

Cameron County Regional Mobility Authority

A Component Unit of Cameron County, TX



Annual Financial Report

For The Year Ended September 30, 2021



**CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
BOARD OF DIRECTORS
SEPTEMBER 30, 2021**

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Michael Scaief Vice Chairman
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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
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September 30, 2021

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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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, 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 4 through 7 and the Pension Plan information on pages 46 through 53 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cameron County Regional Mobility Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 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
March 14, 2022

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Management's Discussion and Analysis
September 30, 2021

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, 2021. This discussion and analysis has been prepared by management and should be used in conjunction with the basic financial statements and notes thereafter.

2021 Financial Highlights

- Toll revenue increased to \$4.3 million in 2021 from \$3.2 million in 2020 or a 25.19 percent increase. Toll operating expenses increased to \$1.223 million in 2021 from \$1.123 in 2020 or a 8.93 percent increase.
- The Transportation Reinvestment Zone (TRZ) revenue increased to \$2,208,261 in 2021 from \$1,311,065 in 2020 or a 68 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, 2021

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, 2021, 2020, and 2019 were approximately \$48.4, \$45.7, and \$45.1 million, respectively. The largest component of total assets for all three years were the non-current assets. Non-current assets accounts for approximately 90%, 93%, and 96% for the years 2021, 2020 and 2019, respectively. These assets consist of capital assets, restricted bond funds construction in process.

Summary of Net Position

| | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|-----------------------|
| Assets and Deferred Outflows of Resources | | | |
| Current assets | \$ 13,615,646 | \$ 9,541,183 | \$ 6,327,670 |
| Capital assets, net | 95,884,988 | 99,160,214 | 102,369,990 |
| Construction in process | 24,504,190 | 24,154,657 | 22,294,885 |
| Other non-current | 9,873,245 | 6,465,733 | 7,692,911 |
| Total assets | <u>143,878,069</u> | <u>139,321,787</u> | <u>138,685,456</u> |
| Deferred outflows of resources | 289,905 | 283,269 | 362,065 |
| Total assets and deferred outflows of resources | <u>\$ 144,167,974</u> | <u>\$ 139,605,056</u> | <u>\$ 139,047,521</u> |
| Liabilities and Deferred Inflows of Resources | | | |
| Current liabilities | \$ 3,738,370 | \$ 4,003,236 | \$ 2,230,329 |
| Non-current liabilities | 91,779,265 | 89,775,571 | 91,699,959 |
| Total liabilities | <u>95,517,635</u> | <u>93,778,807</u> | <u>93,930,288</u> |
| Deferred inflows of resources | - | 31,006 | 11,943 |
| Total liabilities and deferred inflows of resources | <u>\$ 95,517,635</u> | <u>\$ 93,809,813</u> | <u>\$ 93,942,231</u> |
| Net position: | | | |
| Net investment in capital assets | \$ 26,777,488 | \$ 30,243,709 | \$ 31,413,068 |
| Restricted | 18,001,712 | 10,199,547 | 8,503,228 |
| Unrestricted | <u>3,703,112</u> | <u>5,351,986</u> | <u>5,188,994</u> |
| Total net position | <u>\$ 48,482,312</u> | <u>\$ 45,795,242</u> | <u>\$ 45,105,290</u> |

Total liabilities as of September 30, 2021, 2020 and 2019 were approximately \$95.5 million, \$93.7 million, and \$93.9 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, 2021

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. At September 30, 2021, the RMA had a total of five projects under construction in process for a total of \$24.5 million. Construction in progress at September 30, 2020, and 2019 totaled \$24.1 and \$22.2 million respectively.

Capital, Other Non-Current Assets and Deferred Outflows

| | 2021 | 2020 | 2019 |
|---|-----------------------|-----------------------|-----------------------|
| Capital Assets: | | | |
| Capital assets, net | \$ 95,884,988 | \$ 99,160,214 | \$ 102,369,990 |
| Construction in process | 24,504,190 | 24,154,657 | 22,294,885 |
| Other Non-Current Assets and Deferred Outflows | | | |
| Restricted assets | 15,693,918 | 8,056,997 | 8,503,229 |
| Prepaid bond insurance | 94,960 | 99,746 | 104,532 |
| Net pension asset and related deferred outflows | 412,568 | 342,259 | 367,215 |
| Totals | <u>\$ 136,590,624</u> | <u>\$ 131,813,873</u> | <u>\$ 133,639,851</u> |

Non-Current Liabilities

Total non-current liabilities, at September 30, 2021, 2020, and 2019 totaled \$91.9, \$89.8, and \$91.7 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

| | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|
| Non-Current Liabilities: | | | |
| Due to other agencies and unearned revenue | \$ 16,347,019 | \$ 16,232,084 | \$ 16,201,588 |
| Long term bond payable and related deferred inflows to bond refunding | 75,432,246 | 73,543,488 | 75,498,371 |
| Net pension liability and related deferred inflows to pension | 168,027 | 31,006 | 11,943 |
| Totals | <u>\$ 91,947,292</u> | <u>\$ 89,806,578</u> | <u>\$ 91,711,902</u> |

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Management's Discussion and Analysis
September 30, 2021

Changes in Net Position

The RMA's total revenues for the year ending September 30, 2021, 2020, and 2019 were approximately \$13.8 million, \$13.9, and \$12.3 million, respectively. Total expenses for the year ending September 30, 2021, 2020, and 2019 were approximately \$11.1 million, \$13.1, and \$12.5 million, respectively. Change in net position has resulted in an increase in year 2021, an increase in 2020 and a decrease in 2019. 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 2021, 2020 and 2019 were \$5,962,296, \$4,071,071, and \$3,058,691, respectively.

Changes in Net Position

| | 2021 | 2020 | 2019 |
|----------------------------------|----------------------|----------------------|----------------------|
| Revenues: | | | |
| Vehicle registration fees | \$ 3,509,231 | \$ 3,251,304 | \$ 3,278,433 |
| Toll revenue | 4,337,380 | 3,464,661 | 3,569,112 |
| Transportation reinvestment zone | 2,208,261 | 1,311,065 | 644,077 |
| Other operating revenue | 281,150 | 291,770 | 502,080 |
| Capital contributions | 3,465,235 | 5,657,258 | 4,325,824 |
| Total Revenues | <u>13,801,258</u> | <u>13,976,058</u> | <u>12,319,526</u> |
| Expenses: | | | |
| Operating | 6,950,098 | 6,563,614 | 6,300,731 |
| Non-operating | 4,164,090 | 6,614,393 | 6,230,069 |
| Total Expenses | <u>11,114,188</u> | <u>13,178,007</u> | <u>12,530,800</u> |
| Change in Net Position | 2,687,070 | 798,050 | (211,274) |
| Net Position- Beginning of Year | <u>45,795,242</u> | <u>45,105,290</u> | <u>45,316,564</u> |
| Prior Period Adjustment | <u>-</u> | <u>(108,098)</u> | <u>-</u> |
| Net Position-Beginning of Year | <u>45,795,242</u> | <u>44,997,192</u> | <u>45,316,564</u> |
| Net Position End of Year | <u>\$ 48,482,312</u> | <u>\$ 45,795,242</u> | <u>\$ 45,105,290</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 for more information.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)

Statement of Net Position

September 30, 2021

ASSETS:

Current Assets:

| | |
|---------------------------------|-------------------|
| Cash and cash equivalents | \$ 1,607,855 |
| Accounts receivable, net | 2,466,422 |
| Due from other agencies | 3,503,073 |
| Restricted cash - debt service | 2,035,000 |
| Restricted cash - bond proceeds | 4,003,296 |
| Total Current Assets | <u>13,615,646</u> |

Non-Current Assets:

Restricted Assets:

| | |
|--|------------------|
| Cash - TRZ project funds | 1,672,088 |
| Cash - trustee debt reserve funds (BNYM) | 4,620,265 |
| Cash - trustee debt reserve funds (TRB) | 3,363,269 |
| Total Restricted Assets | <u>9,655,622</u> |

| | |
|--------------------------|--------------------|
| Capital assets, net | 95,884,988 |
| Construction in process | 24,504,190 |
| Prepaid bond insurance | 94,960 |
| Net pension asset | 122,663 |
| Total Non-Current Assets | <u>120,606,801</u> |

| | |
|--------------|--------------------|
| Total Assets | <u>143,878,069</u> |
|--------------|--------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|---------|
| Deferred outflows related to bond refunding | 97,585 |
| Deferred outflows related to pension | 192,320 |

| | |
|---|-----------------------|
| Total Assets and Deferred Outflows of Resources | <u>\$ 144,167,974</u> |
|---|-----------------------|

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, 2021

LIABILITIES:

Current Liabilities:

| | |
|-------------------------------------|------------------|
| Accounts payable | \$ 1,233,069 |
| Accrued interest | 320,301 |
| Accrued expenses | 150,000 |
| Current maturities of bonds payable | 2,035,000 |
| Total Current Liabilities | <u>3,738,370</u> |

Non-Current Liabilities:

| | |
|-------------------------------|-------------------|
| Unearned revenue | 162,831 |
| Due to other agencies | 16,184,188 |
| Long-term bonds payable | 75,432,246 |
| Total Non-Current Liabilities | <u>91,779,265</u> |

| | |
|-------------------|-------------------|
| Total Liabilities | <u>95,517,635</u> |
|-------------------|-------------------|

DEFERRED INFLOW OF RESOURCES

| | |
|-------------------------------------|----------------|
| Deferred inflows related to pension | 168,027 |
| | <u>168,027</u> |

| | |
|--|-------------------|
| Total Liabilities and Deferred Inflow of Resources | <u>95,685,662</u> |
|--|-------------------|

NET POSITION:

| | |
|-----------------------------------|-------------------|
| Investment in capital assets, net | 26,777,488 |
| Restricted | 18,001,712 |
| Unrestricted | 3,703,112 |
| Total Net Position | <u>48,482,312</u> |

| | |
|---|-----------------------|
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 144,167,974</u> |
|---|-----------------------|

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, 2021

| | |
|-------------------------------------|----------------------|
| Operating Revenues | |
| Vehicle registration fees | \$ 3,509,231 |
| Toll revenue | 4,337,380 |
| Transportation reinvestment zone | 2,208,261 |
| Interlocal agreement revenues | 281,150 |
| Total Operating Revenues | <u>10,336,023</u> |
| Operating Expenses | |
| Advertising | 35,117 |
| Depreciation | 3,275,226 |
| Insurance | 1,085 |
| Office expenses | 183,858 |
| Professional services | 669,701 |
| Salaries and contractual services | 1,473,927 |
| Toll operating expenses | 1,223,885 |
| Travel | 14,197 |
| Utilities | 73,102 |
| Total Operating Expenses | <u>6,950,098</u> |
| Net Operating Income | <u>3,385,924</u> |
| Non-Operating Revenues (Expenses) | |
| Bond issuance costs | (153,503) |
| Interest expense | (2,239,981) |
| Interest income | 70,241 |
| Redevelopment project expense | (1,840,847) |
| Total Non-Operating (Expenses) | <u>(4,164,090)</u> |
| (Loss) before capital contributions | (778,165) |
| Capital Contributions | <u>3,465,235</u> |
| Change in Net Position | 2,687,070 |
| Net Position-beginning of year | <u>45,795,242</u> |
| Net Position-end of year | <u>\$ 48,482,312</u> |

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|--------------------|
| Receipts from vehicle registration fees | \$ 3,484,460 |
| Receipts from toll revenues | 3,832,843 |
| Receipts from other operating sources | 2,163,148 |
| Payments to vendors | (2,203,108) |
| Payments to employees | <u>(1,453,723)</u> |
| Net cash provided by operating activities | <u>5,823,620</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|---|------------------|
| CIP and redevelopment | (2,195,693) |
| Payments on interest | (2,476,193) |
| Payments on bond principal | (1,750,000) |
| Line of credit | (462,643) |
| Bond proceeds | 4,078,503 |
| Advances from TxDOT FAA and other project agreements | <u>3,746,385</u> |
| Net cash used in capital and related financing activities | <u>940,359</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|----------------------|
| Receipts from interest income | <u>70,241</u> |
| Net increase in cash and cash equivalents | 6,834,220 |
| Cash and cash equivalents at beginning of year | <u>10,467,554</u> |
| Cash and cash equivalents at end of year | <u>\$ 17,301,774</u> |

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

| | |
|--|---------------------|
| Operating income | \$ 3,385,924 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 3,275,226 |
| Changes in assets and liabilities: | |
| (Increase) decrease in due from other agencies and accounts receivable | (818,564) |
| (Decrease) in accounts payable | (37,996) |
| Decrease in deferred outflow of resources | <u>19,030</u> |
| Net cash flows provided by operating activities | <u>\$ 5,823,620</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, 2021

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

| | |
|--|---------------------|
| Ending cash - Statement of Cash Flows | \$ 17,301,774 |
| Less: amount reported in restricted assets | 15,693,918 |
| Ending cash - Statement of Net Position | <u>\$ 1,607,855</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, 2021

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, 2021

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, 2021 is \$2,466,422 which is comprised of \$11,959,756 of gross accounts receivable related to tolls and vehicle registration fees with an allowance of \$9,493,334. 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, 2021

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.

Net Position at September 30, 2021:

| | |
|-----------------------------------|----------------------|
| Investment in capital assets, net | \$26,777,488 |
| Restricted | |
| Reserved for debt service | 10,018,534 |
| Capital projects | 3,979,881 |
| Capital outlay | 4,003,296 |
| Unrestricted | 3,703,112 |
| Total Net Position | <u>\$ 48,482,312</u> |

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

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.

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 include 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.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 1 – Organization and Summary of Significant Accounting Policies – Continued

P. 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, 2021.

Q. 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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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, 2021, the carrying amount of the RMA's cash, cash equivalents, and restricted cash was \$17,301,773 of this total, \$15,693,918 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 \$1,607,855 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, 2021.

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) banker's 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.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 3 – Capital Assets

Depreciation expense for 2021 was \$3,275,226. The following schedule summarizes the capital assets and construction in process of the RMA as of September 30, 2021:

| Capital Assets | October 1, 2020 | Additions | Deletions | Reclassifications | September 30, 2021 |
|------------------------------------|----------------------------|------------------|------------------|--------------------------|-------------------------------|
| Depreciable | | | | | |
| Buildings | \$ 202,803 | \$ - | \$ - | \$ - | \$ 202,803 |
| Improvements | 20,791 | - | - | - | 20,791 |
| Software | 1,804,744 | - | - | - | 1,804,744 |
| Infrastructure | 107,835,477 | - | - | - | 107,835,477 |
| Equipment | 7,628,102 | - | - | - | 7,628,102 |
| Total | 117,491,917 | - | - | - | 117,491,917 |
| Accumulated Depreciation | | | | | |
| Buildings | (55,771) | (10,140) | - | - | (65,911) |
| Improvements | (5,446) | (1,169) | - | - | (6,615) |
| Software | (473,303) | (119,926) | - | - | (593,229) |
| Infrastructure | (15,273,637) | (2,754,251) | - | - | (18,027,888) |
| Equipment | (2,677,814) | (389,740) | - | - | (3,067,554) |
| Total | (18,485,971) | (3,275,226) | - | - | (21,761,197) |
| Net Depreciable Assets | 99,005,946 | (3,275,226) | - | - | 95,730,720 |
| Non-Depreciable | | | | | |
| Land | 154,268 | - | - | - | 154,268 |
| Construction in process (CIP) | 24,154,657 | 349,533 | - | - | 24,504,190 |
| Total Capital Assets, CIP and Land | \$ 123,314,871 | \$ (2,925,693) | \$ - | \$ - | \$ 120,389,178 |

Note 4 – Disaggregation of Receivable and Payable Balances

Receivables consisted of the following at September 30, 2021:

| | Total |
|-----------------------------------|---------------------|
| Vehicle registration fees | \$ 572,404 |
| Due from other agencies | 3,503,073 |
| Tolls accounts receivable, net | 1,894,018 |
| Total Net Receivable | <u>\$ 5,969,495</u> |

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Note 4 – Disaggregation of Receivable and Payable Balances – Continued

Payables consisted of the following at September 30, 2021:

| | <u>Total</u> |
|------------------------|----------------------------|
| Operation payables | \$ 204,571 |
| Project expenditures | <u>1,028,498</u> |
| Total Accounts Payable | <u><u>\$ 1,233,069</u></u> |

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 line of credit will mature on the third anniversary date and is Unsecured. Line of credit activity for the year ended September 30, 2021 was as follows:

| <u>October 1, 2020</u> | <u>Draws</u> | <u>Repayments</u> | <u>September 30, 2021</u> | <u>September 30, Line of Credit Limit</u> |
|----------------------------|--------------|-------------------|-------------------------------|---|
| \$ 462,643 | \$ - | \$ 462,643 | \$ - | \$ 2,000,000 |

Note 6 – Non-Current Liabilities

Unearned 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) amounts 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 2nd 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 2nd 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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Note 6 – Non-Current Liabilities – Continued

The following schedule summarizes the non-current liabilities of the RMA as of September 30, 2021:

| Unearned Revenue | October 1, 2020 | Additions | Reductions | September 30, 2021 | Credit Limit |
|---|----------------------|-------------------|---------------------|-----------------------|----------------------|
| Morrison Road | \$ 10,917 | \$ - | \$ - | \$ 10,917 | N/A |
| Indiana Road | 18,126 | - | - | 18,126 | N/A |
| Whipple Road | 15,342 | - | (8,994) | 6,348 | N/A |
| West Rail | - | 325,000 | (200,042) | 124,958 | N/A |
| Other | 3,511 | 2,482 | (3,511) | 2,482 | N/A |
| Total | \$ 47,896 | \$ 327,482 | \$ (212,547) | \$ 162,831 | \$ - |
| Due to Other Agencies | | | | | |
| 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 |
| Total | \$ 16,184,188 | \$ - | \$ - | \$ 16,184,188 | \$ 19,300,000 |

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 7 – Long-Term Bonds Payable

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 through February 2038. In December 2016 through an advance refunding, a total of \$14.3 million in bonds were refunded. In March 2020, \$25 million were advance refunded. As of September 30, 2021, \$665,000 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 through February 2034. In December 2016 through an advanced refunding, a total of \$695,000 in bonds were refunded. The amount that remains outstanding as of September 30, 2021 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 carry interest rates of 2.75% to 3.75%. In December 2016 through an advanced refunding, a total of \$245,000 in bonds were refunded. As of September 30, 2021, \$4.2 million remain outstanding.

On August 31, 2021, the RMA issued Vehicle Registration Revenue Bonds, Series 2021 in the amount of \$3.925 million. 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 2021 has maturities of February 2022 to 2041 and carry interest rates of 3% payable February 15 and August 15 of each year. Bond proceeds will be used for the purpose of paying project costs, funding the debt service and paying cost of issuance of the bonds. As of September 30, 2021, \$3.925 million remains 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.

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, 2021, \$960,000 remain outstanding.

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Notes to Financial Statements
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Note 7 – Long-Term Bonds Payable – Continued

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, 2021, \$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, 2021, \$4.4 million remain outstanding.

On 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, 2021, \$14.9 million remain outstanding.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Bonds Payable – Continued

On March 31, 2020, the RMA issued Revenue and Tax Refunding Bonds, Series 2020 (SH 550 Project) in the amount of \$26.9 million. The net proceeds of \$26.9 million (net of underwriters, financial advisor, and other cost of issuance) were used to advance refund \$25.5 million of Series 2012 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 2020 has maturities of February 2021 to 2038 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 of September 30, 2021, \$26.1 million remains outstanding.

See summary below for additional details of the refunding:

| Bond Refunding Series | Amount of Issuance | Cost of Issuance | Bond Premium | Net Proceeds | Average Coupon | Bonds Refunded Series | Principal Amount | Average Coupon of Refunded Bonds | Escrow Defeased |
|------------------------------|---------------------------|-------------------------|---------------------|----------------------|-----------------------|------------------------------|----------------------------------|---|------------------------|
| 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 |
| 2020 Series Refunding | 26,925,000 | \$ (346,214) | \$ - | 26,578,786 | 2.51% | 2012 | 25,005,000 | 4.99% | Yes |
| | <u>\$ 68,450,000</u> | <u>\$ (1,245,098)</u> | <u>\$ 2,239,640</u> | <u>\$ 69,444,542</u> | | | <u>\$ 66,520,000</u> | | |

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 7— Long-Term Bonds Payable – Continued

The following schedule summarizes the long-term bond payable of the RMA as of September 30, 2021:

| Vehicle Registration Fee Bonds | October 1, 2020 | Additions | Reductions | September 30, 2021 | Due within one year |
|---|----------------------------|---------------------|-----------------------|-------------------------------|--------------------------------|
| 2014 Refunding Revenue Bonds | \$ 1,900,000 | \$ - | \$ (940,000) | \$ 960,000 | \$ 960,000 |
| Plus: Premium | 19,581 | - | (19,581) | - | - |
| 2017 Refunding Revenue Bonds | 4,470,000 | - | - | 4,470,000 | - |
| Plus: Premium | 285,064 | - | (57,013) | 228,051 | - |
| 2019 Refunding Revenue Bonds | 14,925,000 | - | - | 14,925,000 | - |
| Plus: Premium | 1,364,354 | - | (90,957) | 1,273,397 | - |
| 2021 Revenue Bonds | - | 3,925,000 | - | 3,925,000 | - |
| Plus: Premium | - | 296,593 | - | 296,593 | - |
| Total Vehicle Registration Fee Bonds | 22,963,999 | 4,221,593 | (1,107,551) | 26,078,041 | 960,000 |
| Revenue & Tax Bonds (SH550) | | | | | |
| 2012 Revenue & Tax Bonds | 655,000 | - | - | 655,000 | 655,000 |
| Plus: Premium | 243,606 | - | (121,804) | 121,802 | - |
| 2014 Revenue & Tax Bonds | 4,305,000 | - | - | 4,305,000 | 265,000 |
| Plus: Premium | 84,621 | - | (6,044) | 78,577 | - |
| 2015 Revenue & Tax Bonds | 4,255,000 | - | - | 4,255,000 | 155,000 |
| Plus: Discount | (28,352) | - | 1,417 | (26,935) | - |
| 2016 Refunding Revenue & Tax | 15,805,000 | - | - | 15,805,000 | - |
| Plus: Premium | 84,614 | - | (3,853) | 80,761 | - |
| 2020 Refunding Revenue & Tax | 26,925,000 | - | (810,000) | 26,115,000 | - |
| Total Revenue & Tax Bonds (SH 550) | 52,329,489 | - | (940,284) | 51,389,205 | 1,075,000 |
| Total Long-Term Bonds Payable | \$ 75,293,488 | \$ 4,221,593 | \$ (2,047,835) | \$ 77,467,246 | \$ 2,035,000 |

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 7 – Long-Term Bonds Payable – Continued

The annual debt requirements to maturities for revenue bonds are as follows:

| 2014 Refunding Bonds Vehicle Registration Fee | | | | 2017 Refunding Bonds Vehicle Registration Fee | | | |
|---|-------------------|------------------|-------------------|---|-------------------|---------------------|--|
| | Principal | Interest | Total | Principal | Interest | Total | |
| 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 | - | - | - | 1,135,000 | 70,100 | 1,205,100 | |
| 2026 | - | - | - | 1,185,000 | 23,700 | 1,208,700 | |
| 2027-2031 | - | - | - | - | - | - | |
| 2032-2036 | - | - | - | - | - | - | |
| | <u>\$ 960,000</u> | <u>\$ 10,800</u> | <u>\$ 970,800</u> | <u>\$ 4,470,000</u> | <u>\$ 545,000</u> | <u>\$ 5,015,000</u> | |

| 2019 Refunding Bonds Vehicle Registration Fee | | | | 2021 Revenue Bonds Vehicle Registration Fee | | | |
|---|----------------------|---------------------|----------------------|---|---------------------|---------------------|--|
| | Principal | Interest | Total | Principal | Interest | Total | |
| 2022 | \$ - | \$ 649,200 | \$ 649,200 | \$ - | \$ 106,878 | \$ 106,878 | |
| 2023 | - | 649,200 | 649,200 | - | 111,525 | 111,525 | |
| 2024 | - | 649,200 | 649,200 | - | 111,525 | 111,525 | |
| 2025 | - | 649,200 | 649,200 | - | 111,525 | 111,525 | |
| 2026 | - | 649,200 | 649,200 | - | 111,525 | 111,525 | |
| 2027-2031 | 6,685,000 | 2,449,450 | 9,134,450 | - | 557,625 | 557,625 | |
| 2032-2036 | 8,240,000 | 849,800 | 9,089,800 | - | 557,625 | 557,625 | |
| 2037-2041 | - | - | - | 3,925,000 | 273,263 | 4,198,263 | |
| | <u>\$ 14,925,000</u> | <u>\$ 6,545,250</u> | <u>\$ 21,470,250</u> | <u>\$ 3,925,000</u> | <u>\$ 1,941,491</u> | <u>\$ 5,866,491</u> | |

| 2012 Revenue & Tax Bonds (SH550) | | | | 2014 Revenue & Tax Bonds (SH550) | | | |
|----------------------------------|-------------------|------------------|-------------------|----------------------------------|---------------------|---------------------|--|
| | Principal | Interest | Total | Principal | Interest | Total | |
| 2022 | \$ 655,000 | \$ 16,375 | \$ 671,375 | \$ 265,000 | \$ 165,244 | \$ 430,244 | |
| 2023 | - | - | - | 270,000 | 156,212 | 426,212 | |
| 2024 | - | - | - | 280,000 | 147,288 | 427,288 | |
| 2025 | - | - | - | 290,000 | 138,556 | 428,556 | |
| 2026 | - | - | - | 300,000 | 128,025 | 428,025 | |
| 2027-2031 | - | - | - | 1,695,000 | 445,625 | 2,140,625 | |
| 2032-2036 | - | - | - | 1,205,000 | 82,913 | 1,287,913 | |
| 2037-2041 | - | - | - | - | - | - | |
| | <u>\$ 655,000</u> | <u>\$ 16,375</u> | <u>\$ 671,375</u> | <u>\$ 4,305,000</u> | <u>\$ 1,263,863</u> | <u>\$ 5,568,863</u> | |

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Note 7 – Long-Term Bonds Payable – Continued

| | 2015 Revenue & Tax Bonds (SH550) | | | 2016 Refunding Revenue & Tax Bonds (SH550) | | |
|-----------|---|---------------------|---------------------|---|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 155,000 | \$ 144,556 | \$ 299,556 | \$ - | \$ 649,700 | \$ 649,700 |
| 2023 | 170,000 | 139,981 | 309,981 | - | 649,700 | 649,700 |
| 2024 | 175,000 | 134,913 | 309,913 | - | 649,700 | 649,700 |
| 2025 | 180,000 | 129,588 | 309,588 | - | 649,700 | 649,700 |
| 2026 | 185,000 | 124,113 | 309,113 | - | 649,700 | 649,700 |
| 2027-2031 | 1,025,000 | 525,241 | 1,550,241 | - | 3,248,500 | 3,248,500 |
| 2032-2036 | 1,215,000 | 329,697 | 1,544,697 | 1,185,000 | 3,189,875 | 4,374,875 |
| 2037-2041 | 1,150,000 | 88,500 | 1,238,500 | 10,935,000 | 2,154,725 | 13,089,725 |
| 2042-2046 | - | - | - | 3,685,000 | 73,700 | 3,758,700 |
| | <u>\$ 4,255,000</u> | <u>\$ 1,616,589</u> | <u>\$ 5,871,589</u> | <u>\$ 15,805,000</u> | <u>\$ 11,915,300</u> | <u>\$ 27,720,300</u> |

| | 2020 Refunding Revenue & Tax Bonds (SH550) | | | Total Bonds Payable | | |
|-----------|---|---------------------|----------------------|----------------------------|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ - | \$ 611,891 | \$ 611,891 | \$ 2,035,000 | \$ 2,533,444 | \$ 4,568,444 |
| 2023 | 810,000 | 605,929 | 1,415,929 | 2,305,000 | 2,470,247 | 4,775,247 |
| 2024 | 1,000,000 | 592,298 | 1,592,298 | 2,550,000 | 2,399,624 | 4,949,624 |
| 2025 | 1,150,000 | 575,462 | 1,725,462 | 2,755,000 | 2,324,131 | 5,079,131 |
| 2026 | 1,300,000 | 554,402 | 1,854,402 | 2,970,000 | 2,240,665 | 5,210,665 |
| 2027-2031 | 8,015,000 | 2,323,612 | 10,338,612 | 17,420,000 | 9,550,053 | 26,970,053 |
| 2032-2036 | 9,610,000 | 1,216,101 | 10,826,101 | 21,455,000 | 6,226,011 | 27,681,011 |
| 2037-2041 | 4,230,000 | 183,090 | 4,413,090 | 20,240,000 | 2,699,578 | 22,939,578 |
| 2042-2046 | - | - | - | 3,685,000 | 73,700 | 3,758,700 |
| | <u>\$ 26,115,000</u> | <u>\$ 6,662,785</u> | <u>\$ 32,777,785</u> | <u>\$ 75,415,000</u> | <u>\$ 30,517,453</u> | <u>\$ 105,932,453</u> |

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
September 30, 2021

Note 8 – 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, 2021, there was an outstanding balance of \$167,500. There were no payments made during fiscal year 2021.

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, 2021 is \$22,160,000.

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 80th 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, 2021 is \$5,006,759.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
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Note 8 – 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 provided 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, 2021

Note 8 – Interlocal and Grant Agreements - Continued

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.

Cameron County to utilize the CCRMA's consultant during the 86th Legislative Session

On December 18, 2018, the RMA and the Cameron County entered into an agreement to utilize the RMA's consultant during the 86th 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. On February 18, 2020, the agreement was extended to September 30, 2021 for an additional \$54,000.

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. The agreement was amended on October 29, 2019 for an additional \$12,240. The RMA began the project in fiscal year 2019 and completed in fiscal year 2021.

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. As of September 30, 2021, the project is ongoing.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 8 – Interlocal and Grant Agreements - Continued

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.

CCRMA Advanced Funding Agreements with Texas Department of Transportation

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 \$17,500,000.

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, State and Local 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 Local funds in the amount of \$1,000,000.

CCRMA to Develop Preliminary Engineering and Environmental Document for the City of Brownsville, Texas

On December 3, 2019, the RMA and the City of Brownsville entered in an agreement for the RMA to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the West Rail Corridor Project to a Ready-to-Let Status for construction. This project is fully funded with local funds for Preliminary Engineering and fully funded for construction engineering with Category 7 funds at the Metropolitan Planning Organization based on current estimates. In addition to serving as Project Manager, the RMA will be responsible for the preparation of the Environmental document, Traffic studies and Cultural Resource studies totaling approximately \$250,000.

CCRMA to Acquire Right of Way Needed for East Loop Project

On December 10, 2019, the RMA and Cameron County entered in an agreement for the RMA to begin acquiring right of way needed for the East Loop Project including but not limited to a land swap with U.S. Fish and Wildlife Service, conduct aerial photography, prepare right of way mapping, and conduct subsurface utility engineering. Cameron County will provide funding in the amount of \$1.2 million. On February 23, 2021, agreement was amended to increase the original amount by \$316,921.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 8 – Interlocal and Grant Agreements - Continued

CCRMA to Develop Preliminary Engineering and Environmental Document in Cameron County, Texas

On December 10, 2019, the RMA and Cameron County entered in an agreement for the RMA to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the West Rail Corridor Project to a Ready-to-Let Status for construction. This project is fully funded with local funds for Preliminary Engineering and fully funded for construction engineering with Category 7 funds at the Metropolitan Planning Organization based on current estimates. In addition to serving as Project Manager, the RMA will be responsible for the preparation of the environmental document, traffic studies and cultural resource studies totaling approximately \$150,000.

CCRMA to Provide Design, Engineering, Architectural and Construction Management in Cameron County, Texas

On January 7, 2020, the RMA and the Cameron County entered into an agreement to provide the Parks System design, engineering, architectural and construction management services for the Mountain Bike Trail at the Pedro “Pete” Benavides County Park in Cameron County, Texas. On May 25, 2021, Cameron County approved an amendment with the RMA to expand their scope of services to include and design, engineering, architectural and construction management services for a covered basketball court at Pedro “Pete” Benavides Recreational Park.

CCRMA to Provide Cameron County Park Systems Design, Engineering, Architectural and Construction Management Services for Various Projects.

On January 7, 2020, the RMA and the Cameron County entered into an agreement to provide the Parks System design, engineering, architectural and construction management services for the following projects at Isla Blanca Park:

- Administration Building
- Maintenance Warehouse
- Registration Office
- Toll Gantry/Toll Booth

CCRMA to Prepare an Environmental Document in Cameron County, Texas

On March 3, 2020, the RMA and Cameron County entered in an agreement for the RMA to prepare an Environmental Document for a project at the Cameron County Airport. 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 March 3, 2020 and terminate on March 2, 2021.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
September 30, 2021

Note 8 – Interlocal and Grant Agreements - Continued

CCRMA to Develop Preliminary Engineering and Environmental Documents in Cameron County, Texas (Old Alice Road)

On March 17, 2020, the RMA and Cameron County entered in an agreement for the RMA to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the project to a Ready-to-Let Status for construction. This project is fully funded with local funds for Preliminary Engineering and fully funded for construction engineering with Category 7 funds at the Metropolitan Planning Organization based on current estimates. In addition to serving as Project Manager, the RMA will be responsible for the preparation of the Environmental document, Traffic studies and Cultural Resource studies totaling approximately \$229,000,

CTRMA to provide tag transaction processing services to RMA

On August 20, 2020, the RMA negotiated a new interlocal agreement with Central Texas Regional Mobility Authority (CTRMA), that would continue providing transponder processing services to related to SH 550 Toll Project and other future transportation projects that may need transponder-based toll transaction processing services.

CCRMA to Develop Preliminary Engineering and Environmental Document in Cameron County, Texas (Dana Road Project)

On March 3, 2020, the RMA and the Cameron County entered in an agreement to allow the RMA, as Project Sponsor to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the project to a Ready-to-Let Status for construction. This project has Category 7 funds for Construction at the Rio Grande Valley Metropolitan Planning in addition to local funds listed in this agreement being used to expedite project development. In addition to serving as Project Sponsor, the RMA will be responsible for the preparation of the Environmental document, Traffic studies and Cultural Resource studies totaling approximately \$250,000.

CCRMA to Develop Preliminary Engineering and Environmental Document in City of Brownsville, Texas (Dana Road Project)

On July 7, 2020, the RMA and the City of Brownsville entered in an agreement to allow the RMA, as Project Sponsor to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the project to a Ready-to-Let Status for construction. This project has Category 7 funds for Construction at the Rio Grande Valley Metropolitan Planning in addition to local funds listed in this agreement being used to expedite project development. In addition to serving as Project Sponsor, the RMA will be responsible for the preparation of the Environmental document, Traffic studies and Cultural Resource studies totaling approximately \$300,000.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
September 30, 2021

Note 8 – Interlocal and Grant Agreements – Continued

Transportation Reinvestment Zone No.6

On October 27, 2020, the RMA and Cameron County entered into an agreement to amend the Transportation Reinvestment Zone (TRZ) No.6 in the County of Cameron.

Cameron County to utilize the CCRMA's consultant during the 86th and 87th Legislative Session

On December 19, 2020, the RMA and Cameron County entered into an agreement to allow the CCRMA's Consultant, Pathfinder Public Affairs, to assist with legislation and other issues associated with the 86th and 87th legislature. The cost of the services and the amount of this agreement is \$32,000, which will be paid by the County. The agreement will terminate December 31, 2020, unless extended by action of both RMA and Cameron County.

On February 23, 2021, the RMA and Cameron County entered into an agreement to allow the CCRMA's Consultant, Pathfinder Public Affairs, to assist with legislation and other issues associated with the 87th legislature. The cost of the services and the amount of this agreement is \$96,000, which will be paid by the County. The agreement will cover period from January 1, 2021, and will terminate December 31, 2021, unless extended by action of both RMA and Cameron County.

CCRMA to Develop Preliminary Engineering and Environmental Documents in Cameron County, Texas (Old Alice Road)

On March 30, 2021, the RMA and Cameron County entered in an agreement for the RMA to develop Preliminary Engineering and Environmental documents as well as Plans, Specifications and Estimates, and complete any project development activities to develop the project to a Ready-to-Let Status for construction. This project is fully funded with local funds for Preliminary Engineering and fully funded for construction engineering with Category 7 funds at the Metropolitan Planning Organization based on current estimates. County will provide funding in the amount of \$350,000 for completing work described above.

CCRMA to collaborate with Cameron County for Marketing Services

On April 13, 2021, the RMA and the Cameron County entered in an agreement to allow the RMA to collaborate with Cameron County International Bridge System and the Cameron County Parks System on marketing efforts with a goal of increasing traffic for both County and CCRMA.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Note 8 – Interlocal and Grant Agreements - Continued

CCRMA to collaborate with Cameron County on Project Development for Road projects and Construction Management efforts on Park projects.

On June 24, 2021, the RMA and the Cameron County entered in an agreement to allow the RMA to collaborate with Cameron County on Project Development for Road projects and Construction Management efforts on Park projects. This agreement shall be for three years, beginning July 1, 2021 and ending June 30, 2024.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 9 – Advertising

The RMA incurs advertising expenses 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 expenses are expensed in the year occurred. For the year ended September 30, 2021, the RMA expended \$35,117 in advertising.

Note 10 – 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 2021.

Note 11 – Subsequent Events

CCRMA Executive Director to Perform as Interim County Administrator

On October 26, 2021, the agreement was extended for thirty-six (36) months.

CCRMA to Continue With the East Loop Preliminary Engineering in Cameron County, Texas

On November 9, 2021, the RMA and Cameron County entered in an agreement for the RMA to continue with the East Loop final Preliminary Engineering and negotiations with IBWC and USFWS as well as other coordination with TxDot as well as surveying, mapping and other coordination required by TxDot. The County will provide funding in the amount of \$3,000,000.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 11 – Subsequent Events- Continued

CCRMA to Continue With SPI 2nd Causeway Preliminary Engineering in Cameron County, Texas

On November 9, 2021, the RMA and Cameron County entered in an agreement for the RMA to complete the final environment document (EIS) and schematics for the SPI 2nd Access as well as negotiations with U.S. Army Corps of Engineers, Coast Guard, USFWS, TPWD and other state and federal agencies including coordination with TX Dot. The County will provide funding in the amount of \$1,500,000.

CCRMA to Contract with a Contractor to Construct Toll Booths at Isla Blanca Park

On November 9, 2021, the RMA and Cameron County entered in an agreement for the RMA to contract with a contractor to construct the toll booths at Isla Blanca Park.

CCRMA to Continue With the Old Alice Preliminary Engineering in Cameron County, Texas

On December 7, 2021, the RMA and Cameron County entered in an agreement for the RMA to complete coordinate with Texas Department of Transportation (TX Dot) the necessary approvals for design and engineering and coordinate with nay state and federal agencies, including Olmito Water Supply Corporation regarding issues arising during the design, and engineering phase. The County will provide \$1,500,000.

CCRMA to Continue With the Old Alice Preliminary Engineering in Cameron County, Texas

On December 7, 2021, the RMA and City of Brownsville entered in an agreement for the RMA to continue with the East Loop final Preliminary Engineering and negotiations with IBWC and USFWS as well as other coordination with TxDot as well as surveying, mapping and other coordination required by TxDot. The City will provide funding in the amount of \$3,000,000.

Cameron County to utilize the CCRMA's consultant during the 87th Legislative Session

On December 16, 2021, the agreement was extended from January 1, 2022, through December 31, 2022. The cost of the service is \$96,000 paid by the County.

In December 2021, the RMA settled a litigation suit and agreed to a motion to dismiss the lawsuit in its entirety with prejudice.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 12 – 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.

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.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
September 30, 2021

Note 12 – Employee Retirement System – Continued

B. Benefits Provided - Continued

Employees Covered by Benefit Terms

At December 31, 2020 valuation and measurement date, the following amount of employees were covered by the benefit terms:

| | <u>2020</u> |
|---|-------------|
| Number of inactive employees entitled to but no yet receiving be: | 12 |
| Number of active employees: | 19 |
| Average monthly salary*: | \$4,701 |
| Average age*: | 36.53 |
| Average length of service in years*: | 7.92 |

** Averages reported for active employees*

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 9.40%, 9.70% and 9.72% in calendar years 2019, 2020, and 2021 respectively. The Authority's contributions for the year ended September 30, 2021 was \$102,257

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 12 – Employee Retirement System – Continued

D. Net Pension Asset

The Authority's net pension asset (NPA) was measured as of December 31, 2020, 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/asset in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | <u>2020</u> |
|--|--------------------|
| Inflation | 2.50% |
| Salary increases (including inflation and average) | 4.6% |
| Investment rate of return | 7.6% |

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, 2020 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.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
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Note 12 – Employee Retirement System - Continued

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is 7.60%. 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 2021 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2021. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

The numbers shown below are based on January 2021 information for a 10-year time horizon.

| Asset Class | Benchmark | Target Allocation ⁽¹⁾ | Geometric Real Rate of Return |
|------------------------------------|---|----------------------------------|---|
| | | | (Expected minus Inflation) ⁽²⁾ |
| US Equities | Dow Jones U.S. Total Stock Market Index | 11.50% | 4.25% |
| Global Equities | MSCI World (net) Index | 2.50% | 4.55% |
| Int'l Equities - Developed Markets | MSCI World Ex USA (net) Index | 5.00% | 4.25% |
| Int'l Equities - Emerging Markets | MSCI Emerging Markets (net) Index | 6.00% | 4.75% |
| Investment-Grade Bonds | Bloomberg Barclays U.S. Aggregate Bond Index | 3.00% | -0.85% |
| Strategic Credit | FTSE High Yield Cash-Pay Capped Index | 9.00% | 2.11% |
| Direct Lending | S&P/LSTA Leveraged Loan Index | 16.00% | 6.70% |
| Distressed Debt | Cambridge Associates Distressed Securities Index ⁽³⁾ | 4.00% | 5.70% |
| REIT Equities | 67% FTSE NAREIT All Equity REITs Index + 33% | 2.00% | 3.45% |
| Master Limited Partnerships | Alerian MLP Index | 2.00% | 5.10% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁵⁾ | 6.00% | 4.90% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾ | 25.00% | 7.25% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds | 6.00% | 1.85% |
| Cash Equivalents | 90-Day U.S. Treasury | 2.00% | -0.70% |

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
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Notes to Financial Statements
September 30, 2021

Note 12 – Employee Retirement System - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The rate reflects the long-term rate of return funding valuation assumption of 7.50%, 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, 2021

Note 12– Employee Retirement System - Continued

Changes in the Net Pension Liability/(Asset)

The Authority's changes in net pension liability/(asset) as of December 31, 2019 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, 2019 | \$ 776,962 | \$ 835,952 | \$ (58,990) |
| Changes for the year: | | | |
| Service Cost | 206,038 | - | 206,038 |
| Interest on total pension liability ⁽¹⁾ | 79,557 | - | 79,557 |
| Effect of plan changes ⁽²⁾ | - | - | - |
| Effect of economic/demographic gains or losses | (140,071) | - | (140,071) |
| Effect of assumptions changes or inputs | 66,872 | - | 66,872 |
| Refund of contributions | (1,672) | (1,672) | - |
| Benefit payments | - | (812) | 812 |
| Administrative expenses | - | 77,959 | (77,959) |
| Member contributions | - | 86,733 | (86,733) |
| Net investment income | - | 106,691 | (106,691) |
| Employer contributions | - | - | - |
| Other ⁽³⁾ | - | 5,498 | (5,498) |
| Balances as of December 31, 2020 | \$ 987,686 | \$ 1,110,349 | \$ (122,663) |

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

⁽²⁾ No plan changes valued.

⁽³⁾ 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, 2021

Note 12 – Employee Retirement System - Continued

Sensitivity Analysis

The following presents the net pension liability/(asset) of the Authority, calculated using the discount rate of 7.60%, 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 (6.60%) or 1 percentage point higher (8.60%) than the current rate:

| | As of December 31, 2020 | | |
|-------------------------------|-------------------------|----------------------|----------------------|
| | 1% Decrease | Current | 1% Increase |
| | 6.60% | 7.60% | 8.60% |
| Total pension liability | \$ 1,150,662 | \$ 987,686 | \$ 855,440 |
| Fiduciary net position | 1,110,348 | 1,110,349 | 1,110,348 |
| Net pension liability/(asset) | <u>\$ 40,314</u> | <u>\$ (122,663)</u> | <u>\$ (254,908)</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

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Notes to Financial Statements
September 30, 2021

Note 12– Employee Retirement System – Continued

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

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

| Pension Expense/(Income) | January 1, 2020 to December 31, 2020 |
|---|---|
| Service cost | \$ 206,038 |
| Interest on total pension liability ⁽¹⁾ | 79,557 |
| Effect of plan changes | - |
| Administrative expenses | 812 |
| Member contributions | (77,959) |
| Expected investment return net of investment expenses | (75,164) |
| Recognition of deferred inflows/outflows of resources | - |
| Recognition of economic/demographic gains or losses | (9,187) |
| Recognition of assumption changes or inputs | 5,185 |
| Recognition of investment gains or losses | (2,498) |
| Other ⁽²⁾ | (5,498) |
| Pension expense/(income) | <u>\$ 121,286</u> |

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

⁽²⁾ 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, 2021

Note 12 – Employee Retirement System – Continued

At September 30, 2021, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

| | 2021 | |
|--|----------------------------------|-----------------------------------|
| | Deferred Inflows of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ 151,135 | \$ 50,358 |
| Changes of assumptions | 184 | 62,607 |
| Net difference between projected and actual earnings | 16,708 | - |
| Contributions made subsequent to measurement date ⁽¹⁾ | - | 79,355 |
| Total deferred outflow/inflow of resources related to pension | <u>\$ 168,027</u> | <u>\$ 192,320</u> |

⁽¹⁾ 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 \$79,335 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, 2021. 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, | |
| 2021 | (7,408) |
| 2022 | (5,255) |
| 2023 | (13,738) |
| 2024 | (6,315) |
| 2025 | (4,002) |
| Thereafter ⁽²⁾ | (18,344) |

⁽²⁾ 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, 2021

Note 12 – Employee Retirement System – Continued

Schedule of Changes in Net Pension Liability and Related Ratios

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|-------------|------------|------------|------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 206,038 | \$ 193,459 | \$ 147,778 | \$ 110,207 | \$ 97,136 | \$ 29,965 | \$ 26,781 |
| Interest on total pension liability | 79,557 | 59,273 | 39,371 | 26,057 | 12,438 | 3,177 | 1,063 |
| Effect of plan changes | - | - | - | - | - | (7,993) | - |
| Effect of assumption changes or inputs | 66,872 | - | - | (228) | - | 1,190 | - |
| Effect of economic/demographic (gains) or losses | (140,071) | (12,772) | 14,126 | (9,238) | (4,027) | 51,726 | 26 |
| Benefit payments/refunds of contributions | (1,672) | (2,554) | - | - | - | - | - |
| Net change in total pension liability | 210,724 | 237,406 | 201,275 | 126,798 | 105,547 | 78,066 | 27,870 |
| Total pension liability, beginning | 776,961 | 539,556 | 338,281 | 211,483 | 105,936 | 27,870 | - |
| Total pension liability, ending (a) | \$ 987,685 | \$ 776,961 | \$ 539,556 | \$ 338,281 | \$ 211,483 | \$ 105,936 | \$ 27,870 |
| Fiduciary Net Position | | | | | | | |
| Employer contributions | \$ 106,691 | \$ 113,914 | \$ 98,760 | \$ 74,062 | \$ 56,885 | \$ 48,069 | \$ 13,390 |
| Member contributions | 77,958 | 84,450 | 71,197 | 53,613 | 40,674 | 33,217 | 9,253 |
| Investment income net of investment expenses | 86,733 | 89,253 | (5,091) | 33,131 | 7,855 | (1,137) | 89 |
| Benefit payments/refunds of contributions | (1,672) | (2,554) | - | - | - | - | - |
| Administrative expenses | (812) | (637) | (438) | (250) | (85) | (47) | (9) |
| Other | 5,497 | 6,820 | 5,101 | 1,709 | 4,764 | (6) | (1) |
| Net change in fiduciary net position | \$ 274,396 | \$ 291,246 | \$ 169,529 | \$ 162,266 | \$ 110,092 | \$ 80,096 | \$ 22,723 |
| Fiduciary net position, beginning | 835,952 | 544,706 | 375,176 | 212,911 | 102,819 | 22,723 | - |
| Fiduciary net position, ending (b) | \$ 1,110,348 | \$ 835,952 | \$ 544,706 | \$ 375,176 | \$ 212,911 | \$ 102,819 | \$ 22,723 |
| Net pension liability/(asset), ending = (a) - (b) | \$ (122,663) | \$ (58,991) | \$ (5,150) | \$ (36,895) | \$ (1,428) | \$ 3,116 | \$ 5,147 |
| Fiduciary net position as a % of total pension liability | 112.42% | 107.59% | 100.95% | 110.91% | 100.68% | 97.06% | 81.53% |
| Pensionable covered payroll | \$ 1,113,692 | \$ 1,206,422 | \$ 1,017,093 | \$ 765,897 | \$ 581,050 | \$ 474,522 | \$ 198,278 |
| Net pension liability as a % of covered payroll | -11.01% | -4.89% | -0.51% | -4.82% | -0.25% | 0.66% | 2.60% |

Note: Schedule shows seven years for which the new GASB 68 has been implemented.

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, 2021

Note 12 – Employee Retirement System – Continued

| Schedule of Employer Contributions | | | | | | |
|---|---|---------------------------------|--|---------------------------------------|--|--|
| Year Ending September 30, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll (1) | Actual Contribution as a % of Covered Payroll | |
| 2015 | \$ 33,376 | \$ 33,376 | \$ - | \$ 333,027 | 10.0% | |
| 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% | |
| 2020 | 117,081 | 117,081 | - | 1,382,308 | 8.5% | |
| 2021 | 102,257 | 102,257 | - | 1,453,723 | 7.0% | |

(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. If additional assistance is needed, please contact TCDRS.

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

Note: Schedule shows seven years for which the new GASB 68 has been implemented.

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CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Required Supplementary Information – Pension Plan
September 30, 2021

Note 12 – Employee Retirement System – Continued

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.

| | |
|---|--|
| Valuation Timing | Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of fiscal year in which contributions are reported. |
| Actuarial Cost Method | 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. |
| Amortization Method 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 |
| Asset Valuation Method Smoothing Period Recognition Method Corridor | 5 Years Non-asymptotic None |
| Economic Assumptions Inflation Salary Increases Investment Rate of Return Cost-of-Living Adjustments | 2.50% 3.00% (made up of 2.50% 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 for merit salary increases.) 7.60% (Gross of administrative expenses) COLAs for 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. |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 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. |

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County, Texas)
Required Supplementary Information – Pension Plan
September 30, 2021

Note 12 – Employee Retirement System – Continued

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 3.00% 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 8.15% total annual increase in his salary. The 8.15% is a combination of the 5.00% merit increase and the 3.00% 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, 2021

Note 12 – Employee Retirement System – Continued

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, 2021

Note 12 – Employee Retirement System – Continued

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.

| Probability of Withdrawal | | | |
|----------------------------------|--------------------|-------------------------|--------------------|
| Years of Service | Probability | Years of Service | Probability |
| 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, 2021

Note 12 – Employee Retirement System – Continued

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, 2021, 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 March 14, 2022.

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
March 14, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Cameron County Regional Mobility Authority

Report on Compliance for Each Major Federal Program

We have audited the Cameron County Regional Mobility Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cameron County Regional Mobility Authority's major federal programs for the year ended September 30, 2021. Cameron County Regional Mobility Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Cameron County Regional Mobility Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cameron County Regional Mobility Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Cameron County Regional Mobility Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burton, McCumber & Longoria LLP

Brownsville, Texas
March 14, 2022

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County)
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

| Federal and State Grantor/Pass Through Grant/Program Title | Federal CFDA Number | Grant Number | Federal Expenditures |
|--|---------------------------|-----------------|-------------------------|
| U.S. Department of Transportation Highway Planning and Construction | | | |
| <i>Pass Through the Texas Department of Transportation:</i> | | | |
| Highway Planning and Construction (SH 550 Gap II Project) | 20.205 | CSJ 0684-01-068 | \$ 279,626 |
| Highway Planning and Construction (Whipple Road from FM 1575 to FM 1847) | 20.205 | CSJ 0921-06-292 | 171,628 |
| Highway Planning and Construction (West Blvd On West Blvd) | 20.205 | CSJ 0921-06-293 | 588,353 |
| Total U.S. Department of Transportation Highway Planning and Construction | | | 1,039,607 |
| Total Federal Awards | | | \$ 1,039,607 |

During the year ended September 30, 2021, Cameron County Regional Mobility Authority had no subrecipients.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County)
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal expenditures of programs of the Cameron County Regional Mobility Authority (the RMA). The RMA reporting entity is defined in Note 1 to the RMA's basic financial statements.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures as reported in the accompanying schedule of expenditures of federal awards are reflected in the RMA's financial statements as expenses or capital asset additions.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of the effect of capitalization of assets and accruals made.

NOTE 5- SUBRECIPIENTS

During the year ended September 30, 2021, Cameron County Regional Mobility Authority had no subrecipients.

**NOTE 6 – NON-CASH ASSISTANCE, FEDERAL LOANS AND GUARANTEES, and
FEDERALY FUNDED INSURANCE**

During the year ended September 30, 2021, Cameron County Regional Mobility Authority did not receive any Non-cash Assistance, Federal Loans and Loan Guarantees, and Federally Funded Insurance.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County)
Schedule of Findings and Questioned Costs – Federal Awards
For Year Ended September 30, 2021

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- | | | |
|--|-----------|-------------------|
| • Material weakness(es) identified? | _____ Yes | _____ <u>X</u> No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes | _____ <u>X</u> No |
| • Noncompliance material to financial statements? | _____ Yes | _____ <u>X</u> No |

Federal Awards/State Awards

Internal control over major programs:

- | | | |
|---|-----------|-------------------|
| • Material weakness identified? | _____ Yes | _____ <u>X</u> No |
| • Significant deficiencies identified that are not considered to material weaknesses? | _____ Yes | _____ <u>X</u> No |

Type of auditors' report issued on compliance for the major program: Unmodified

| | | |
|--|-----------|-------------------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of Uniform Guidance? | _____ Yes | _____ <u>X</u> No |
|--|-----------|-------------------|

Identification of Major Program:

CFDA Number

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Federal dollar threshold used to determine between type A and type B federal programs

\$750,000

Auditee qualified as low-risk auditee:
Uniform Guidance

No.

CAMERON COUNTY REGIONAL MOBILITY AUTHORITY
(A Component Unit of Cameron County)
Schedule of Findings and Questioned Costs – Federal Awards
For Year Ended September 30, 2021

II. Financial Statement Findings

None.

III. Federal Award Findings

None.