

# **Cameron County Regional Mobility Authority**

## **A Component Unit of Cameron County, TX**



# **Annual Financial Report**

**For Fiscal Year Ended September 30, 2019**



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**TABLE OF CONTENTS**  
September 30, 2019

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS	
Statement of Net Position	7-8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10-11
Notes to Financial Statements	12-42
Required Supplementary Information – Pension Plan	43-49
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50-51
Schedule of Prior Year Audit Findings	52

## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Directors  
Cameron County Regional Mobility Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cameron County Regional Mobility Authority (the "RMA"), a component unit of Cameron County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cameron County Regional Mobility Authority, as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 and the Pension Plan information on pages 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020 on our consideration of Cameron County Regional Mobility Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron County Regional Mobility Authority's internal control over financial reporting and compliance.

*Burton, McCumber, & Longoria LLP.*

Brownsville, Texas  
January 14, 2020

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Management's Discussion and Analysis**  
September 30, 2019

The following is management's discussion and analysis of the financial performance and activity of the Cameron County Regional Mobility Authority (the RMA) and is designed to provide an overview that users may use to interpret the basic financial statements for the year ended September 30, 2019. This discussion and analysis has been prepared by management and should be used in conjunction with the basic financial statements and notes thereafter.

**2019 Financial Highlights**

- Toll revenue increased to \$3.5 million in 2019 from \$3.1 million in 2018 or a 13 percent increase. Toll operating expenses increased to \$1.1 in 2019 from \$954,843 in 2018 or a 19 percent increase.
- The Transportation Reinvestment Zone (TRZ) revenue increased to \$644,077 in 2019 from \$574,508 in 2018 or a 12 percent increase.

**Overview of Basic Financial Statements**

The RMA reports its business-type activities in a single enterprise fund, in which its operations and activities are reported similar to a private-sector business. The financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These basic financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America as promulgated by the Governmental Accounting Standards Board also known as GASB.

The Statement of Net Position reports the net position of the RMA as of the end of the fiscal year. Net position represents the residual difference of all other elements of the statement of net position for all in three component categories; net investment in capital assets, restricted, and unrestricted.

The Statement of Revenues, Expenses, and Changes in Net Position present the results of the business activities of the RMA over the course of the fiscal year and how those results affected the change in net position. As an enterprise fund, the RMA reports its operations using the economic resource measurement focus in which all revenues and expenses are recognized in the period which incurred with the difference reported as change in net position.

The Statement of Cash Flows unlike the Statement of Revenues, Expenses and Changes in Net Position, reflects only the results of business activities as they affect cash over the course of the fiscal year presented. The results are reported in three categories of operating, capital and related financing, and investing activities with the net change in cash as the residual.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of the data found in these financial statements and should be read in conjunction with the MD&A and the basic financial statements.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Management's Discussion and Analysis**  
September 30, 2019

**FINANCIAL ANALYSIS**

**Summary of Net Position**

The RMA's net position includes the total assets minus the total liabilities with the residual difference of net position. The RMA's net position for the years ending September 30, 2019, 2018, and 2017 were approximately \$45.1, \$45.3, and \$43.4 million, respectively. The largest component of total assets for all three years were the non-current assets. Non-current assets accounts for approximately 96%, 94%, and 97% for the years 2019, 2018 and 2017, respectively. These assets consist of capital assets, restricted bond funds and construction in process.

**Summary of Net Position**

	2019	2018	2017
<b>Assets:</b>			
Current assets	\$ 6,327,670	\$ 5,057,809	\$ 5,502,751
Capital assets, net	102,369,990	105,623,167	100,882,240
Construction in process	22,294,885	21,555,444	24,737,056
Other non-current	7,692,911	8,173,801	50,774,002
Total assets	<u>138,685,456</u>	<u>140,410,221</u>	<u>181,896,049</u>
Deferred outflows of resources	362,065	114,664	104,696
Total assets and deferred outflows of resources	<u>\$ 139,047,521</u>	<u>\$ 140,524,885</u>	<u>\$ 182,000,745</u>
<b>Liabilities:</b>			
Current liabilities	\$ 2,230,329	\$ 2,808,911	\$ 3,508,080
Non-current liabilities	91,699,959	91,967,639	134,247,596
Total liabilities	<u>93,930,288</u>	<u>94,776,550</u>	<u>137,755,676</u>
Deferred inflows of resources	11,943	431,771	775,771
Total liabilities and deferred inflows of resources	<u>\$ 93,942,231</u>	<u>\$ 95,208,321</u>	<u>\$ 138,531,447</u>
<b>Net position:</b>			
Investment in capital assets, net	\$ 31,413,068	\$ 33,477,290	\$ 29,483,264
Restricted	8,503,228	8,531,623	12,167,633
Unrestricted	5,188,994	3,307,651	1,818,401
Total net position	<u>\$ 45,105,290</u>	<u>\$ 45,316,564</u>	<u>\$ 43,469,298</u>

Total liabilities as of September 30, 2019, 2018 and 2017 were approximately \$93.9 million, \$94.7 million, and \$137.7 million, respectively. Non-current liabilities account for the majority of the total liabilities and consist of Financial Assistance Agreements with the Texas Department of Transportation (TxDOT), amounts due to other agencies, and long-term bond payables. A more detailed description is provided in the notes to the financial statements.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Management's Discussion and Analysis**  
September 30, 2019

**Capital & Other Non-Current Assets**

Capital assets of the RMA include the infrastructure portion of the SH550 toll road placed in service along with toll equipment net of accumulated depreciation. The projects undergoing construction, traffic studies, environmental and preliminary engineering studies are recorded as construction in process. As of September 30, 2019, the RMA had a total of five projects under construction in process for a total of \$22.2 million. The total for years ended September 30, 2018, and 2017 were \$21.5 and \$24.7 million respectively.

**Capital, Other Non-Current Assets and Deferred Outflows**

	2019	2018	2017
<b>Capital Assets:</b>			
Capital assets, net	\$ 102,369,990	\$ 105,623,167	\$ 100,882,240
Construction in process	22,294,885	21,555,444	24,737,056
<b>Other Non-Current Assets and Deferred Outflows</b>			
Restricted assets	8,503,229	8,027,588	5,159,973
Prepaid bond insurance	104,532	109,318	114,104
Net pension asset and related deferred outflows	367,215	151,559	106,124
Totals	<u>\$ 133,639,851</u>	<u>\$ 135,467,076</u>	<u>\$ 130,999,497</u>

**Non-Current Liabilities**

Total Non-Current Liabilities, as of September 30, 2019, 2018, and 2017 were approximately \$91.7, \$92.3, and \$93.5 million, respectively. These amounts include financial assistance agreements with TxDOT. In the totals for long-term bonds payable, the RMA has non-tax-exempt issuances. A more detailed description to these bond issuances can be found in the notes to the financial statements.

**Non-Current Liabilities and Deferred Inflows**

	2019	2018	2017
<b>Non-Current Liabilities and Deferred Inflows</b>			
Due to other agencies and deferred revenue	\$ 16,201,588	\$ 16,187,699	\$ 16,333,036
Long term bond payable and related deferred inflows to bond refunding	75,498,371	76,195,872	77,229,896
Net pension liability and related deferred inflows to pension	11,943	15,839	3,826
Totals	<u>\$ 91,711,902</u>	<u>\$ 92,399,410</u>	<u>\$ 93,566,758</u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Management's Discussion and Analysis**  
September 30, 2019

**Changes in Net Position**

The RMA's total revenues for the year ending September 30, 2019, 2018, and 2017 were approximately \$12.3 million, \$17.4, and \$7.4 million, respectively. Total expenses for the year ending September 30, 2019, 2018, and 2017 were approximately \$12.5 million, \$15.5, and \$8.5 million, respectively. Change in net position has resulted in a decrease in year 2019, an increase in 2018 and a decrease in 2017. This loss is materially impacted by the annual depreciation expense recorded in operating expenses. The RMA's capital assets in operating generate large depreciation expense recorded in operating expenses. The changes in net position, prior to the recording of depreciation expense for the years 2019, 2018 and 2017 were \$3,058,691, \$5,006,003, and 1,831,568, respectively.

**Changes in Net Position**

	2019	2018	2017
<b>Revenues:</b>			
Vehicle registration fees	\$ 3,278,433	\$ 3,213,630	\$ 3,019,910
Toll revenue	3,569,112	3,170,003	2,317,650
Transportation reinvestment zone	644,077	574,508	268,848
Other operating revenue	502,080	438,891	401,779
Capital contributions	4,325,824	10,049,516	1,413,083
Total Revenues	<u>12,319,526</u>	<u>17,446,548</u>	<u>7,421,270</u>
<b>Expenses:</b>			
Operating	6,300,731	5,607,838	5,120,094
Non-operating	6,230,069	9,991,444	3,460,547
Total Expenses	<u>12,530,800</u>	<u>15,599,282</u>	<u>8,580,641</u>
Change in Net Position	(211,274)	1,847,266	(1,159,371)
Net Position-Beginning of Year	<u>45,316,564</u>	<u>45,353,104</u>	<u>46,512,475</u>
Prior Period Adjustment	-	(1,883,806)	-
Net Position-Beginning of Year	<u>45,316,564</u>	<u>43,469,298</u>	<u>-</u>
Net Position End of Year	<u>\$ 45,105,290</u>	<u>\$ 45,316,564</u>	<u>\$ 45,353,104</u>

**Contacting the RMA's Financial Management**

The financial report is designed to provide customers, investors, and creditors with a general overview of the RMA's finances and to demonstrate the RMA's accountability for all inflows and outflows of resources. If you have any questions about this report or need additional financial information, contact the Cameron County Regional Mobility Authority, 3461 Carmen Avenue, Rancho Viejo, Texas 78575 or visit [www.ccrma.org](http://www.ccrma.org) for more information.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Statement of Net Position**  
**September 30, 2019**

ASSETS:

Current Assets:

Cash and cash equivalents	\$	2,634,995
Accounts receivable, net		1,422,067
Due from other agencies		1,350,608
Restricted cash - debt service		920,000
Total Current Assets		6,327,670

Non-Current Assets:

Restricted Assets:

Cash-TRZ project funds		744,905
Cash-trustee debt reserve funds		2,835,246
Investments - trustee debt reserve funds		4,003,078
Total Restricted Assets		7,583,229

Capital assets, net		102,369,990
Construction in process		22,294,885
Prepaid bond insurance		104,532
Net pension asset		5,150
Total Non-Current Assets		124,774,557

Total Assets		138,685,456
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to bond refunding		193,715
Deferred outflows related to pension		168,350
		362,065

Total Assets and Deferred Outflows of Resources		\$ 139,047,521
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See Accompanying Notes to the Financial Statements

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Statement of Net Position - Continued**  
**September 30, 2019**

LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 918,067
Accrued interest payable	392,262
Current maturities of bonds	920,000
Total Current Liabilities	2,230,329
Non-Current Liabilities:	
Deferred revenue	17,400
Due to other agencies	16,184,188
Long-term bonds payable	75,498,371
Total Non-Current Liabilities	91,699,959
Total Liabilities	93,930,288
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension	11,943
	11,943
Total Liabilities and Deferred Inflow of Resources	93,942,231
NET POSITION:	
Investment in capital assets, net	31,413,068
Restricted	8,503,228
Unrestricted	5,188,994
Total Net Position	45,105,290
Total Liabilities, Deferred Inflows, and Net Position	\$ 139,047,521

See Accompanying Notes to the Financial Statements

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Statement of Revenues, Expenses  
and Changes in Net Position**  
Year Ending September 30, 2019

Operating Revenues	
Vehicle registration fees	\$ 3,278,433
Toll revenue	3,569,112
Transportation reinvestment zone	644,077
Interlocal agreement revenues	264,796
Other operating revenues	237,284
Total Operating Revenues	7,993,702
Operating Expenses	
Advertising	58,643
Depreciation	3,269,965
Insurance	1,968
Office expenses	169,139
Professional services	375,246
Salaries and contractual services	1,185,618
Toll operating expenses	1,133,927
Travel	48,666
Utilities	57,559
Total Operating Expenses	6,300,731
Operating Income	1,692,971
Non-Operating Revenues (Expenses)	
Bond issuance costs	(278,173)
Interest expense	(2,968,836)
Interest income	94,548
Redevelopment project expense	(3,077,608)
Total Non-Operating Revenue (Expenses)	(6,230,069)
Income (Loss) before capital contributions	(4,537,098)
Capital Contributions	4,325,824
Change in Net Position	(211,274)
Net Position-beginning of year	45,316,564
Net Position-end of year	\$ 45,105,290

See Accompanying Notes to the Financial Statements

**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY**  
(A Component Unit of Cameron County, Texas)  
**Statement of Cash Flows**  
Year Ending September 30, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from vehicle registration fees	\$ 3,813,790
Receipts from toll revenues	3,117,484
Receipts from other operating sources	1,067,135
Payments to vendors	(1,728,973)
Payments to employees	(1,193,546)
Net cash provided by operating activities	<u>5,075,890</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisitions of property and equipment	(16,788)
Acquisitions of construction in progress and redevelopment projects	(3,608,715)
Payments on interest	(2,373,609)
Payments on bond principal (including advance refunding)	(16,440,000)
Bond proceeds	14,458,710
Advances from TxDOT FAA and other project agreements	4,027,736
Net cash used in capital and related financing activities	<u>(3,952,666)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Receipts from interest income	<u>94,548</u>
Net increase in cash and cash equivalents	1,217,772
Cash and cash equivalents at beginning of year	<u>9,920,452</u>
Cash and cash equivalents at end of year	<u>\$ 11,138,224</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 1,692,971
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,269,965
Changes in assets and liabilities:	
(Increase) decrease in due from other agencies and accounts receivable	8,928
Increase in accounts payable	129,863
(Increase) in deferred outflow of resources	<u>(25,837)</u>
Net cash flows provided by operating activities	<u>\$ 5,075,890</u>

See Accompanying Notes to the Financial Statements

(continued)

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Statements of Cash Flows - Continued**  
Year Ending September 30, 2019

RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO THE  
STATEMENT OF NET POSITION:

Ending cash - Statement of Cash Flows	\$ 11,138,224
Less: amount reported in restricted assets	<u>8,503,228</u>
Ending cash - Statement of Net Position	<u><u>\$ 2,634,995</u></u>

See Accompanying Notes to the Financial Statements

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies**

The financial statements of the RMA have been prepared in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the RMA's accounting policies are described below:

A. Reporting Entity

The Cameron County Regional Mobility Authority (RMA) was authorized for creation on September 30, 2004 by the Texas Transportation Commission to promote and improve regional mobility within Cameron County. Since its creation, the RMA has committed itself to an ambitious series of economically sustainable projects to improve the quality of life for area residents and enable quality economic development. The RMA receives funds from Vehicle Registration Fees in Cameron County as well as interlocal revenues, toll revenues and grant funds for projects. The RMA is governed by a board of directors consisting of seven members with operations overseen by an Executive Director. The RMA operates with a small group of local staff and contracts many of its services with local area professionals.

In evaluating how to define the RMA, for financial reporting purposes, management has determined that there are no entities over which the RMA exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the RMA. Since the RMA does not exercise significant influence or accountability over other entities, it has no component units.

B. Basis of Accounting

The operations of the RMA are accounted for within a single proprietary (enterprise) fund through which all financial activities are recorded. The measurement focus for an enterprise fund is the flow of economic resources. An enterprise fund follows the accrual basis of accounting. Under the accrual basis of accounting, all assets, liabilities, deferred inflows and outflows of resources associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) is segregated into amounts of net investment in capital assets, amounts restricted for capital activity, debt service pursuant to the bond indenture, other contractual restrictions, and amounts which are unrestricted. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of capital assets is recognized in accordance with subsection F of this note.

C. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

D. Cash & Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits. These deposits are fully collateralized or covered by federal deposit insurance.

E. Accounts Receivable

The net accounts receivable as of September 30, 2019 is \$1,422,067 which is comprised of \$10,075,623 of gross accounts receivable related to tolls and vehicle registration fees with an allowance of \$8,653,556. The Company does not require collateral. Accounts are considered overdue when payment has not been received within 30 days of payment due date.

F. Capital Assets

Capital assets which include: property, equipment and infrastructure assets, are reported on the basis of original cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings, 20-30 years  
Improvements, 5-20 years  
Software, 3-15 years  
Infrastructure, 40 years  
Equipment, 3-20 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed of, depreciation is removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

G. Capital Contributions

Capital contributions are comprised of federal, state and local grants. The portion of the grants and reimbursements used for capital purposes are reflected as capital contributions in the Statement of Revenues, Expenses and Changes in Net Position. The funds are reimbursable contributions, whereas the RMA first pays for the project and is then reimbursed for all eligible expenses by the granting agency. The RMA considers all grants and contributions to be 100% collectible in accordance with contract terms.

H. Income Taxes

The RMA is a political subdivision of the State of Texas. As such, income earned in the exercise of its essential government functions is exempt from state or federal income taxes.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

I. Classification of Operating and Non-Operating Revenues and Expenses

The RMA defines operating revenues and expenses as those revenues and expenses generated by a specified program offering either a good or service. This definition is consistent with GASB Statement No. 9 which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing or investing activities. Operating expenses for the RMA include the costs of administrative expenses, indirect administrative costs, depreciation and costs for contractual services associated with operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

J. Net Position

The RMA's policy on net position allows for the following three categories of net position:

- *Net investment in capital assets* – consists of capital assets net of accumulated depreciation, outstanding balances on borrowings attributable to the acquisition of capital assets, and deferred outflows and inflows of resources attributable to the acquisition of capital assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* – consists of assets, deferred outflows, liabilities, and deferred inflows not included in the determination of net investment in capital assets, or the restricted component of net position.

K. Deferred Outflows and Inflows of Resources

The RMA has classified deferred inflows of resources as items that represent acquisition of net position that apply to future periods and will not be recognized as revenue until then. The RMA has classified deferred outflows of resources as certain items that represent a consumption of resources that apply to future periods and, therefore, will not be recognized as an expense until then.

L. Reclassifications

Certain amounts reported in previous periods have been reclassified to conform to the current year presentation.

M. Restricted Assets

Certain proceeds of the RMA's bonds and grants, as well as certain other resources are classified as restricted assets in the statements of net position because their use is limited by applicable bond covenants, contracts and grant agreements.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

M. Restricted Assets – Continued

It is the RMA’s policy to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net assets are available.

N. Long-Term Bonds Payable, Bond Premiums, Discounts, and Issuance Costs

Long-term bonds payable are reported as liabilities in the statement of net position and consist of bond premiums and discounts. The RMA amortizes premiums and discounts over the estimated life of the bonds as an adjustment to interest expense. Bond issuance cost, other than prepaid insurance, is expensed as incurred, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Deferred gains/losses on refunding (the difference between the reacquisition price and the carrying value of the existing debt) are recorded as deferred outflows/inflows of resources and amortized over the shorter of, the life of the original bonds or the life of the refunding bonds.

O. Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the RMA’s participation in the Texas County and District Retirement System (TCDRS), an agent plan, and additions to/deductions from TCERS’s fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Subsequent Events

On October 18, 2019 the RMA Board of Directors passed a resolution authorizing the execution of an Advanced Funding Agreement with the Texas Department of Transportation for the development of the SH 550 GAP II project with use of Federal Funds in the amount of \$950,602.

On November 07, 2019 the RMA Board of Directors passed a resolution authorizing the execution of an Advanced Funding Agreement with the Texas Department of Transportation for the development of the East Loop project with use of Federal and State Funds in the amount of \$4,025,000.

On December 12, 2019 the RMA Board of Directors passed a resolution authorizing the execution of an Advanced Funding Agreement with the Texas Department of Transportation for the development of the West Boulevard project with use of Federal and State Funds in the amount of \$1,000,000.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – Continued**

P. Subsequent Events - Continued

On December 12, 2019 the RMA and City of Brownsville entered into an agreement to allow the CCRMA, as the Project Sponsor, to develop preliminary engineering and environmental documents as well as plans, specifications, and estimates to complete any project development activities to develop the project to Ready-to Let Status for construction of West Blvd. The City of Brownsville will contribute \$150,000 for the above-mentioned studies.

On December 12, 2019 the RMA and Cameron County entered into an agreement to allow the CCRMA, as the Project Sponsor, to develop preliminary engineering and environmental documents as well as plans, specifications, and estimates to complete any project development activities to develop the project to Ready-to Let Status for construction of West Blvd. Cameron County will contribute \$150,000 for the above-mentioned studies.

Q. Investments

Investments are recorded at fair value. In February 2015, GASB issued its Statement No. 72, *Fair Value Measurement and Application*. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The RMA has investments required to be reported under GASB Statement No. 72 as of September 30, 2019.

R. Toll Revenue and Vehicle Registration Fees

Toll revenues and vehicle registration fees are reported under the accrual basis of accounting, these revenues are recognized in the period which they are earned.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 2 – Deposits and Investments**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the RMA will not be able to recover its deposits or its collateral securities that are in the possession of an outside party. The RMA complies with its investment policy for all its cash and cash equivalent accounts, which calls for safety of principal as the first priority in its deposit accounts. As of September 30, 2019, the carrying amount of the RMA’s cash, cash equivalents, and restricted cash was \$11,138,224, of this total, \$8,503,229 was restricted and held in various bond trustee accounts in the BNY Mellon and interest check accounts in accordance with bond indenture agreements. The remainder \$2,634,995 was held in business interest checking accounts. There is no limit on the amount the RMA may deposit in any one institution. However, the Federal Deposit Insurance Corporation only insures up to \$250,000 per institution. The RMA is fully collateralized with pledged securities for amounts in excess of the FDIC limit for the year ended September 30, 2019.

Legal Contractual Provisions Governing Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the RMA to adopt, implement, and publicize an investment policy. The policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The Statutes authorize the RMA to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the RMA to have independent auditors perform test procedures related to investment practices as provided by the Act. The RMA is in substantial compliance with the requirements of the Act and with local policies.

The RMA’s temporary investments at September 30, 2019, are shown below:

Investments in Maturities (in years)

Investment Type	Fair Value	Less Than 1	1 to 5 years	6 to 10	More than 10
Certificates of deposit	\$ 1,884,854	\$ -	\$ 1,884,854	\$ -	\$ -
US treasury bills	2,118,224	-	2,118,224	-	-
Total	<u>\$ 4,003,078</u>	<u>\$ -</u>	<u>\$ 4,003,078</u>	<u>\$ -</u>	<u>\$ -</u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 3 – Capital Assets**

Depreciation expense for 2019 was \$3,269,965. The following schedule summarizes the Capital Assets and Construction in Process of the RMA as of September 30, 2019:

Capital Assets	October 1, 2018	Additions	Deletions	Reclassifications	September 30, 2019
<b>Depreciable</b>					
Buildings	\$ 202,803	\$ -	\$ -	\$ -	\$ 202,803
Improvements	20,791	-	-	-	20,791
Software	1,804,744	-	-	-	1,804,744
Infrastructure	107,786,233	-	-	-	107,786,233
Equipment	7,597,314	16,788	-	-	7,614,102
Total	\$ 117,411,885	\$ 16,788	\$ -	\$ -	\$ 117,428,673
<b>Accumulated Depreciation</b>					
Buildings	\$ (35,490)	\$ (10,141)	\$ -	\$ -	\$ (45,631)
Improvements	(3,107)	(1,170)	-	-	(4,277)
Software	(233,452)	(119,925)	-	-	(353,377)
Infrastructure	(9,769,221)	(2,751,788)	-	-	(12,521,009)
Equipment	(1,901,716)	(386,941)	-	-	(2,288,657)
Total	\$ (11,942,986)	\$ (3,269,965)	\$ -	\$ -	\$ (15,212,951)
Net Depreciable Assets	\$ 105,468,899	\$ (3,253,177)	\$ -	\$ -	\$ 102,215,722
<b>Non-Depreciable</b>					
Land	\$ 154,268	\$ -	\$ -	\$ -	\$ 154,268
Construction in process (CIP)	21,555,444	754,612	-	(15,171)	22,294,885
Total Capital Assets	<u>\$ 127,178,611</u>	<u>\$ (2,498,565)</u>	<u>\$ -</u>	<u>\$ (15,171)</u>	<u>\$ 124,664,875</u>

**Note 4 – Disaggregation of Receivable and Payable Balances**

Of the total in current account receivables, \$1,422,067, 17% are due from the Cameron County for Vehicle Registration Fees, with the remaining 83% related to toll revenues outstanding as of September 30, 2019. The Due from other agencies consists of amounts pending, reimbursement for construction project expenditures and grant revenue. Payable balances of \$918,067 are comprised of 22% from operations and the remaining 78% related to project expenditures at September 30, 2019.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 5 – Line of Credit**

The RMA uses a revolving line of credit to finance a variety of transportation projects, including financing construction projects prior to issuance of the related bonds and other project financing. The fixed rate is 4.25% for the first year, adjusting automatically thereafter on the first and second anniversaries to a Fixed Rate equal to then current Wall Street Journal Prime Rate. The loan will mature on the third anniversary date and is Unsecured. Line of credit activity for the year ended September 30, 2019 was as follows:

October 1, 2018	Draws	Repayments	September 30, 2019	Line of Credit Limit
\$ 188,117	\$ 62,037	\$ 250,154	\$ -	\$ 2,000,000

**Note 6 – Non-Current Liabilities**

Deferred revenue relates to funds received for projects developed in which the RMA will not retain ownership or maintenance of the project.

Amounts in Due to Other Agencies include the TxDOT Financial Assistance Agreements (FAA) which are obligations provided by TxDOT for the further study and development of the following associated projects.

The TxDOT FAA for the South Padre Island 2<sup>nd</sup> Access project consists of two separate agreements executed in 2006 and 2014 for the maximum credit limit of \$9.2 million and \$5.1 million respectively.

The TxDOT FAA for the West Parkway Project consists of the same agreement executed in 2006 for the SPI 2<sup>nd</sup> access however this project ultimately was not developed, and the RMA expects to confirm removal of the obligation in the upcoming fiscal year.

The TxDOT FAA for the Outer Parkway Project was executed in 2014 for a maximum credit limit of \$5.0 million. For each project development cost, in which an advancement is required from the above-mentioned FAA's, the RMA must seek approval for the development cost, scope, and vendor from TxDOT prior to utilizing the funds.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 6 – Non-Current Liabilities – Continued**

The following schedule summarizes the Non-Current Liabilities of the RMA as of September 30, 2019:

<b>Deferred Revenue</b>	October 1, 2019	Additions	Reductions	September 30, 2019	Credit Limit
Due to other agencies - Morrison Road	\$ -	\$ 17,400	\$ -	\$ 17,400	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 17,400</b>	<b>\$ -</b>	<b>\$ 17,400</b>	<b>\$ -</b>
<b>Due to Other Agencies</b>					
TxDot FAA - South Padre Island 2nd Access	\$ 12,991,920	\$ -	\$ -	\$ 12,991,920	\$ 14,300,000
TxDot FAA - West Parkway	2,244,589	-	-	2,244,589	N/A
TxDot FAA - Outer Parkway	780,179	-	-	780,179	5,000,000
Cameron County	167,500	-	-	167,500	N/A
<b>Total</b>	<b>\$ 16,184,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,184,188</b>	<b>\$ 19,300,000</b>

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7 – Long-Term Bonds Payable**

On April 1, 2010, the RMA issued \$28.7 million of special revenue bonds, consisting of two series of bonds, 2010A and 2010B both secured by Vehicle Registration Fees of Cameron County. The \$13.2 million and \$15.5 million of the 2010A and 2010B bonds were issued as term bonds. Prior to refunding, the 2010A bonds carried interest rates of 2.0% to 5.0% with maturities between February 2012 and February 2026. The 2010B bonds carried an interest rate of 6.5%, with maturities between February 2027 and February 2036. The 2010A bond was refunded in full on December 27, 2017. All term bonds were subject to mandatory redemption in prescribed amounts before the maturity dates. The 2010A and 2010B bonds were both refunded at September 30, 2019.

In June 2012, the RMA and Cameron County entered into the SH550 Funding and Development Agreement for a project titled “SH550 Direct Connector Transportation Project”. Cameron County issued \$40,000,000 Revenue and Tax bonds, Series 2012 (State Highway 550 Project) dated August 8, 2012 providing the construction funding for this project. As a condition, the RMA is obligated to repay the bonds together with interest at the same stated rates the County will pay on the Series 2012 bonds in addition to, if applicable, an administrative fee also known as a “CAF Fee. The bonds carry interest rates of 2.125% to 5.0% and mature between February 2017 and February 2038. In December 2016 through an advanced refunding, a total of \$14.3 million in bonds were advance refunded. As September 30, 2019 \$25.6 million remains outstanding.

In January 2014, Cameron County issued \$5,000,000 Revenue and Tax Bonds, Series 2014 (State Highway 550 Project) dated March 1, 2014. As a condition of such funding, the RMA is obligated to repay the funding together with interest on the unpaid principal balance at the same stated rates of interest the County will pay on the Series 2014 bonds. Similar, to the Series 2012 Bonds, the RMA is obligated to continue payment of the annual CAF Fee as calculated on the original issuance of the Series 2012 bonds. Series 2014 bonds carry interest rates of 2.0% to 5% and mature between February 2018 and February 2034. In December 2016 through an advanced refunding, a total of \$695,000 in bonds were advance refunded. The amount that remains outstanding as of September 30, 2019 is \$4.3 million.

In March 2015, the RMA issued \$4,500,000 Revenue and Tax Bonds, Series 2015 (State Highway 550 Project) to further provide funds for the “SH550 Direct Connector Transportation Project.” The RMA is responsible for repaying the principal and interest amounts as well as the annual CAF Fee on the bonds. The bonds have maturities between February 2020 and February 2040, and they carry interest rates of 2.75% to 3.75%. In December 2016 through an advanced refunding, a total of \$245,000 in bonds were advance refunded. As of September 30, 2019, \$4.2 million remain outstanding.

**Bond Refunding**

In October 2014, the RMA issued \$6.3 million Vehicle Registration Fee Revenue Refunding Bonds, Series 2014. The Net proceeds of \$6.3 million (net of underwriters, financial advisor, and other costs of issuance) were used to advance refund \$6.2 million of the series 2010A Vehicle Registration Fee Revenue Bonds. Bond proceeds were used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7 – Long-Term Bonds Payable – Continued**

As a result, the refunded bonds from the series 2010A Vehicle Registration Fee Revenue were considered to be defeased, and the liability for those bonds has been removed from the long-term debt of the RMA financial statements. The bonds carry interest rates of 2.0% to 2.25% and mature between February 2016 and February 2022. As of September 30, 2019, \$2.8 million remain outstanding.

On December 29, 2016 Cameron County issued \$15.8 Revenue and Tax Refunding Bonds Series 2016 for the SH550 project. The net proceeds of \$15.6 million (net of underwriters, financial advisor, and other costs of issuance) were used to advance refund \$15.3 of the series 2012, 2014, and 2015 SH550 Revenue bonds. The RMA is obligated to repay the funding together with interest on the unpaid principal balance at the same stated rates of interest the County will pay on the series 2016 bond issuance. Bond proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the refunded bonds from series 2012, 2014, and 2015 SH550 Revenue and Tax bonds were considered to be defeased, and the liability for those bonds has been removed from the long-term debt of the RMA financials. The bonds have maturity between February 2035 and February 2042 and they carry interest rates of 3.75% to 5.0%. As of September 30, 2019, \$15.8 million remain outstanding.

On December 27, 2017, Cameron County and the RMA issued Vehicle Registration Fee Revenue Refunding Bonds, Series 2017 in the amount of \$4.4 million. The net proceeds of \$4.8 million (net of underwriters, financial advisor, and other cost of issuance) were used to advance refund \$4.4 million of Series 2010A Revenue bond. The RMA is obligated to repay the principal and interest amounts on the bonds as detailed in the official statement of the bonds. The Bond Series 2017 has maturities of February 2023 to 2026 and carry interest rates of 5% payable every February 15 and August 15 of each year. The bonds have maturity between February 2023 and February 2026 and they carry interest rates of 4.0%. As of September 30, 2019, \$4.4 million remain outstanding.

In March 26, 2019, the RMA issued Vehicle Registration Fee Revenue Refunding Bonds, Series 2019 in the amount of \$14.9 million. The net proceeds of \$14.9 million (net of underwriters, financial advisor, and other cost of issuance) were used to advance refund \$15.5 million of Series 2010B Revenue bond. The RMA is obligated to repay the principal and interest amounts on the bonds as detailed in the official statement of the bonds. The Bond Series 2019 has maturities of February 2027 to 2036 and carry interest rates of 5% payable February 15 and August 15 of each year. Bond proceeds were used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the refunded bonds from the series 2010B Vehicle Registration Fee Revenue were considered to be defeased, and the liability for those bonds has been removed from the long-term debt of the RMA financial statements. As of September 30, 2019, \$14.9 million remain outstanding.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7 – Long-Term Bonds Payable – Continued**

See summary below for additional details of the refunding.

<b>Bond Refunding</b>	Amount of	Cost of	Bond	Net	Average	Bonds Refunded	Average Coupon of	Escrow	
<b>Series</b>	<u>Issuance</u>	<u>Issuance</u>	<u>Premium</u>	<u>Proceeds</u>	<u>Coupon</u>	<u>Series</u>	<u>Principal Amount</u>	<u>Refunded Bonds</u>	<u>Defeased</u>
2014 Series Refunding	\$ 6,325,000	\$(164,406)	\$ 137,092	\$ 6,297,686	2.12%	2010A	\$ 6,220,000	3.77%	Yes
2016 Series Refunding	15,805,000	(306,052)	100,180	15,599,128	4.09%	2012 2014 2015	14,340,000 695,000 245,000	4.92%	Yes
2017 Series Refunding	4,470,000	\$(150,253)	\$ 456,100	4,775,847	4.00%	2010A	4,480,000	5.00%	Yes
2019 Series Refunding	14,925,000	\$(278,173)	\$1,546,268	16,193,095	4.25%	2010B	15,535,000	6.55%	Yes
	<u>\$41,525,000</u>	<u>\$(898,884)</u>	<u>\$2,239,640</u>	<u>\$42,865,756</u>			<u>\$ 41,515,000</u>		

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7– Long-Term Bonds Payable – Continued**

The following schedule summarizes the long-term bond payable of the RMA as of September 30, 2019:

<b>Vehicle Registration Fee Bonds</b>	October 1, 2018	Additions	Reductions	September 30, 2019	Due within one year
2010B Revenue Bonds	\$ 15,535,000	\$ -	\$ (15,535,000)	\$ -	\$ -
Plus: Premium on Refunding	-	-	-	-	-
2014 Refunding Revenue Bonds	3,725,000	-	(905,000)	2,820,000	920,000
Plus: Premium on Refunding	58,751	-	(19,585)	39,166	-
2017 Refunding Revenue Bonds	4,470,000	-	-	4,470,000	-
Plus: Premium on Refunding	399,089	-	(57,012)	342,077	-
2019 Refunding Revenue Bonds	-	14,925,000	-	14,925,000	-
Plus: Premium on Refunding	-	1,546,268	(90,957)	1,455,311	-
<b>Total Vehicle Registration Fee Bonds</b>	<b>24,187,840</b>	<b>16,471,268</b>	<b>(16,607,554)</b>	<b>24,051,554</b>	<b>920,000</b>
<b>Revenue &amp; Tax Bonds (SH550)</b>					
2012 Revenue & Tax Bonds	25,660,000	-	-	25,660,000	-
Plus: Premium on Refunding	2,314,257	-	(121,803)	2,192,454	-
2014 Revenue & Tax Bonds	4,305,000	-	-	4,305,000	-
Plus: Premium on Refunding	96,709	-	(6,044)	90,665	-
2015 Revenue & Tax Bonds	4,255,000	-	-	4,255,000	-
Plus: Discount on Refunding	(31,186)	-	1,417	(29,769)	-
2016 Refunding Revenue & Tax	15,805,000	-	-	15,805,000	-
Plus: Premium on Refunding	92,320	-	(3,853)	88,467	-
<b>Total Revenue &amp; Tax Bonds (SH 550)</b>	<b>52,497,101</b>	<b>-</b>	<b>(130,283)</b>	<b>52,366,817</b>	<b>-</b>
<b>Total Bonded Debt Payable</b>	<b>\$ 76,684,940</b>	<b>\$ 16,471,268</b>	<b>\$ (16,737,837)</b>	<b>\$ 76,418,371</b>	<b>\$ 920,000</b>

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7 – Long-Term Bonds Payable – Continued**

The annual requirements to retire the revenue bonds outstanding at September 30, 2019 are as follows:

	<b>2014 Refunding Bonds Vehicle Registration Fee</b>			<b>2017 Refunding Bonds Vehicle Registration Fee</b>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 920,000	\$ 51,950	\$ 971,950	\$ -	\$ 178,800	\$ 178,800
2021	940,000	32,175	972,175	-	178,800	178,800
2022	960,000	10,800	970,800	-	178,800	178,800
2023	-	-	-	1,055,000	157,700	1,212,700
2024	-	-	-	1,095,000	114,700	1,209,700
2025-2029	-	-	-	2,320,000	93,800	2,413,800
2030-2034	-	-	-	-	-	-
2035-2039	-	-	-	-	-	-
	<u>\$ 2,820,000</u>	<u>\$ 94,925</u>	<u>\$ 2,914,925</u>	<u>\$ 4,470,000</u>	<u>\$ 902,600</u>	<u>\$ 5,372,600</u>

	<b>2019 Refunding Bonds Vehicle Registration Fee</b>			<b>2012 Revenue &amp; Tax Bonds (SH550)</b>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 649,200	\$ 649,200	\$ -	\$ 1,283,000	\$ 1,283,000
2021	-	649,200	649,200	-	1,283,000	1,283,000
2022	-	649,200	649,200	980,000	1,258,500	2,238,500
2023	-	649,200	649,200	1,035,000	1,208,125	2,243,125
2024	-	649,200	649,200	1,085,000	1,155,125	2,240,125
2025-2029	3,820,000	2,965,750	6,785,750	6,320,000	4,881,750	11,201,750
2030-2034	7,615,000	1,490,900	9,105,900	8,115,000	3,086,125	11,201,125
2035-2039	3,490,000	141,000	3,631,000	8,125,000	837,875	8,962,875
	<u>\$ 14,925,000</u>	<u>\$ 7,843,650</u>	<u>\$ 22,768,650</u>	<u>\$ 25,660,000</u>	<u>\$ 14,993,500</u>	<u>\$ 40,653,500</u>

	<b>2014 Revenue &amp; Tax Bonds (SH550)</b>			<b>2015 Revenue &amp; Tax Bonds (SH550)</b>		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ 169,550	\$ 169,550	\$ -	\$ 146,688	\$ 146,688
2021	-	169,550	169,550	-	146,688	146,688
2022	265,000	165,244	430,244	155,000	144,556	299,556
2023	270,000	156,212	426,212	170,000	139,981	309,981
2024	280,000	147,288	427,288	175,000	134,913	309,913
2025-2029	1,570,000	574,856	2,144,856	960,000	589,878	1,549,878
2030-2034	1,920,000	220,263	2,140,263	1,135,000	413,353	1,548,353
2035-2039	-	-	-	1,355,000	188,188	1,543,188
2040-2044	-	-	-	305,000	5,719	310,719
	<u>\$ 4,305,000</u>	<u>\$ 1,602,963</u>	<u>\$ 5,907,963</u>	<u>\$ 4,255,000</u>	<u>\$ 1,909,964</u>	<u>\$ 6,164,964</u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 7– Long-Term Bonds Payable – Continued**

<b>2016 Refunding Revenue &amp; Tax Bonds (SH550)</b>			
	Principal	Interest	Total
2020	\$ -	\$ 649,700	\$ 649,700
2021	-	649,700	649,700
2022	-	649,700	649,700
2023	-	649,700	649,700
2024	-	649,700	649,700
2025-2029	-	3,248,500	3,248,500
2030-2034	-	3,248,500	3,248,500
2035-2039	5,475,000	2,826,000	8,301,000
2040-2044	10,330,000	643,200	10,973,200
	\$ 15,805,000	\$ 13,214,700	\$ 29,019,700

**Note 8- Current-Year Defeasance of Debt**

In prior years, the RMA defeased certain revenue and tax bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the RMA financial statements.

Assumptions

On March 26, 2019 the RMA refunded and defeased in substance \$15.9 million of its outstanding series 2010B vehicle registration fee revenue bonds carrying an average interest rate of 6.552%, with new debt of \$14.9 million, issued at a weighted average rate of 5.0%. The new debt was dated March 26, 2019. No sinking funds were proved to the escrow agent from the funding. All issuance costs of the transactions were paid from bond proceeds from the RMA. Issuance costs were as follows:

Cost of Issuance	\$ 180,519
Underwriter’s Discount	94,754
Trustee Fees	2,900
	\$ 278,173

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 8- Current-Year Defeasance of Debt – Continued**

<b>2019 Vehicle Registration</b>				
<b>Refunding Revenue Refunding Bond</b>				
	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
2020-2024	\$ -		\$ 2,921,400	\$ 2,921,400
2025-2029	3,820,000	5.00%	2,965,750	6,785,750
2030-2034	7,615,000	4.00%	1,490,900	9,105,900
2035-2039	3,490,000	4.00%	141,000	3,631,000
	<u>\$ 14,925,000</u>		<u>\$ 7,519,050</u>	<u>\$ 22,444,050</u>
Bond Par Value				\$ 14,925,000
Premium			1,546,268	
Cost of Issuance including Underwriters Discount			(278,173)	
Net Finance Costs				<u>1,268,095</u>
Target Value				\$ 16,193,095
Effective Interest Rate				3.43870%

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 8- Current-Year Defeasance of Debt – Continued**

**Prior Bond Debt Service**

	Principal	Rate	Interest	Total
2020-2024	-	6.552%	5,598,191	5,598,191
2025-2029	3,985,000	6.552%	4,705,155	8,690,155
2030-2034	7,890,000	6.552%	2,535,624	10,425,624
2035-2039	3,660,000	6.552%	242,424	3,902,424
	<u>\$ 15,535,000</u>		<u>\$ 13,081,394</u>	<u>\$ 28,616,394</u>

Cash Flow Difference

Old Debt Service Cash Flows		\$ 28,616,394
Subsidy Cash Contribution	4,294,621	24,321,773
New Debt Service Cash Flows	<u>23,019,313</u>	
RMA Cash Contribution	<u>-</u>	<u>23,019,313</u>
		<u>\$ 1,302,460</u>

Economic Gain

Present Value of Old Debt Cash Flow		<u>\$ 17,889,306</u>
Present Value of New Debt Cash Flow		<u>16,913,500</u>
		<u>\$ 975,806</u>

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 9 – Interlocal and Grant Agreements**

*Cameron County*

On April 11, 2006, Cameron County (County) entered into an agreement with the RMA whereby the County would provide an interest free loan of \$250,000 for the purpose of assisting the RMA in its organizational efforts. As of September 30, 2019, there was an outstanding balance of \$167,500. There were no payments made during FY2019.

*Pass Through Agreement for Payment of Pass Through Tolls by the Department*

On February 22, 2012, the RMA and the TxDOT entered into an agreement for the pass through of toll payments for the development and operation of the SH550 Direct Connector toll project. This agreement provides for an annual payment of grant revenue for each vehicle mile traveled on the Direct Connector project for each project anniversary year. The minimum and maximum amount of annual payment are \$1,385,000 and \$2,770,000, respectively. The total maximum amount allowed to be paid through this agreement is \$30,470,000 with funds strictly used for repayment of the associated project bond debt. The revenues from this agreement are included in the pledged revenues for the 2012, 2014, 2015, and 2016 Revenue and Tax Bonds for the SH550 project issued by Cameron County. Revenues are recorded as capital contributions with any receivables included in the restricted portion of net assets. The remaining obligation by TxDot as of September 30, 2019 is \$24,930,000.

*Transportation Reinvestment Zone No.6*

On December 29, 2015, the County and the RMA entered into an agreement to participate in Transportation Reinvestment Zone (TRZ) No.6 in the County of Cameron. A TRZ is a transportation funding tool authorized by Senate Bill 1266 passed in the 80<sup>th</sup> Texas Legislature in 2007 that utilizes incremental property tax of a geographical area to support the funding of transportation infrastructure needs within the area. The RMA and Cameron County have existing TRZ's No. 1-5 that date back to 2010. The purpose of TRZ No. 6 is to expand the geographical area to cover the entire County and increase the number of eligible projects. The interlocal agreement is a long-term agreement with various requirements embedded. Total revenue recognized since inception as of September 30, 2019 is \$1,487,433

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 9 – Interlocal and Grant Agreements - Continued**

*Toll System Implementation Services, Support and Maintenance, and Toll Collection Processing*

On June 5, 2017, the RMA and the City of Pharr entered into an agreement for the RMA to provide services for a toll system implementation, maintenance support and toll collection processing for the Pharr International Bridge. The City of Pharr will acquire the services of the RMA and its vendors for the design, testing, implementation, and maintenance of the toll collection system including a full service back office system. The City of Pharr will also allow for the interoperability of the toll collection system of the Pharr International Bridge and that of the SH 550 toll road to improve the electronic toll collection of commercial traffic traveling into Mexico through the Pharr International Bridge.

*CCRMA to Develop Projects On Behalf of Cameron County*

On August 15, 2017, the RMA and Cameron County entered into an agreement to allow the RMA to develop projects on behalf of Cameron County. The RMA will provide all the necessary coordination with TxDOT and other necessary agencies for the development of transportation projects through environmental, design and construction phases. Projects include international bridges owned and operated by Cameron County, Interstate development and projects identified within the Transportation Reinvestment Zone No. 6 agreement. Prior to work commencing on either project, the RMA will provide a scope, cost, and overview of work to the Cameron County Commissioners Court for approval.

*CCRMA to Provide IT Staff for Maintenance to the International Bridge and Park Systems of Electronic Toll Collection*

On October 17, 2017, the RMA and Cameron County entered into an agreement for the provision of IT staff to be used for County Toll Collection Facilities. The IT staff would be a full time RMA employee that specializes in the maintenance and operation of electronic toll collection systems to provide routine maintenance, troubleshooting and support to the County staff. The County will pay the RMA a fixed monthly amount of \$3,333 for the life of the agreement and will provide reimbursement to staff expenses such as mileage and other pre-approved expenses.

*CCRMA to Develop Projects On Behalf of Cameron County for the Old Alice Road Project*

On February 6, 2018, the RMA and Cameron County entered into an agreement to coordinate with Texas Department of Transportation the necessary environmental document as well as coordinating with any state and federal agencies any issues arising during the environmental phase studies. The value of the service to be provide by the RMA is \$100,000.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 9 – Interlocal and Grant Agreements - Continued**

*Advancement of the Port Connector Project to a Construction Phase*

On April 3, 2018, the RMA, Cameron County and the Brownsville Navigation District entered into an agreement for the further advancement of the Port Connector Project to a construction phase. The RMA agreed to coordinate with proper agencies to advance the project through the design and engineering phases and assist the Port through the Advance Funding Agreement Process. The County and the Port will provide funding in the amount of not to exceed \$350,000 for a combined total of \$700,000, for the design and engineering of this project. The RMA began the project in fiscal year 2018 and completed in fiscal year 2019.

*CCRMA to Provide Services to the City of Brownsville to Develop Highway and Airport Projects*

On April 3, 2018 the RMA and the City of Brownsville entered into an agreement to coordinate with proper agencies to advance the project through the design and environmental phases on behalf of the City.

*CCRMA to Develop Whipple Road On Behalf of City of Los Fresnos*

On April 10, 2018 the RMA and the City of Los Fresnos entered into an agreement to coordinate with proper agencies to advance the project through the design and environmental phases on behalf of the City.

*CCRMA to Assist and Developing Projects in Starr County, Texas*

On April 12, 2018 the RMA and the Starr County Industrial Foundation, (SCIF) entered into an agreement to coordinate and assist in identifying projects with SCIF and to assist in advancing the projects through the Advanced Project Development, Design and Construction Phases.

*CCRMA to Provide Coordination Regarding International Issues associated with the County's International Bridge System, the Flor de Mayo Bridge*

On August 21, 2018 the RMA and Cameron County entered into an agreement to provide coordination regarding International Issues associated with the County's International Bridge System, the future Flor de Mayo Bridge and projects located within the zone covering Cameron County. The cost of services and the annual amount of the agreement is \$96,000. The agreement shall be for one year, beginning August 21, 2018 and terminated on August 20, 2019.

*CCRMA to Provide Engineering Services, Assist and Developing Projects in Cameron County, Texas*

On November 13, 2018 the RMA and the Cameron County entered into an agreement to coordinate and assist in developing projects at the Free Trade and Veterans Bridge and provide engineering services at the Free Trade Bridge. CCRMA will also provide construction management services for the following projects: Maintenance Improvements at the Free Trade Bridge at Los Indios, Gateway Bridge and Veterans at Los Tomates.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 9 – Interlocal and Grant Agreements - Continued**

*Cameron County to utilize the CCRMA’s consultant during the 86h Legislative session*

On December 12, 2018 the RMA and the Cameron County entered into an agreement to utilize the RMA’s consultant during the 86<sup>th</sup> Legislative session. Consultant will assist County with any legislative issue that may arise during the legislative session. Consultant will report directly to County for any issues associated with the County. The agreement was for six months for a total of \$48,000. On June 25, 2019 the agreement was extended an additional six months for an additional \$48,000.

*CCRMA to Provide Circulation Study at Isla Blanca Park in Cameron County, Texas*

On April 2, 2019 the RMA and the Cameron County entered into an agreement to provide a circulation study at Isla Blanca Park located in South Padre Island, Cameron County, Texas. The cost of services and the annual amount of the agreement is not to exceed \$25,000. The agreement shall be for one year, beginning on April 2, 2019 and terminate on April 1, 2020.

*Toll System Implementation Services, Support and Maintenance, and Toll Collection Processing*

On June 10, 2019, the RMA and the Cameron County entered into an agreement for the RMA to provide services for a toll system implementation, maintenance support and toll collection processing for the International Bridge and the Park User Fee Systems.

*CCRMA Executive Director to Perform as Interim County Administrator*

On July 22, 2019, the RMA and Cameron County entered into an agreement for Executive Director to perform interim administrator duties for Cameron County. The County will pay the RMA a fixed monthly amount of \$10,000 for the life of the agreement.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 10 – Advertising**

The RMA incurs advertising expenditures to promote community awareness of existing and ongoing projects. These expenditures include public relation events, website, social media marketing of toll operations, and other general advertising-related activities. These expenditures are expensed in the year occurred. As of September 30, 2019, the RMA expended \$58,643 in advertising.

**Note 11 – Risk Management**

In conjunction with its normal operations, the RMA is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences; tort/liability claims; error and omission claims, and professional liability claims. As a result of these exposures, the RMA carries insurance with a governmental risk pool under an “all risks” policy. All categories of insurance coverage in place were either maintained at current levels or increased as to overall limits of coverage and reduction of self-retained risk as to reduce the overall exposure of risk to the RMA. There were no settlements in excess of insurance coverage during fiscal year 2019.

**Note 12 – Litigation**

As of September 30, 2019, the RMA is involved in various contract disputes related to litigations, claims and assessments of the West Rail Relocation Project. RMA management believes it has substantial defenses against the claims, and the resolution of the matters will not have a material adverse effect on the financial statements. Based on the status of claims and the information available, the RMA believes that a liability has not been incurred as of the date of the financial statements.

**Note 13 – Toll Violations Debt Portfolio and Management Practices**

Since the inception of tolling operations on the SH550 through December 2016, the RMA used a third-party collection agency (GILA Group) to provide toll collection processing and portfolio management services. The GILA Group provided all back-office operations and customer service for the RMA including the billing of its invoices for Pay-By-Mail customers. In December 2016, the RMA began processing all toll operations and customer service center operations internally through local staff. In March 2018 the RMA engaged Duncan Solutions as a third-party collection agency to provide toll collection processing and portfolio management services. The RMA has recorded an asset net of allowance for bad debt of \$1,118,667 as of September 30, 2019.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System**

A. Plan Description

The Authority participates as one of 677 nontraditional defined benefit pension plans administered by the Texas County and District Retirement System (TCDRS). The TCDRS is an agency created by the Texas Legislature and administrated in accordance with the TCDRS Act, as an agent multiple-employer retirement system for county and district employees in the State of Texas. The TCDRS Act places the general administration and management of the TCDRS with an independent nine-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas. TCDRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees of the Authority are required to participate in TCDRS.

B. Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act).

Benefit amounts are determined by the sum of the employees contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The plan provisions are adopted by the governing body of the employer, within the options available in the TCDRS Act.

Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or greater. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Employees Covered by Benefit Terms

At December 31, 2018 valuation and measurement date, the following amount of employees were covered by the benefit terms:

	<u>2018</u>
Number of inactive employees entitled to but no yet receiving benefits:	2
Number of active employees:	24
Average monthly salary*:	\$4,085
Average age*:	33.32
Average length of service in years*:	5.48

\* *Averages reported for active employees*

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System - Continued**

C. Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer’s governing body. The employee contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Under the TCDRS Act, the contributions rate of the employer is actuarially determined annually using the Entry Age Normal (EAN) actuarial cost method.

Employees for the Authority are required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Authority were 9.67%, 9.71% and 9.40% in calendar years 2017, 2018, and 2019 respectively. The Authority’s contributions for the year ended September 30, 2019 was \$110,756.

D. Net Pension Asset

The Authority’s net pension asset (NPA) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

	<b>2018</b>
Inflation	2.75%
Salary increases (including inflation and average)	4.9%
Investment rate of return	8.0%

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System – Continued**

Mortality rates were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Tables for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016 except where required to be different by GASB 68.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on TCDRS assets is 8.10%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System - Continued**

The numbers shown below are based on January 2019 information for a 10-year time horizon.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging	MSCI World EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond	3.00%	1.60%
Strategic Credit	FTSE High Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index +	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.70% per Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System - Continued**

*Discount Rate*

The discount rate used to measure the total pension liability was 8.10%. The rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus a 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The method used to determine the discount rate reflects the following funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act:

- TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UALL) shall be amortized as a level percent of pay over 20-year closed layer periods.
- Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and the net pension liability of the employer is equal to the long-term assumed rate of return on investments.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System - Continued**

Changes in the Net Pension Liability/(Asset)

The Authority’s changes in net pension liability/(asset) as of December 31, 2018 were as follows:  
*Note: Rounding differences may exist below or in other tables in this report.*

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2017	\$ 338,281	\$ 375,176	\$ (36,895)
Changes for the year:			
Service Cost	147,778	-	147,778
Interest on total pension liability <sup>(1)</sup>	39,371	-	39,371
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	14,126	-	14,126
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(438)	438
Member contributions	-	71,197	(71,197)
Net investment income	-	(5,091)	5,091
Employer contributions	-	98,760	(98,760)
Other <sup>(3)</sup>	-	5,101	(5,101)
Balances as of December 31, 2018	<u>\$ 539,556</u>	<u>\$ 544,706</u>	<u>\$ (5,150)</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System - Continued**

Sensitivity Analysis

The following presents the net pension liability/(asset) of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate:

	As of December 31, 2018		
	1% Decrease	Current	1% Increase
	7.10%	Discount Rate	9.10%
	7.10%	8.10%	9.10%
Total pension liability	\$ 635,895	\$ 539,556	\$ 460,471
Fiduciary net position	544,706	544,706	544,706
Net pension liability/(asset)	<u>\$ 91,189</u>	<u>\$( 5,150)</u>	<u>\$( 84,235)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report. That report may be obtained on the internet at [www.tcdrs.org](http://www.tcdrs.org)

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14– Employee Retirement System – Continued**

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The RMA recognized the following pension expense/(income):

<b>Pension Expense/(Income)</b>	<b>January 1, 2018 to December 31, 2018</b>
Service cost	\$ 147,778
Interest on total pension liability <sup>(1)</sup>	39,371
Effect of plan changes	-
Administrative expenses	438
Member contributions	(71,197)
Expected investment return net of investment expenses	(37,324)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	2,260
Recognition of assumption changes or inputs	41
Recognition of investment gains or losses	8,653
Other <sup>(2)</sup>	(5,101)
Pension expense/(income)	\$ 84,919

<sup>(1)</sup> Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Notes to Financial Statements**  
September 30, 2019

**Note 14 – Employee Retirement System – Continued**

At September 30, 2019, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

	<b>2019</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,204	\$ 11,737
Changes of assumptions	983	206
Net difference between projected and actual earnings	30,540	-
Contributions made subsequent to measurement date <sup>(1)</sup>	80,623	-
<b>Total deferred outflow/inflow of resources related to pension</b>	<b>\$ 168,350</b>	<b>\$ 11,943</b>

<sup>(1)</sup> Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

The total of \$80,623 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability(asset) for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2019	\$10,790
2020	9,539
2021	8,631
2022	10,784
2023	2,301
Thereafter <sup>(1)</sup>	33,739

<sup>(2)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

<b>Total Pension Liability</b>	<b>2018</b>
Service cost	\$ 147,778
Interest on total pension liability	39,371
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	14,126
Benefit payments/refunds of contributions	-
Net change in total pension liability	<u>201,275</u>
Total pension liability, beginning	<u>338,281</u>
Total pension liability, ending (a)	<u>\$ 539,556</u>
<b>Fiduciary Net Position</b>	
Employer contributions	\$ 98,760
Member contributions	71,197
Investment income net of investment expenses	(5,091)
Benefit payments/refunds of contributions	-
Administrative expenses	(438)
Other	<u>5,101</u>
Net change in fiduciary net position	<u>\$ 169,530</u>
Fiduciary net position, beginning	<u>375,176</u>
Fiduciary net position, ending (b)	<u>\$ 544,706</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ (5,150)</u>
Fiduciary net position as a % of total pension liability	<u>100.95%</u>
Pensionable covered payroll	\$ 1,017,093
Net pension liability as a % of covered payroll	-0.51%

*Note: Rounding errors may exist above or in other tables of this report*

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Schedule of Employer Contributions**

Year Ending September 30, 2019	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2016	\$ 55,072	\$ 55,072	\$ -	\$ 481,394	11.4%
2017	69,348	69,348	-	714,520	9.7%
2018	94,034	94,034	-	969,510	9.7%
2019	110,756	110,756	-	1,168,025	9.5%

(1) TCDRS Calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicated the employer should report employer contributions amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Notes to Schedule of Employer Contributions and Net Pension Liability**

*Actuarial Methods and Assumptions Used*

Following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of fiscal year in which contributions are reported.
<b>Actuarial Cost Method</b>	Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
<b>Amortization Method</b> Recognition of economic/demographic gains or Recognition of assumptions, changes or inputs	Straight-Line amortization over Expected Working Life  Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b> Smoothing Period Recognition Method Corridor	5 Years Non-asymptotic None
<b>Economic Assumptions</b> Inflation Salary Increases  Investment Rate of Return Cost of Living Adjustments	2.75% 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. See table 1 below for merit salary increases.  8.00%  COLAs for the Cameron County Regional Mobility Authority are not considered to be substantively automatic under GASB 68. Therefore, no assumption for the future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Table 1**  
**Merit Salary Increases**

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and later
0	5.00%	4.50%	4.00%	3.50%
1	4.25	3.75	3.25	2.75
2	3.85	3.35	2.85	2.35
3	3.50	3.00	2.50	2.00
4	3.15	2.65	2.25	1.85
5	2.90	2.55	2.15	1.70
6	2.65	2.30	1.95	1.55
7	2.45	2.10	1.75	1.40
8	2.30	1.95	1.60	1.25
9	2.15	1.80	1.45	1.10
10	2.00	1.70	1.40	1.05
11	1.90	1.60	1.25	1.00
12	1.80	1.50	1.15	0.95
13	1.70	1.40	1.05	0.90
14	1.60	1.30	0.95	0.85
15	1.50	1.23	0.90	0.80
16	1.40	1.15	0.85	0.75
17	1.30	1.05	0.80	0.70
18	1.23	0.97	0.75	0.65
19	1.15	0.90	0.70	0.60
20	1.10	0.85	0.65	0.55
21	1.05	0.80	0.60	0.50
22	1.00	0.75	0.55	0.50
23	0.95	0.70	0.50	0.50
24	0.90	0.65	0.50	0.50
25	0.85	0.60	0.50	0.50
26	0.80	0.60	0.50	0.50
27	0.75	0.60	0.50	0.50
28	0.70	0.60	0.50	0.50
29	0.65	0.60	0.50	0.50
30 & Up	0.60	0.60	0.50	0.50

\*These rates do not include the wage inflation rate of 3.25% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.00% merit increase and the 3.25% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Retirement Age**

**Annual Rates of Service Retirement\***

Age	Male	Female	Age	Male	Female
40-44	4.50%	4.50%	62	20.0%	20.0%
45-49	9.0	9.0	63	15.0	15.0
50	10.0	10.0	64	15.0	15.0
51	9.0	9.0	65	25.0	25.0
52	9.0	9.0	66	25.0	25.0
53	9.0	9.0	67	22.0	22.0
54	10.0	10.0	68	20.0	20.0
55	10.0	10.0	69	20.0	20.0
56	10.0	10.0	70	22.0	22.0
57	10.0	10.0	71	22.0	22.0
58	12.0	12.0	72	22.0	22.0
59	12.0	12.0	73	22.0	22.0
60	12.0	12.0	74**	22.0	22.0
61	12.0	12.0			

\* *Deferred Members are assumed to retire (100% probability) at the later of:*

*(a) age 60*

*(b) earliest retirement eligibility*

\*\* *For all eligible members ages 75 and later, retirement is assumed to occur immediately.*

**Other Terminations of Employment** – The rate of assumed future termination from active participation on the plan for reasons other than death, disability or retirement are all set at 0% and the rates vary by length of service, entry-age group (age at hire) and sex. No termination after eligibility for retirement is assumed.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Withdrawals** – Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in the table below. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

<b>Probability of Withdrawal</b>			
<b>Years of Service</b>	<b>Probability</b>	<b>Years of Service</b>	<b>Probability</b>
0	100%	15	40%
1	100	16	38
2	100	17	36
3	100	18	33
4	100	19	30
5	100	20	28
6	100	21	26
7	100	22	24
8	47	23	22
9	46	24	20
10	45	25	18
11	44	26	16
12	43	27	14
13	42	28	12
14	41	29*	10

*\* Members with more than 29 years of service are not assumed to refund.*

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County, Texas)  
**Required Supplementary Information – Pension Plan**  
September 30, 2019

**Mortality**

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

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

To the Board of Directors  
Cameron County Regional Mobility Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cameron County Regional Mobility Authority, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Cameron County Regional Mobility Authority's basic financial statements, and have issued our report thereon dated January 14, 2020.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Cameron County Regional Mobility Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

*Burton, McCumber, & Longoria LLP.*

Brownsville, Texas  
January 14, 2020



CAMERON COUNTY REGIONAL MOBILITY AUTHORITY  
(A Component Unit of Cameron County)  
**Schedule of Prior Year Audit Findings**  
For Year Ended September 30, 2019

**Findings Related to Federal and State Awards**

**Finding No. 2018-001**

**CFDA#: 20.205**  
**Department of Transportation**  
**Highway Planning and Construction**  
**Compliance - Reporting Federal Awards as State Awards**

**Criteria and Condition**

The Authority reported the funds received for grant CSJ 0684-01-067 as state sourced funds in their 2017 Schedule of Expenditures of State Awards although 80% of those funds were federally funded under CFDA# 20.205. Further, the reporting requirement in accordance with 2 CFR 200.512 to the Federal Audit Clearinghouse for was not met. The grant was audited as a major state program in 2017.

**Cause/Effect**

Although the grant agreement with Texas Department of Transportation mentioned compliance requirements with OMB-Circular A-133, the agreement did not expressly indicate a CFDA# nor the amounts funded with federal funds. The only indication that the funds were federally sourced were observed from draw down wire transfers that indicated CFDA# 20.205 in the memo field.

**Recommendation**

We recommend the Authority to verify the funding sources with their grantors in order to report state versus federal expenditures correctly.

**Contact Person Responsible  
For Corrective Action**

Jesus Adrian Rincones, CPA Chief Financial Officer

**Current Year Status**

The Authority has resolved this matter.