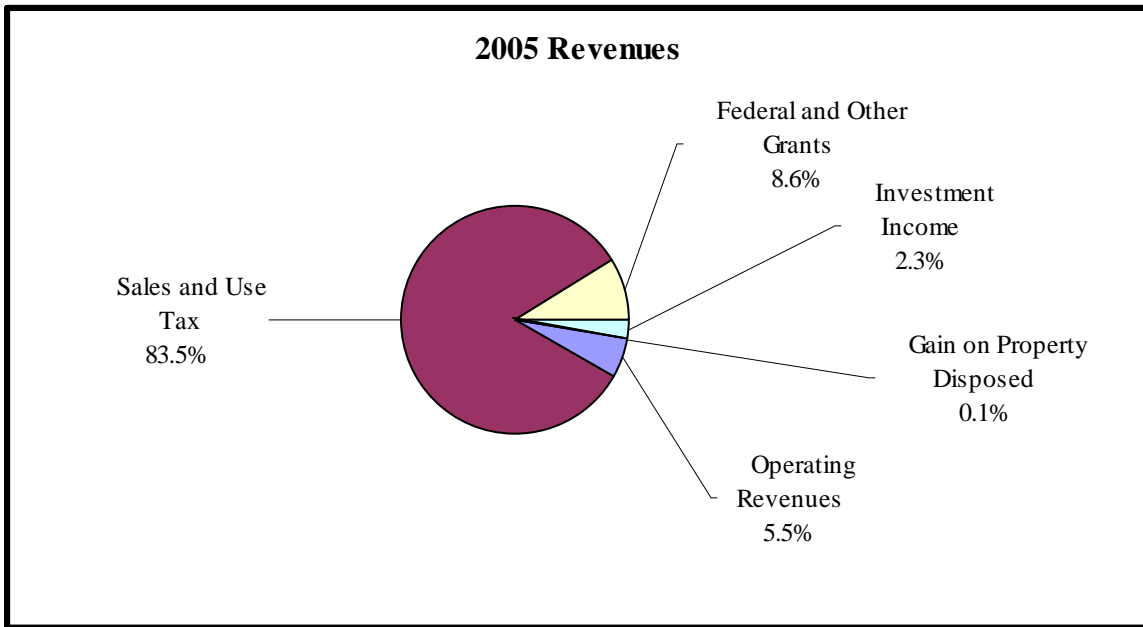
Revenues: In 2005, the Authority's total revenues increased \$1,323,441 (6.2%) over 2004. And 2004 total revenues increased \$1,553,503 (7.8%) over 2003. The Authority's total revenues are made of the following:

- Operating Revenues include user charges for transportation services, bus bench advertising and other ancillary operating revenues. For 2005, these revenues represent 5.5% of total revenues and are \$98,307 (8.6%) higher than 2004 due to an increase of 6.0% in overall system ridership. For 2004, these revenues represent 5.4% of total revenues and are relatively the same as 2003.
- Sales & Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the regional and provide the primary funding for the Authority's operating budget. For 2005, sales tax revenues represent 83.5% of total revenues and are 7.5% higher than 2004. For 2004, these revenues represent 82.5% of total revenues and increased 10.4% over 2003 due to less refunding of sales taxes back to taxpayers than was done in 2003 and higher sales tax collections otherwise.



- Operating Grants are mostly reimbursements to the Authority for certain maintenance costs incurred for both vehicles and facilities. The Authority has the option of utilizing grants provided by the Federal Transit Administration (FTA) for these expense reimbursements or to fund capital asset acquisitions. The Authority sharply decreased its reliance in 2005 on this source of funding by 18.5% from the 2004 levels in order to apply the grants toward future capital projects. The Authority received approximately the same amounts in 2004 as in 2003.

- Investment Income is income earned on the Authority's investing activities. The 2005 revenues is 57% greater than 2004 due to there being more cash available for investment and higher yielding investments being available in the current year. For 2004, the Authority's investment income was lower than 2003 due to lower market yields and unrealized losses being recognized per GAAP as of December 31.
- Property Disposal revenues in 2005 are from sales of some retired buses as scrap.



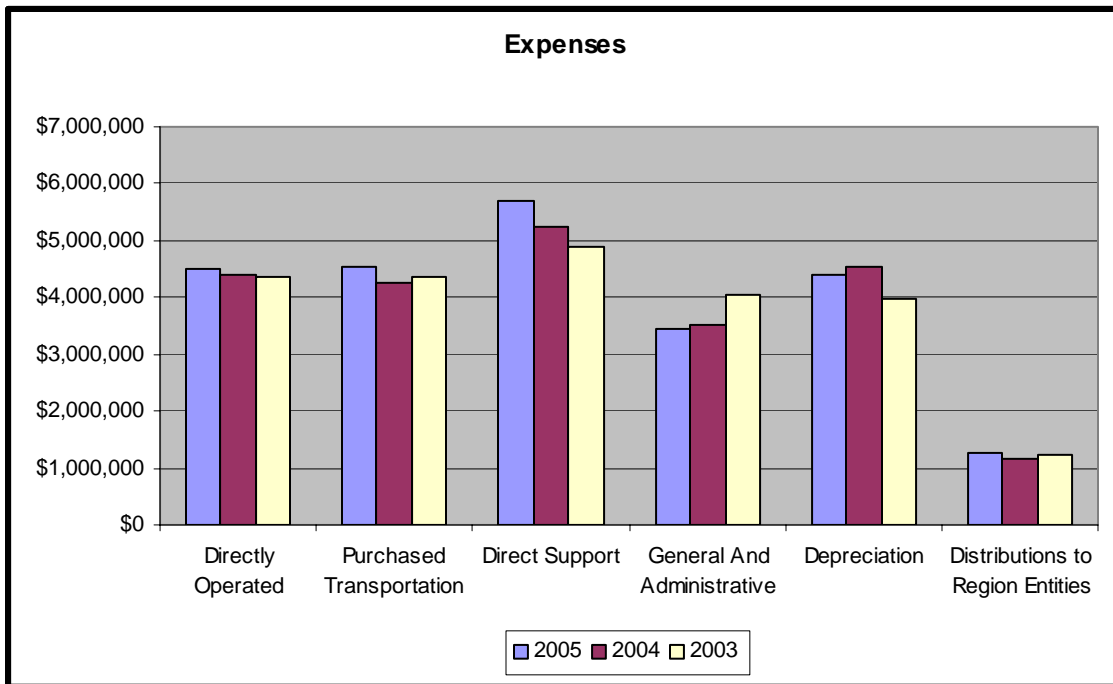


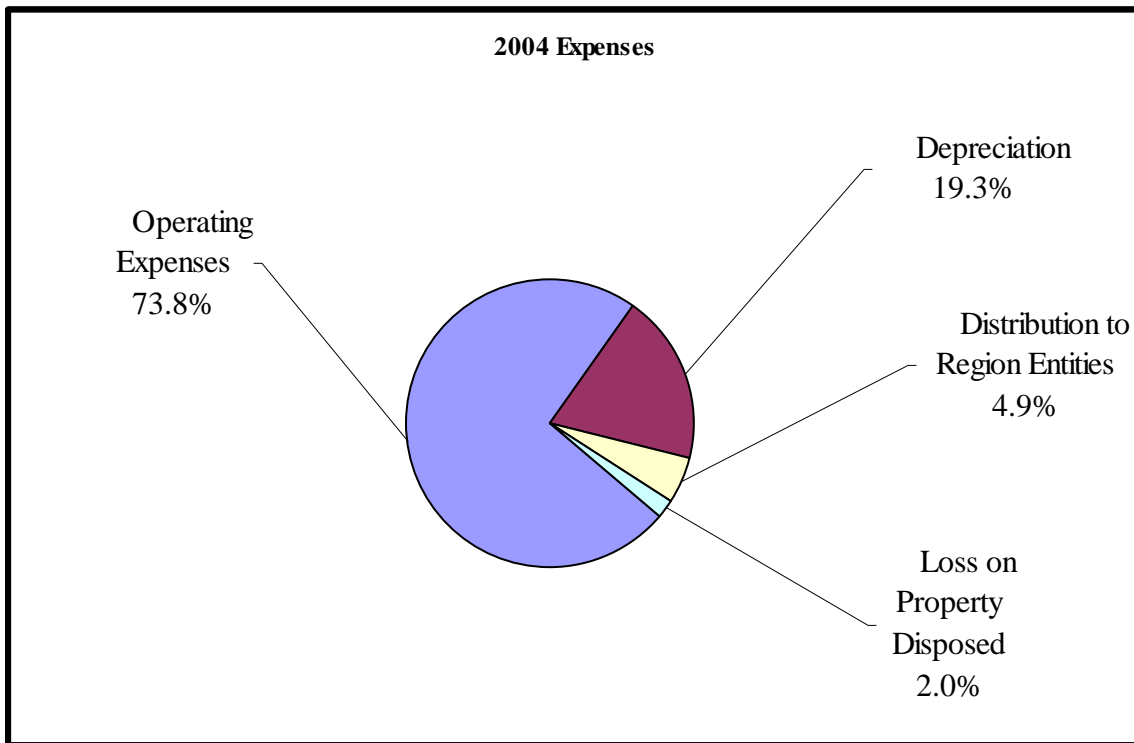
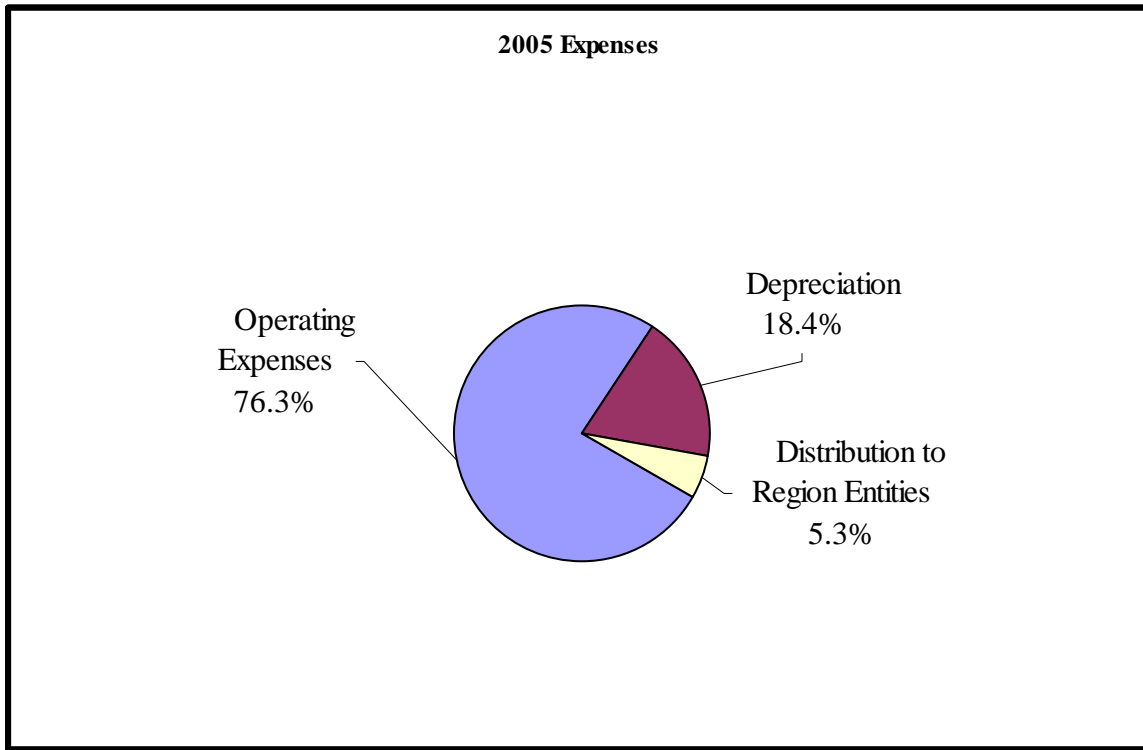
Expenses: The Authority's expenses are made of operating expenses (directly operated services, services purchased through contractors, departments that directly support the service departments and general administrative departments), depreciation of capital assets, distributions to regional entities for the Authority's street improvement program. In 2005, the Authority's total expenses increased \$202,563 (0.9%) over 2004. And 2004 total expenses increased \$786,787 (3.4%) over 2003.

The largest component of total expenses is operating expenses. These expenses account for 76.3% of total expenses in 2005 and 73.8% in 2004.

For 2005, the Authority's operating expenses collectively are 4.3% higher than 2004. The largest cost growth is related to the direct supporting functions due to historically higher prices of fuel, higher costs of maintenance bus parts, and insurance. Other cost growth in the purchased transportation services include fuel costs and recently growing demand for the Authority's complimentary ADA para-transit service. General and administrative costs decreased 2.5% from 2004. Depreciation is 3.5% lower than 2004 as more assets reached the end of their depreciable lives during the year.

For 2004, the Authority's operating expenses are 1.1% lower than 2003. Operating expenses are lower than 2003 but include higher costs of fuel offset by savings in other areas of the budget to afford the prices. Depreciation is 14.3% higher than 2003 due to a full year of new buses and other newer asset replacements.







Distributions to Regional Entities: The Authority, through collaborative efforts with various government entities within its service area, 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. Funding for 2005 grew over 2004 due to anticipated growth in sales taxes. The 2004 level of funding allocated to this program decreased from 2003 since the Authority planned for lower sales tax revenues in its annual budget for that year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's Fiscal 2006 budgeted operating expenses, excluding depreciation, totals \$20,763,983. Sales tax is conservatively estimated to increase 1.5% over 2005. Passenger services and related revenues were budgeted consistent with 2005 levels even though the Authority is considering a fare increase. The budget has been programmed with higher fuel pricing than the already historical highs seen in 2005 and 2004, higher insurance coverage, higher employee benefit health insurance and a new compensation plan structure. This is the first budget in the history of the Authority that was created from strategic planning by the Board of Directors. Service reductions of about 4% are scheduled for 2006 to help afford the increasing costs of service hours provided and administration costs were minimized (9%). There are also provisions for special projects such as an overhauled assessment process for para-transit service, passenger origin and destination surveys, a comprehensive financial and operational analysis and risk management consulting.

The City of Corpus Christi has strategically positioned the area to boost tourism with the opening of a new arena to compliment the new baseball stadium. The unemployment rate in the area is recently estimated at 5.4%, down from 6.7% the prior year. The economic boost shown in the 2005 sales tax receipts has continued into the first two months of 2006, which indicates favorable local economic growth.



There are several significant capital project initiatives planned for next fiscal year. Between 80% and 90% of the cost will be funded with a combination of FTA and other grants that have been received. The projects include:

- Replace buses and support automobiles - \$11,708,987
- Construction/Renovation/Shelter Amenities/Other improvements - \$5,374,224
- Replace radio equipment (20 years old) - \$500,000
- Conduct a complete assessment of Authority bus stops to determine which ones are not accessible per Americans with Disabilities (ADA) guidelines - \$75,000.
- Organization-wide software replacement and upgrade - \$300,000.

During 2006, the Authority is carefully assessing factors in the local market and plans to continue 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, General Manager's office, Corpus Christi Regional Transportation Authority, 5658 Bear Lane, Corpus Christi, Texas 78405, (361) 289-2712.





CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Statement of Net Assets

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 1,830,694	2,691,394
Investments (Note 2)	16,266,239	12,868,028
Receivables:		
Sales and Use Taxes	3,573,966	3,066,573
Accrued Interest	21,817	74,593
Federal Government	133,396	384,510
Other	86,074	59,234
Inventories	454,137	378,411
Prepaid Expenses	411,366	285,440
Total Current Assets	<u>22,777,689</u>	<u>19,808,183</u>
Capital Assets (Note 3):		
Land	1,400,102	1,400,102
Buildings	9,972,500	9,972,500
Transit Stations, Stops and Pads	13,140,613	12,929,398
Other Improvements	1,078,689	989,152
Vehicles and Equipment	34,670,215	41,356,141
Construction in Progress	2,952,222	2,974,876
Total Capital Assets	<u>63,214,341</u>	<u>69,622,169</u>
Less: Accumulated Depreciation	<u>(35,219,011)</u>	<u>(37,916,173)</u>
Capital Assets, Net	<u>27,995,330</u>	<u>31,705,996</u>
TOTAL ASSETS	<u>50,773,019</u>	<u>51,514,179</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	679,815	897,865
Accrued Compensated Absences	185,312	184,377
Distributions Payable to Regional Entities	1,463,272	896,897
Other Accrued Liabilities	523,985	336,747
Total Current Liabilities	<u>2,852,384</u>	<u>2,315,886</u>
Non-Current Liabilities:		
Net Pension Obligation (Note 4)	-	875,245
TOTAL LIABILITIES	<u>2,852,384</u>	<u>3,191,131</u>
Net Assets:		
Invested In Capital Assets	27,995,330	31,705,996
Unrestricted	19,925,305	16,617,052
TOTAL NET ASSETS	<u>\$ 47,920,635</u>	<u>48,323,048</u>

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Assets
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Passenger Service	\$ 1,197,195	1,088,331
Bus Advertising	-	8,200
Charter Service	7,239	13,199
Other Operating Revenues	36,822	33,219
	<u>1,241,256</u>	<u>1,142,949</u>
Total Operating Revenues	1,241,256	1,142,949
Operating Expenses:		
Transportation	4,496,694	4,411,779
Customer Programs	557,042	462,843
Purchased Transportation	4,532,901	4,256,034
Service Development	177,050	175,064
MIS	315,016	247,997
Vehicle Maintenance	4,055,098	3,720,091
Facilities Maintenance	766,835	734,313
Materials Management	159,943	152,440
Administrative and General	3,051,468	3,183,906
Special Projects	78,265	97,243
Depreciation	4,394,500	4,553,847
	<u>22,584,812</u>	<u>21,995,557</u>
Total Operating Expenses	22,584,812	21,995,557
Operating Loss	(21,343,556)	(20,852,608)
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	18,939,617	17,621,532
Federal and Other Grant Assistance	1,951,794	2,394,066
Investment Income	529,327	192,654
Gain (Loss) on Disposition of Property	12,648	(473,590)
Distributions to Regional Entities	(1,255,302)	(1,168,404)
	<u>(1,165,472)</u>	<u>(2,286,350)</u>
Net Loss Before Capital Grant Contributions	(1,165,472)	(2,286,350)
Capital Grant Contributions	763,059	6,715,810
Change in Net Assets	(402,413)	4,429,460
Net Assets, January 1	48,323,048	43,893,588
Net Assets, December 31	\$ 47,920,635	48,323,048

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,197,995	1,090,531
Cash Received from Bus Advertising and Other Ancillary	17,221	95,397
Cash Payments to Suppliers for Goods and Services	(9,985,555)	(9,355,637)
Cash Payments to Employees for Services	(6,434,175)	(6,896,312)
Cash Payments for Employee Benefits	<u>(2,823,927)</u>	<u>(2,006,782)</u>
Net Cash Used by Operating Activities	<u>(18,028,441)</u>	<u>(17,072,803)</u>
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	18,432,224	17,698,242
Grants and Other Reimbursements	1,951,794	2,394,066
Distributions to Regional Entities	<u>(688,927)</u>	<u>(1,803,986)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>19,695,091</u>	<u>18,288,322</u>
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	1,014,172	6,954,897
Proceeds from Sale of Capital Assets	12,648	-
Purchase and Construction of Capital Assets	<u>(738,063)</u>	<u>(8,480,714)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>288,757</u>	<u>(1,525,817)</u>
Cash Flows from Investing Activities:		
Investment Income	294,491	359,159
Purchases of Investments	(23,010,598)	(14,938,091)
Maturities and Redemptions of Investments	<u>19,900,000</u>	<u>14,400,000</u>
Net Cash Used by Investing Activities	<u>(2,816,107)</u>	<u>(178,932)</u>
Net Decrease in Cash and Cash Equivalents	(860,700)	(489,230)
Cash and Cash Equivalents, January 1	<u>2,691,394</u>	<u>3,180,624</u>
Cash and Cash Equivalents, December 31	\$ <u><u>1,830,694</u></u>	<u><u>2,691,394</u></u>

(Continued)



	<u>2005</u>	<u>2004</u>
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	\$ (21,343,556)	(20,852,608)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	4,394,500	4,553,847
Changes in Assets and Liabilities:		
Accounts Receivable	(26,840)	40,779
Inventories	(75,726)	(39,470)
Prepaid Expenses	(125,926)	(115,307)
Accounts Payable and Accrued Liabilities	23,552	(686,698)
Deferred Revenues	800	2,200
Net Pension Obligation	<u>(875,245)</u>	<u>24,454</u>
Net Cash Used by Operating Activities	<u>\$ (18,028,441)</u>	<u>(17,072,803)</u>
Non-Cash Investing, Capital and Financing Activities:		
Unrealized Loss on Investments	\$ (4,050)	(46,807)

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Assets
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Investments – Mutual Funds, at fair value	\$ 22,122,758	19,500,535
TOTAL ASSETS	22,122,758	19,500,535
LIABILITIES		
	-	-
NET ASSETS		
Held In Trust For Pension Benefits	\$ 22,122,758	19,500,535

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Assets
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions:		
Investment Income	\$ 1,331,933	1,441,338
Employee Contributions	612,890	809,084
Employer Contributions	<u>1,487,520</u>	<u>677,500</u>
<i>Total Additions</i>	<u>3,432,343</u>	<u>2,927,922</u>
Deductions:		
Benefits Paid	773,480	356,529
Administrative Expenses	<u>36,640</u>	<u>32,289</u>
<i>Total Deductions</i>	<u>810,120</u>	<u>388,818</u>
Increase in Net Assets	2,622,223	2,539,104
Net Assets, January 1	<u>19,500,535</u>	<u>16,961,431</u>
Net Assets, December 31	<u>\$ 22,122,758</u>	<u>19,500,535</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. Authority may issue bonds backed by operating revenues. Subject to referendum, 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 Governmental Accounting Standards Board (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 an enterprise fund. Enterprise 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 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.

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 assets with an initial cost of at least \$250 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 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.



Accrued Compensated Absences: Substantially all employees are compensated for personal, holiday, health, and certain other qualifying absences. The number of days compensated for the absences is based generally on length of service. It is the Authority's policy to permit employees to accumulate earned but unused compensated absence benefits. All compensated absences are reflected when incurred in the financial statements. Expenditures related to personal leave paid benefits are recorded in the activities statement as employees resign or retire.

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

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

Recent Accounting Pronouncements: In 2005, the Authority implemented the requirements of GASB Statement No. 40, "Deposit and Investment Risk Disclosures," which amends GASB Statement No. 3 to require additional disclosures related to deposit and investment risks. This statement was effective for financial statements for fiscal years beginning after June 15, 2004.



(2) **Cash, Cash Equivalents and Investments**

As of December 31, 2005 and 2004, the Authority had the following cash and investments:

Investment Type	2005			2004		
	Carrying Value	Fair Value	Weighted Average Maturity (Days)	Carrying Value	Fair Value	Weighted Average Maturity (Days)
Government Agencies	\$ 15,866,239	15,864,500	87	\$ 12,468,028	12,451,650	217
Certificates of Deposit	400,000	400,000	143	400,000	400,000	136
Repurchase Agreements	-	-	-	219,364	219,364	1
Government Money Market						
Mutual Fund, Pooled	<u>1,827,045</u>	<u>1,827,045</u>	1	<u>2,467,705</u>	<u>2,467,705</u>	1
Total	18,093,284	18,091,545		15,555,097	15,538,719	
Short-Term Investments Included						
In Cash and Cash Equivalents	<u>(1,827,045)</u>	<u>(1,827,045)</u>		<u>(2,687,069)</u>	<u>(2,687,069)</u>	
Equity in Investments	<u>\$ 16,266,239</u>	<u>16,264,500</u>		<u>\$ 12,868,028</u>	<u>12,851,650</u>	

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 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. At December 31, 2005 and 2004, all Authority's deposits were covered in this manner.



For investments, this is the risk that if a 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, 2005 and 2004, 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. By state law, the Authority may 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. The Government Money Market Mutual Fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and its underlying portfolio is made up of U.S. Government obligations, including repurchase agreements collateralized by U.S. Government obligations. As of December 31, 2005 and 2004, the Authority's investments consisted of such securities as outlined by law and its investment policy.

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. The Authority's practice is to further shorten holding periods as market rates rise. As of December 31, 2005 and 2004, 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, 2005 and 2004.



(3) Capital Assets

Capital asset activities for the year ended December 31, 2005 is as follows:

	Balance at 12/31/2004	Additions / Transfers	Retirements	Balance at 12/31/2005
Assets Not Being Depreciated:				
Land	\$ 1,400,102	-	-	1,400,102
Construction in Progress	2,974,876	(22,654)	-	2,952,222
Total assets not being depreciated	<u>4,374,978</u>	<u>(22,654)</u>	-	<u>4,352,324</u>
Assets Being Depreciated:				
Buildings	9,972,500	-	-	9,972,500
Transit Stations, Bus Stops, Street Pads & Other Improvements	12,929,398	211,215	-	13,140,613
Improvements other than Buildings	989,152	89,537	-	1,078,689
Vehicles, Furniture and Equipment	41,356,141	405,736	(7,091,662)	34,670,215
Total assets being depreciated	<u>65,247,191</u>	<u>706,488</u>	<u>(7,091,662)</u>	<u>58,862,017</u>
Total Capital Assets	<u>69,622,169</u>	<u>683,834</u>	<u>(7,091,662)</u>	<u>63,214,341</u>
Less: Accumulated Depreciation:				
Buildings	4,996,241	537,602	-	5,533,843
Transit Stations, Bus Stops, Street Pads & Other Improvements	7,356,720	868,030	-	8,224,750
Improvements other than Buildings	807,500	52,220	-	859,720
Vehicles, Furniture and Equipment	24,755,712	2,936,648	(7,091,662)	20,600,698
Total Accumulated Depreciation	<u>37,916,173</u>	<u>4,394,500</u>	<u>(7,091,662)</u>	<u>35,219,011</u>
Total Capital Assets, Net	\$ <u>31,705,996</u>	<u>(3,710,666)</u>	-	<u>27,995,330</u>



Capital asset activities for the year ended December 31, 2004 is as follows:

	Balance at 12/31/2003	Additions / Transfers	Retirements	Balance at 12/31/2004
Assets Not Being Depreciated:				
Land	\$ 1,400,102	-	-	1,400,102
Construction in Progress	7,550,372	(4,575,496)	-	2,974,876
Total assets not being depreciated	<u>8,950,474</u>	<u>(4,575,496)</u>	<u>-</u>	<u>4,374,978</u>
Assets Being Depreciated:				
Buildings	11,107,776	140,076	(1,275,352)	9,972,500
Transit Stations, Bus Stops, Street Pads & Other Improvements	11,964,725	964,673	-	12,929,398
Improvements other than Buildings	846,776	142,376	-	989,152
Vehicles, Furniture and Equipment	30,050,587	11,684,808	(379,254)	41,356,141
Total assets not being depreciated	<u>53,969,864</u>	<u>12,931,933</u>	<u>(1,654,606)</u>	<u>65,247,191</u>
Total Capital Assets	<u>62,920,338</u>	<u>8,356,437</u>	<u>(1,654,606)</u>	<u>69,622,169</u>
Less: Accumulated Depreciation:				
Buildings	5,240,576	557,867	(802,202)	4,996,241
Transit Stations, Bus Stops, Street Pads & Other Improvements	6,483,692	873,028	-	7,356,720
Improvements other than Buildings	744,892	62,608	-	807,500
Vehicles, Furniture and Equipment	22,074,182	3,060,344	(378,814)	24,755,712
Total Accumulated Depreciation	<u>34,543,342</u>	<u>4,553,847</u>	<u>(1,181,016)</u>	<u>37,916,173</u>
Total Capital Assets, Net	<u>\$ 28,376,996</u>	<u>3,802,590</u>	<u>(473,590)</u>	<u>31,705,996</u>



(4) **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. The DB Plan was 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 and February 2002. Administration costs are paid by the plan.

All of the DB Plan's assets are maintained under a trust agreement by 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.

Vesting of benefits for all full-time employees is between three and seven years. Employees who retire on or after age 62 are entitled to an annual retirement benefit equal to 2% of the average annual compensation over the last three years of service, times number of years of service for the Authority. Reduced early retirement benefits are also available at age 55 and ten years of service. There are currently 324 participants in this plan as follows:

Retirees and beneficiaries currently receiving benefits	191
Terminated and entitled to, but not yet receiving benefits	91
Active employees	42

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 actuarial accrued liability. Significant actuarial assumptions used in the valuations are as follows:

<i>Valuation Date</i>	<i>01/01/05</i>	<i>01/01/04</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>	8.50%	8.50%
<i>Investment Rate of Return – Post Retire</i>	7.50%	7.50%
<i>Projected Salary Increases</i>	4.50%	4.50%
<i>Amortization Method</i>	<i>Level percent of pay, open</i>	<i>Level percent of pay, open</i>
<i>Remaining Amortization Period</i>	8.7604 Years	8.7918. Years
<i>Asset Valuation Method</i>	<i>Market Value</i>	<i>Market Value</i>
<i>Contribution (percent of covered payroll)</i>	10.5%	10.8%
<i>Actuarially Recommended Contribution</i>	\$692,096	\$677,500
<i>Contribution Made</i>	\$1,487,520	\$677,500



Annual Pension Cost and Net Pension Obligation: The following represents the significant components of the Annual Pension Cost (APC), contributions, interest and changes in the Net Pension Obligation (NPO) for the years ended December 31, 2004 and 2005:

	<u>2005</u>	<u>2004</u>
Annual Required Contribution (ARC)	\$ 692,096	\$ 677,500
Adjustment to ARC	(139,197)	(47,863)
Interest On NPO	<u>59,376</u>	<u>72,317</u>
APC	612,275	701,954
Contributions	<u>(1,487,520)</u>	<u>(677,500)</u>
Net Change in NPO	(875,245)	24,454
NPO – Beginning of Year	<u>875,245</u>	<u>850,791</u>
NPO – End of Year	<u>\$ 0</u>	<u>\$ 875,245</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 year (actuarial valuation date) is as follows:

Year	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 612,275	\$ 1,487,500	243%	\$ -
2004	\$ 701,954	\$ 677,500	97%	\$ 875,245
2003	\$ 868,798	\$ 500,000	58%	\$ 850,791

Financial Statements: The DB Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2005 and 2004 are as follows:

**Statement of Fiduciary Net Assets
 December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
ASSETS		
Investments–Mutual Funds, at fair value	\$ <u>15,047,251</u>	<u>12,996,123</u>
TOTAL ASSETS	<u>15,047,251</u>	<u>12,996,123</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET ASSETS		
Held In Trust For Pension Benefits	\$ <u><u>15,047,251</u></u>	<u><u>12,996,123</u></u>



**Statement of Changes in Fiduciary Net Assets
Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Additions:		
Investment Income	\$ 739,907	1,026,864
Employer Contributions	<u>1,487,520</u>	<u>677,500</u>
Total Additions	<u>2,227,427</u>	<u>1,704,364</u>
Deductions:		
Benefits Paid	165,831	167,381
Administrative Expenses	<u>10,468</u>	<u>8,089</u>
Total Deductions	<u>176,299</u>	<u>175,470</u>
Increase in Net Assets	2,051,128	1,528,894
Net Assets, January 1	<u>12,996,123</u>	<u>11,467,229</u>
Net Assets, December 31	<u>\$ 15,047,251</u>	<u>12,996,123</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 participate upon employment, are required to contribute 7.51% of gross remuneration and may make voluntary additional contributions up to 10%. The Authority may make contributions, but has made none to date. Total covered payrolls were \$6,771,382 for 2005 and \$7,174,344 for 2004. Employee contributions were \$601,102 in 2005 and \$650,488 in 2004.



Financial Statements: The DB Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2005 and 2004 are as follows

**Statement of Fiduciary Net Assets
 December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
ASSETS		
Investments–Mutual Funds, at fair value	\$ 7,075,507	6,504,412
TOTAL ASSETS	<u>7,075,507</u>	<u>6,504,412</u>
LIABILITIES		
	-	-
NET ASSETS		
Held In Trust For Pension Benefits	\$ <u>7,075,507</u>	<u>6,504,412</u>

**Statement of Changes in Fiduciary Net Assets
 Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Additions:		
Investment Income	\$ 592,026	414,474
Employee Contributions	612,890	809,084
Total Additions	<u>1,204,916</u>	<u>1,223,558</u>
Deductions:		
Benefits Paid	607,649	189,148
Administrative Expenses	26,172	24,200
Total Deductions	<u>633,821</u>	<u>213,348</u>
Increase in Net Assets	571,095	1,010,210
Net Assets, January 1	<u>6,504,412</u>	5,494,202
Net Assets, December 31	\$ <u>7,075,507</u>	<u>6,504,412</u>



(5) **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 November 30, 2004. After that, the Authority was fully insured through the Texas Municipal League.

The Authority is self-funded for employee healthcare benefits, which include medical, drug, dental, and vision. These benefits are provided through a contract with a third party administrator, Entrust, Inc. The coverage includes specific deductibles for up to \$65,000 per individual claim and an annual aggregate estimated at \$1,151,828.

Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in liabilities for workers compensation and health insurance liabilities for the years ended December 31, 2003, 2004 and 2005 were:

	<u>Workers Compensation</u>	<u>Health Benefits</u>
Balance at 12/31/02	\$ 84,975	\$ 123,306
Incurred Claims	75,173	721,124
Claims Paid	<u>(76,483)</u>	<u>(725,335)</u>
Balance at 12/31/03	\$ 83,665	\$ 119,095
Incurred Claims	7,800	1,046,639
Claims Paid	<u>(65,087)</u>	<u>(1,027,268)</u>
Balance at 12/31/04	\$ 26,378	\$ 138,466
Incurred Claims	-	1,190,345
Changes in estimates	62,561	-
Claims Paid	<u>(68,788)</u>	<u>(1,009,661)</u>
Balance at 12/31/05	<u>\$ 20,151</u>	<u>\$ 319,150</u>



(6) **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.

(7) **Concentrations**

During 2005, the Authority received \$446,933 for capital assistance, \$1,750,000 for preventative maintenance assistance and \$166,302 for other projects from the Federal Transit Administration (FTA).

During 2004, the Authority received \$6,635,811 for capital assistance, \$2,089,175 for preventative maintenance assistance and \$267,803 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.

(8) **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. The term of the contract is for a period of four and one half years and began July 1, 2004. Expenses under this contract amounted to \$3,304,332 during 2004. All passenger fares related to these transit services is recorded by the Authority as operating revenue.



REQUIRED SUPPLEMENTARY INFORMATION





Corpus Christi Regional Transportation Authority
Schedule of Funding Progress for Defined Benefit Pension Plan

January 1	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2005	\$ 12,996,121	\$ 14,027,843	\$ 1,031,722	92.6%	6,566,065	15.7%
2004	\$ 11,453,426	\$ 12,488,748	\$ 1,035,322	91.7%	6,223,960	16.4%
2003	\$ 9,495,065	\$ 11,978,973	\$ 2,483,908	79.3%	6,020,540	41.3%
2002	\$ 10,176,468	\$ 10,448,503	\$ 272,035	97.4%	5,702,517	4.7%
2001	\$ 10,665,029	\$ 12,095,483	\$ 1,430,454	88.2%	5,167,098	27.7%
2000	\$ 10,886,734	\$ 13,579,715	\$ 2,692,981	80.2%	5,042,726	53.4%

Schedule of Employer Contributions For Defined Benefit Pension Plan

Year	Contribution
2005	\$ 1,487,520
2004	\$ 677,500
2003	\$ 500,000
2002	\$ 225,000
2001	\$ -
2000	\$ 303,000





SUPPLEMENTAL SCHEDULES





CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Supplemental Schedule – Actual and Budget By Function
Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget Versus Actual</u>
Operating Revenues:				
Passenger Service	\$ 1,040,275	1,040,275	1,197,195	156,920
Charter Service	14,440	14,440	7,239	(7,201)
Other Operating Revenues	32,117	32,117	36,822	4,705
Total Operating Revenues	1,086,832	1,086,832	1,241,256	154,424
Operating Expenses:				
Transportation	4,407,234	4,459,716	4,496,694	(36,978)
Customer Programs	518,336	532,851	557,042	(24,191)
Purchased Transportation	4,519,399	4,519,399	4,532,901	(13,502)
Service Development	189,350	189,350	177,050	12,300
MIS	345,452	345,452	315,016	30,436
Vehicle Maintenance	3,826,921	3,815,112	4,055,098	(239,986)
Facilities Maintenance	742,163	789,568	766,835	22,733
Materials Management	156,278	157,814	159,943	(2,129)
Administrative and General	3,479,301	3,350,172	3,051,468	298,704
Special Projects	115,800	140,800	78,265	62,535
Depreciation	4,600,000	4,600,000	4,394,500	205,500
Total Operating Expenses	22,900,234	22,900,234	22,584,812	315,422
Operating Loss	(21,813,402)	(21,813,402)	(21,343,556)	469,846
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	17,909,148	17,909,148	18,939,617	1,030,469
Federal and Other Grant Assistance	1,902,201	1,902,201	1,951,794	49,593
Investment Income	328,273	328,273	529,327	201,054
Gain (Loss) on Disposition of Property	-	-	12,648	12,648
Distributions to Regional Entities	(1,255,302)	(1,255,302)	(1,255,302)	-
Net Loss Before Capital Grant Contributions	\$ (2,929,082)	(2,929,082)	(1,165,472)	1,763,610



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Net Assets
December 31, 2005 and 2004

	<u>2005</u>			<u>2004</u>
	<u>Defined Benefit Pension Plan</u>	<u>Defined Contribution Pension Plan</u>	<u>Total</u>	
ASSETS				
Investments—Mutual Funds, at fair value	\$ 15,047,251	7,075,507	22,122,758	19,500,535
<i>TOTAL ASSETS</i>	<u>15,047,251</u>	<u>7,075,507</u>	<u>22,122,758</u>	<u>19,500,535</u>
LIABILITIES				
	-	-	-	-
NET ASSETS				
Held In Trust For Pension Benefits	\$ 15,047,251	7,075,507	22,122,758	19,500,535



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Assets
Years Ended December 31, 2005 and 2004

	2005			2004
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:				
Investment Income	\$ 739,907	592,026	1,331,933	1,441,338
Employee Contributions	-	612,890	612,890	809,084
Employer Contributions	1,487,520	-	1,487,520	677,500
Total Additions	2,227,427	1,204,916	3,432,343	2,927,922
Deductions:				
Benefits Paid	165,831	607,649	773,480	356,529
Administrative Expenses	10,468	26,172	36,640	32,289
Total Deductions	176,299	633,821	810,120	388,818
Increase in Net Assets	2,051,128	571,095	2,622,223	2,539,104
Net Assets, January 1	12,996,123	6,504,412	19,500,535	16,961,431
Net Assets, December 31	\$ 15,047,251	7,075,507	22,122,758	19,500,535



2005 Statistical Section

Comprehensive Annual Financial Report





Table 1
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Revenues By Source
Last Ten Years
(Unaudited)

Year	Operating Revenues		Federal Operating			Income	Other (2)	Total
	Revenues (1)	And Use Tax	Sales	Grants And Reimbursements	Investment			
1996	\$ 1,145,928	14,582,054	-	-	340,858	17,400	16,086,240	
1997	\$ 1,181,585	14,692,940	-	-	366,162	17,400	16,258,087	
1998	\$ 1,148,760	15,135,818	-	-	455,993	18,860	16,759,431	
1999	\$ 1,162,449	15,549,401	-	-	465,868	424,615	17,602,333	
2000	\$ 1,172,539	15,890,396	-	-	732,838	-	17,795,773	
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	

- (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 proceeds received on sales of buses and other property.

Table 2
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Revenues And Operating Assistance - Comparison To Industry Trend Data

Last Ten Years
(Unaudited)

Year	Corpus Christi RTA			Transportation Industry (1)		
	Operating And Other Miscellaneous	Sales And Use Tax	Operating Grants And Reimbursements	Operating And Other Miscellaneous	Sales And Use Tax	Operating Grants And Reimbursements
1996	9.4%	90.6%	0.0%	53.1%	44.0%	2.9%
1997	9.6%	90.4%	0.0%	55.7%	41.3%	3.0%
1998	9.7%	90.3%	0.0%	56.0%	40.1%	3.9%
1999	11.7%	88.3%	0.0%	53.7%	42.4%	3.9%
2000	10.7%	89.3%	0.0%	53.5%	42.4%	4.1%
2001	9.0%	84.9%	6.1%	49.3%	46.2%	4.5%
2002	7.7%	85.8%	6.5%	49.8%	45.3%	4.9%
2003	6.8%	80.6%	12.6%	50.7%	43.6%	5.8%
2004	6.3%	82.5%	11.2%	49.6%	43.4%	7.0%
2005	7.9%	83.5%	8.6%	*	*	*

(1) Source: The American Public Transit Association, APTA 2005 Transit Fact Book, Table 50.

* Not Available



Table 3
 CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Operating Expenses by Function
 Last Ten Years
 (Unaudited)

Year	Vehicle				Other	Total
	Transportation (1)	Maintenance And Facilities	Mission-Direct Functions (2)	General And Administrative		
1996	\$ 8,376,409	2,445,482	887,743	1,500,332	3,201,317	16,411,283
1997	\$ 8,314,316	2,512,132	782,778	1,205,691	3,362,610	16,177,527
1998	\$ 8,160,447	2,770,202	824,387	1,322,834	3,617,508	16,695,378
1999	\$ 8,561,215	2,793,132	733,571	1,608,296	3,344,463	17,040,677
2000	\$ 7,684,192	3,695,969	858,253	1,783,601	3,360,665	17,382,680
2001	\$ 7,742,871	3,883,526	853,147	2,471,752	4,200,958	19,152,254
2002	\$ 8,329,369	3,968,553	805,627	3,011,894	4,010,875	20,126,318
2003	\$ 8,715,881	4,019,948	874,254	3,165,532	3,983,236	20,758,851
2004	\$ 8,667,813	4,454,404	790,347	3,529,146	4,553,847	21,995,557
2005	\$ 9,029,595	4,821,933	894,035	3,444,749	4,394,500	22,584,812
<i>Average percent</i>						
		44.4%	18.8%	4.4%	12.2%	100.0%

(1) Includes directly operated and purchased transportation services.

(2) Includes customer programs, service development and materials management/parts.

Table 4
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Operating Expenses (Before Depreciation) - Comparison To Industry Trend Data
Last Ten Years
(Unaudited)

Year	All		Vehicle		All		Vehicle	
	Transportation	Services	And Facilities	Maintenance	Transportation	Services	And Facilities	Maintenance
1996	63.4%	63.4%	18.5%	18.1%	57.2%	57.2%	27.8%	15.0%
1997	64.9%	64.9%	19.6%	15.5%	57.1%	57.1%	27.5%	15.4%
1998	62.4%	62.4%	21.2%	16.4%	57.3%	57.3%	27.2%	15.5%
1999	62.5%	62.5%	20.4%	17.1%	57.0%	57.0%	27.5%	15.5%
2000	54.8%	54.8%	26.4%	18.8%	56.8%	56.8%	28.5%	14.7%
2001	51.8%	51.8%	26.0%	22.2%	57.0%	57.0%	28.2%	14.8%
2002	51.7%	51.7%	24.6%	23.7%	56.5%	56.5%	28.2%	15.3%
2003	52.0%	52.0%	24.0%	24.1%	57.8%	57.8%	27.4%	14.8%
2004	49.7%	49.7%	25.5%	24.8%	58.5%	58.5%	27.5%	13.9%
2005	49.6%	49.6%	26.5%	23.9%	*	*	*	*

(1) Source: The American Public Transit Association, APTA 2005 Transit Fact Book, Table 46.

* Not Available



Table 5
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Farebox Recovery Percentage and Fare Structure
Last 10 Ten Years
(Unaudited)

Year	Percentage	Fare Structure
<i>As of December 31, 2005</i>		
1996	8.67%	Fixed Route (Sunday through Friday):
1997	9.22%	Base \$ 0.50
1998	8.78%	Seniors/Disabled/Medicare \$ 0.25
1999	8.49%	Student Ages 6+ & College ID \$ 0.10
2000	8.36%	Children 5 and Under \$ -
2001	7.48%	
2002	6.85%	Fixed Route (Saturday):
2003	6.79%	Base \$ 0.50
2004	6.55%	Children 5 and Under \$ -
2005	6.58%	
		Transfers (with cash payment of fare) \$ -
<i>Definition: Service Revenues divided by operating expenses before depreciation.</i>		
		Demand Response (Base):
		ADA Para-transit \$ 0.75
		Port Aransas Flexi B \$ 0.50
		Park & Ride:
		Calallen, Robstown & Gregory \$ 1.00
		Staples Street Station \$ 0.75
		Mission Shopping Center \$ 0.75
		Tourist Services:
		Corpus Christi Beach Tram \$ -
		Harbor Ferry \$ 3.00
		Other Special Services:
		Downtown Shuttle \$ -
		Port Aransas Shuttle \$ -
		Ozone Action Days:
		Base \$ 0.25
		Seniors/Disabled/Medicare \$ 0.10
		Park & Ride \$ 0.50
		Bayfront Express \$ 2.00



Table 6
 CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Operating Statistics		Last Ten Years									
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
SYSTEM RIDERSHIP											
Fixed Route	5,291,626	5,522,927	5,701,804	5,714,097	5,629,391	5,638,181	5,459,063	5,201,692	5,358,362	5,651,988	
Para-transit	216,257	202,508	197,890	190,597	179,492	167,112	163,934	166,318	165,347	177,437	
Specialized Routes	6,322	6,230	6,350	8,658	7,770	8,396	12,840	15,611	17,405	20,043	
Vanpool	-	-	-	-	7,507	11,086	-	-	-	-	
Ferry	-	-	-	-	37,685	33,572	47,195	33,777	29,773	31,025	
VEHICLE HOURS											
Fixed Route	206,306	200,283	200,495	201,164	209,730	213,786	217,119	216,566	218,200	216,455	
Para-transit	80,334	77,919	76,687	72,877	67,622	69,669	61,369	65,773	63,857	66,096	
Specialized Routes	2,945	2,881	2,884	3,862	4,040	4,961	7,510	7,583	7,441	7,361	
Vanpool	-	-	-	-	N/A	N/A	-	-	-	-	
Ferry	-	-	-	800	778	811	775	788	820	816	
VEHICLE MILES											
Fixed Route	3,268,869	3,137,738	3,107,758	3,008,536	3,113,527	3,146,191	3,224,418	3,211,709	3,233,654	3,189,943	
Para-transit	1,585,690	1,549,467	1,573,495	1,491,902	1,384,259	1,319,704	1,260,881	1,444,892	1,355,684	1,271,716	
Specialized Routes	62,561	57,494	57,117	91,785	96,940	120,985	197,783	195,968	198,854	174,511	
Vanpool	-	-	-	-	39,254	75,693	-	-	-	-	
Ferry	-	-	-	1,209	1,209	1,938	1,938	1,986	2,082	1,978	



Table 7
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Demographic Statistics
Last 10 Ten Years
(Unaudited)

Year	Population (1)	Per Capita Income (2)	Public School Enrollment (3)	Unemployment Rate (4)
1996	317,099	\$ 12,194	56,038	8.6%
1997	315,722	\$ 13,500	55,191	7.6%
1998	312,708	\$ 17,350	55,088	6.1%
1999	316,498	\$ 20,673	51,566	6.6%
2000	313,645	\$ 22,275	53,461	6.2%
2001	316,280	\$ 22,864	53,528	5.6%
2002	316,499	\$ 19,829	52,598	6.1%
2003	318,879	\$ 18,843	52,931	6.6%
2004 *	385,956	\$ 16,752	77,000	6.7%
2005 *	386,733	** \$ 25,696	77,174	5.8%

(1) Source - Texas State Data Center

(2) Source - Bureau of Economic Analysis (BEA)

(3) Source - Texas Education
 Agency/PEIMS

(4) Source - U.S. Department of Labor-Bureau of Labor Statistics

* Nueces and San Patricio Counties

** Corpus Christi MSA (Aransas, Nueces and San Patricio Counties)



Table 8
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Miscellaneous Statistics
(Unaudited)

Date Authority Created	August 10, 1985
Date Authority Began Operations	January 1, 1986
Form of Government	Board of Directors, General Manager
Board of Directors	11
Service Area Square Miles	838
Population In Service Area	317,015
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Number of Routes	42
Number of Transfer Stations	7
Number of Bus Stops	Over 1,400
Number of Buses in Peak Service	94
Average Speed in Miles Per Hour	12

2005
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**

March 9, 2006

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, 2005, and have issued our report thereon dated March 9, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated March 9, 2006.

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*. However, we noted other matters involving compliance with regulations that we have reported to management of the Authority in a separate letter dated March 9, 2006.

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.

Collins, Johnson & Woods

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

March 9, 2006

The Board of Directors of the
Corpus Christi Regional Transportation Authority

Compliance

We have audited the compliance of the Corpus Christi Regional Transportation Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The Authority's major federal programs are identified in the summary of audit 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 are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2005

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 reportable conditions 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 reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to 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 \$500,000.
9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None





Corpus Christi Regional Transportation Authority
Schedule of Expenditures Of Federal Awards
Year Ended December 31, 2005

<u>GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
DEPARTMENT OF TRANSPORTATION			
<i>Federal Transportation Administration (FTA):</i>			
FTA Capital Investment Grants	20.500	TX03-0182	\$ 13,571
FTA Capital Investment Grants	20.500	TX03-0189	11,872
			<u>25,443</u> *
RTA Transit Formula Funds	20.507	TX90-0367	16,476
RTA Transit Formula Funds	20.507	TX90-0507	46,544
RTA Transit Formula Funds	20.507	TX90-0541	57,304
RTA Transit Formula Funds	20.507	TX90-0581	50,445
RTA Transit Formula Funds	20.507	TX90-0620	62,990
RTA Transit Formula Funds	20.507	TX90-0649	48,358
RTA Transit Formula Funds	20.507	TX90-0658	1,865,212
			<u>2,147,329</u> *
FTA Planning & Research	20.514	TX26-7006	8,604
FTA Planning & Research	20.514	TX26-7015	16,465
			<u>25,069</u>
FTA Job Access and Reverse Commute	20.516	TX37-4015	19,710
FTA Job Access and Reverse Commute	20.516	TX37-4032	145,684
			<u>165,394</u>
Total FTA			<u>2,363,235</u>
DEPARTMENT OF HOMELAND SECURITY			
<i>Federal Emergency Management Agency (FEMA):</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	3216 EM	22,519
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	3261 EM	12,973
			<u>35,492</u>
Total Department of Homeland Security			<u>35,492</u>
Total Federal Financial Awards			\$ <u><u>2,398,727</u></u>

* Major Program

See Notes to Schedule of Expenditures of Federal Awards



Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Corpus Christi Regional Transportation Authority (“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 Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority’s Basic Financial Statements.

(3) Relationship to Basic Financial Statements

Federal financial capital and operating assistance is reported in the Authority’s basic financial statements as follows:

Federal and Other Grant Assistance	\$ 1,951,794
Capital Grant Contributions	763,059
Less: Non-federal Capital Grant Contributions	<u>(316,126)</u>
Total Federal Contributions	<u>\$ 2,398,727</u>

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal 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



5658 Bear Lane
Corpus Christi, Texas 78405
www.ccrta.org