

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**ANNUAL FINANCIAL AND COMPLIANCE REPORTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED AUGUST 31, 2015 AND 2014**

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Camino Real Regional Mobility Authority

### Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Camino Real Regional Mobility Authority (CRRMA), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic 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.

### Auditor's 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the CRRMA, as of August 31, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements of CRRMA as of August 31, 2014, were audited by other auditors whose report dated February 27, 2015, expressed an unmodified opinion on those statements.

## **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 5 through 13 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 an opinion on the financial statements that collectively comprise the CRRMA's basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Uniform Grant Management Standards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal and state awards is 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 April 6, 2016, on our consideration of the CRRMA'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 result 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 the CRRMA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following Management's Discussion and Analysis (MD&A) provides an overview of Camino Real Regional Mobility Authority's (CRRMA) financial performance for the fiscal year ended August 31, 2015. As you read the MD&A, "2015" refers to the fiscal year ended August 31, 2015 and "2014" refers to the fiscal year ended August 31, 2014. This narrative is intended to supplement the Authority's audited financial statements, which are comprised of the basic financial statements and the notes to the financial statements.

**Financial Highlights**

- Net position increased by \$1,368,127 as compared to a decrease of \$3,964,030 in 2014.
- As of August 31, 2015, assets exceeded liabilities by \$4,802,601.

**Overview of CRRMA**

The City of El Paso (City) created the CRRMA by Resolution dated March 13, 2007. The first meeting of CRRMA was held on June 22, 2007. As the sponsoring entity for CRRMA and pursuant to a Management Agreement between the City and CRRMA, the City provides various administrative and in-kind services to CRRMA, including those of fiscal agent. The fiscal year for CRRMA begins September 1. CRRMA is accounted for as a proprietary-type enterprise fund using the accrual basis of accounting, similar to a private business entity.

**Overview of the Financial Statements**

The financial statements included in this report are the statements of net position; statements of revenues, expenses and changes in net position; and statements of cash flows. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The statements of net position depict CRRMA's financial position as of a point in time and include all assets and liabilities of CRRMA. The net position represents the residual interest in CRRMA's assets after liabilities are deducted, and are displayed in two categories; net investment in capital assets and unrestricted net position.

The statements of revenues, expenses and changes in net position report the revenues and expenses of CRRMA, are used to measure the success of CRRMA's operations for a given period of time, and can be used to determine how CRRMA has funded its costs.

The statements of cash flows reconcile the changes in cash and cash equivalents with the activities of CRRMA for the periods presented. The activities are classified as operating, noncapital financing and investing.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18 to 34 of this report.



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**Financial Analysis**

**Financial Position.** Table 1 is a summarized version of the statement of net position as of August 31, 2015, 2014 and 2013. The table reflects CRRMA's overall change in financial resources and claims on those resources. The majority of CRRMA's assets consist of cash equivalents, intangible assets and intergovernmental receivables. Most liabilities represent accounts payable, accrued liabilities, and bonds and notes payable.

**Table 1  
Assets, Liabilities and Net Position**

As of August 31,	2015	2014	% Change	2013 As Restated	% Change
<b>ASSETS</b>					
Current Assets	\$ 649,472,477	\$ 639,472,691	2%	\$ 61,735,826	936%
Noncurrent Assets	137,483,484	168,783,484	-15%	200,083,484	-16%
Capital Assets, net	5,454,063	-	100%	-	0%
Total Assets	<u>\$ 792,410,024</u>	<u>\$ 808,256,175</u>	-2%	<u>\$ 261,819,310</u>	209%
<b>LIABILITIES AND NET POSITION</b>					
Current Liabilities	\$ 543,408,366	\$ 533,576,608	2%	\$ 30,352,736	1658%
Non-Current Liabilities:					
Long-Term Bonds and Notes Payables	244,199,057	268,508,839	-9%	221,331,816	21%
Total Liabilities	<u>\$ 787,607,423</u>	<u>\$ 802,085,447</u>	-2%	<u>\$ 251,684,552</u>	219%
Net Position:					
Net Investment in capital assets	5,454,063	-	100%	-	0%
Unrestricted	(651,462)	6,170,728	-22%	10,134,758	-39%
Total Net Position	4,802,601	6,170,728	-22%	10,134,758	-39%

**Current Assets.** Current assets increased by \$9.9 million or 2% as compared to 2014. The increase in 2015 occurred because CRRMA received the full amount of a grant for the Streetcar Project of \$97 million in 2015.

Current assets increased by \$577 million or 936% as compared to 2013. The increase in 2014 occurred because CRRMA issued new debt during the year and received an advance payment for the Loop 375 extension project.

**Capital Assets.** Capital assets increased to \$5.4 million compared to \$0 in 2014. The increase is a result of additions to the toll equipment for the Cesar Chavez toll road, the equipment for the bike share program and the construction in progress for the Streetcar project.

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**Current Liabilities.** Current liabilities increased by \$9.8 million or 2% in 2015 as compared to 2014. The majority of the increase is related to the timing of payables in relation to the Border West Expressway Project.

Current liabilities increased by \$503 million or 1,658% in 2014 as compared to 2013. The majority of the increase is due to an advance payment for the Loop 375 extension project recorded as unearned revenue in the amount of \$500 million. The remainder of the increase is related to the timing of the payables.

**Noncurrent Liabilities.** Noncurrent liabilities decreased by \$24 million or 9% in 2015 as compared to 2014. The change is attributed primarily to repayment of bonds and notes payable. Details of bonds payable are included in Note 8 to the financial statements.

Noncurrent liabilities increased by \$47 million or 21% in 2014 as compared to 2013. The change is attributed primarily to issuance of new bonds. Details of bonds payable are included in Note 8 to the financial statements.

As of August 31, 2015 and 2014, CRRMA had total bonded debt outstanding of \$211.3 million and \$234.3 million, respectively, including bond premiums. The debt is comprised of revenue bonds. The revenue bonds are backed by pass-through toll revenues from the Texas Department of Transportation and vehicle registration fee revenues from the County of El Paso.

Table 2 is a summary of outstanding debt.

**Table 2  
Outstanding Debt**

<b>As of August 31,</b>	<b>2015</b>	<b>2014</b>	<b>2013 As Restated</b>
Series 2008 bond, Including Premium of \$7,372,679 at 08/31/15	\$ 139,747,679	\$ 161,620,473	\$ 185,104,961
Series 2014 bond, Including Premium of \$4,115,680 at 08/31/15	71,540,680	72,742,560	-
TxDot Financial Assistance Agreement #1	756,406	756,406	1,430,000
TxDot Financial Assistance Agreement #2	3,217,630	2,009,543	-
State Infrastructure Bank Loans	54,455,628	55,641,477	56,776,700
Total Debt	<u>\$ 269,718,023</u>	<u>\$ 292,770,459</u>	<u>\$ 243,311,661</u>

**Total Net Position.** Net position decreased by \$1.4 million or 22% in 2015 as compared to 2014.

Net position decreased by \$3.9 million or 39% in 2014 as compared to 2013 as restated.

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**Results of Operations.** Table 3 is a summarized version of the statement of revenues, expenses and changes in net position for the years ended 2015, 2014 and 2013.

**Table 3  
Revenues, Expenses and Changes in Net Position**

As of August 31,	2015	2014	% Change	2013	
				As Restated	% Change
Operating Revenues	\$ 122,390,234	\$ 17,887,819	584%	\$ 21,026,687	-15%
Operating Expenses	1,163,771	1,414,018	-18%	785,431	80%
Net Operating Income	121,226,463	16,473,801	636%	20,241,256	-19%
Non-Operating Expenses and Transfers	(122,594,590)	(20,437,831)	500%	(31,309,947)	-35%
Decrease in Net Position	(1,368,127)	(3,964,030)	65%	(11,068,691)	64%

**Operating Revenues.** Operating revenues increased by \$104.5 million in 2015 as compared to 2014. The majority of the change is attributed to the first year of construction of the Border West Expressway.

Operating revenues decreased by \$3.1 million in 2014 as compared to 2013. The majority of the change is attributed to winding down the America's project and decrease associated federal grant revenue.

**Operating Expenses.** Operating expenses decreased by \$250 thousand or 18% in 2015 as compared to 2014. The majority of the decrease is attributed to aesthetic improvements project costs that were unreimbursed from federal or other sources in 2014 and additional cost were not incurred in 2015.

Operating expense increased by \$628 thousand or 80% in 2014 as compared to 2013. The majority of the increase is attributed to aesthetic improvements project costs that were unreimbursed from federal or other sources.

**Non-operating Revenues, Expenses, and transfers.** Non-operating revenues, expenses and transfers increased by \$102 million or 500% in 2015 as compared to 2014, due to the first year of construction of the Border West Expressway.

Non-operating revenues, expenses and transfers decreased by \$11 million or 35% in 2014 as compared to 2013, due to winding down of capital projects and associated transfers out to TxDOT.

**Fiscal Year 2015 Highlights**

In fiscal year 2008, the CRRMA issued \$233,355,000 in Pass-Through Toll Transportation Revenue Bonds (State Spur 601), Series 2008 for the development of the State Spur 601 Project. Wells Fargo

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Bank, National Association continued to serve through this fiscal year as the trustee for the management of the revenue bond proceeds. The proceeds from the bonds were used to finance the design and construction of the Project and are repaid by the CRRMA through the receipt of pass-through payments from the Texas Department of Transportation (TxDOT). The bond proceeds were also used to fund: (i) the capitalized interest on such bonds; (ii) a debt service reserve fund for the bonds; (iii) the issuance costs of the bonds; and (iv) working capital to the CRRMA.

Construction of the Spur 601 Project was completed in fiscal year 2011, resulting in CRRMA payments to the Project's design-builder of \$213,000,000 between fiscal years 2008 and 2012. Additional incentive payments are available to the design-builder based on various factors, including the number of vehicles utilizing the facility between now and defeasance of the bonds. Semi-annual payments from TxDOT to the CRRMA began in fiscal year 2010 as individual segments of the Inner Loop were opened. Such payments are structured as minimum/maximum payments from TxDOT and will continue through the remaining life of the bonds and consist of no less than \$15,650,000 or no more than \$17,500,000, based on the number of actual vehicle miles traveled. The CRRMA will receive a maximum aggregate amount of \$312,450,000 from TxDOT to pay the outstanding bonds.

The CRRMA continued throughout this fiscal year to pursue two of the three projects identified within the Project Development Agreement with TxDOT referred to as the Planning PDA: (i) Loop 375 at I-10 (Americas Interchange); and (iii) Transmountain Northeast Mainlanes. The Zaragoza Direct Connectors Project activities were completed in fiscal year 2014.

The CRRMA's activities on the Americas Interchange Project in fiscal year 2015 were limited to: (i) financing activities associated with the first three direct connectors that were designed and constructed by the CRRMA; and (ii) design activities associated with the remaining direct connectors and associated infrastructure required for the completion of the interchange. In 2010, the CRRMA executed a \$108,888,888 Comprehensive Development Agreement for the design-build of the first three direct connectors of the Americas Interchange Project in far east El Paso. The project was funded from two federal programs (American Recovery and Reinvestment Act and Coordinated Border Infrastructure) as well as \$30,000,000 from a State Infrastructure Bank (SIB) loan to the CRRMA. The repayment source for the SIB loan is the City of El Paso's Transportation Reinvestment Zone No. 2 (TRZ#2), the proceeds of which were assigned by the City to the CRRMA. The design-build developer completed construction activities and achieved Substantial Completion and Final Acceptance in fiscal year 2013. The referenced SIB loan requires annual payments from the CRRMA, which in fiscal year 2015 amounted to \$1,834,373 and was paid in September of 2014. The CRRMA utilizes the incremental revenue generated by the City of El Paso's TRZ#2 for such annual payments. The CRRMA was also involved in the design of the remaining direct connectors and associated infrastructure for the completion of the interchange in fiscal year 2015, including the expenditure of \$840,841 for such activities.

In 2012, the CRRMA received two SIB loans in the amounts of \$20,000,000 for the Zaragoza Direct Connector Project and \$6,000,000 for the Transmountain Northeast Project. The CRRMA partnered with TxDOT by providing partial funding necessary to complete these projects, while also providing oversight activities. Through these agreements with TxDOT, the CRRMA provided \$16,086,237 and \$2,895,113 to TxDOT in 2012 for the Zaragoza and Transmountain Northeast projects, respectively. The repayment sources for these loans are the City of El Paso's Transportation Reinvestment Zones 2 (for Zaragoza) and 3 (for Transmountain NE), with payments due in February and August of each

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year. In fiscal year 2015, the CRRMA made payments in the amount of \$1,343,072.73 and \$460,188.16 for the Zaragoza and Transmountain, SIB loans, respectively. CRRMA oversight activities for Zaragoza were completed in fiscal year 2014 while Transmountain Northeast had minimal activities, amounting to \$2,190.07, in fiscal year 2015.

The CRRMA operates and maintains the César Chávez Express Toll Lanes on Loop 375, which began collecting tolls in fiscal year 2014. Toll revenues generated in fiscal year 2015 amount to \$253,381. The CRRMA and TxDOT also entered into a Financial Assistance Agreement in 2013 that provided the CRRMA with access to annual disbursements that could total \$9,400,000 for assistance with operations and maintenance expenses in the early years of operation. Disbursements received in fiscal years 2014 and 2015 were \$2,009,543 and \$1,208,087, respectively.

The CRRMA completed construction activities on the I-10 Corridor Aesthetic Improvement Project within 2015 resulting in the opening of the facility. Design work commenced in 2012 and construction began in January 2014, with design, oversight and construction expenditures in fiscal year 2015 totaling \$3,563,433.

The CRRMA entered into an agreement with TxDOT in 2012, to provide design services for the development of the Spur 1966 Project. To date, the CRRMA has earned \$2,360,296 for the Spur 1966 project, which includes \$153,253 in fiscal year 2015.

In fiscal year 2013, the CRRMA received a grant from TxDOT in the amount of \$1,300,000 for the development of the preliminary engineering and environmental services necessary for the Americas Managed Lanes Project. This planned toll will connect to the eastern terminus of the César Chávez Express Toll Lanes. The referenced preliminary engineering and environmental services commenced in 2013, with total expenditures of \$955,130 up to date, which includes \$289,225 from fiscal year 2015. The CRRMA will continue the development of this project into 2016.

The CRRMA partnered with the County of El Paso for the development and operation of the County's Tornillo-Guadalupe Port of Entry. The County engaged the CRRMA to plan, design and install a toll collection system at Tornillo, which resulted in \$67,174 and \$1,059,548 in payments to the CRRMA in fiscal years 2014 and 2015. The County also engaged the CRRMA to prepare for and potentially operate Tornillo, once ready to open to the public, which resulted in an additional \$90,441 in payments to the CRRMA in fiscal year 2015.

The CRRMA continued its planning and implementation efforts on the El Paso Bike Share Program in fiscal year 2015. This project is a joint effort, whereby the City of El Paso, El Paso Metropolitan Planning Organization, Texas Commission on Environmental Quality and University of Texas at El Paso collectively provided the CRRMA with \$720,000. The CRRMA agreed to plan and implement the program, which began operations in September of 2015, with total expenditures of \$214,857 in fiscal year 2015.

The Border West Expressway Project is a joint effort with TxDOT to develop an approximately nine-mile toll facility. TxDOT granted \$500,000,000 in project funds to the CRRMA in fiscal year 2014. Construction began in fiscal year 2015 and will continue through project completion, at which point the CRRMA will operate the toll component of such facility. The CRRMA made expenditures totaling \$102,180,972 in fiscal year 2015.

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The El Paso Streetcar Project is also a jointly developed project between the City of El Paso, TxDOT and the CRRMA. The City originally developed the environmental documents, the design and alignment for the project. TxDOT provided the CRRMA with a \$97,000,000 grant to complete the remaining procurement and construction activities of the project. Upon project completion and commencement of revenue services, the City of El Paso's Mass Transit Department (Sun Metro) will operate and maintain the system. CRRMA expenditures in fiscal year 2015 total \$2,807,952.

Another major grouping of CRRMA activity in fiscal year 2015 included the advancement of various projects known collectively as the 2013 El Paso County Comprehensive Mobility Plan (2013 CMP). This plan is a joint effort between the CRRMA, County of El Paso and TxDOT, whereby each entity agreed to pursue a slate of major transportation projects, which collectively total more than \$400,000,000. The CRRMA's role includes financing, design and/or construction of various projects. As part of the financing component, the CRRMA issued \$72,000,000 in bonds in 2014, which will be repaid through the County of El Paso's recently passed vehicle registration fee (VRF) revenues. The County assigned the VRF proceeds to the CRRMA, which allowed the CRRMA to issue this debt. The CRRMA has begun using the proceeds to develop certain projects identified in the 2013 CMP, including six projects in the design phase and two in the construction phase. Expenditures from VRF bond proceeds in fiscal year 2015 total \$5,099,321.

CRRMA revenues in this fiscal year were limited to: (i) administrative fees from the Spur 601 and VRF Bonds; (ii) the Bike Share Program contributions; (iii) County of El Paso funds for the Tornillo-Guadalupe Port of Entry projects (iv) the SIB loans for the Zaragoza and Transmountain Northeast projects; (v) the TxDOT loan funds available for the area's proposed toll projects; (vi) the TxDOT grant funds for the César Chávez and Americas Managed Lanes Projects, as well as the toll revenues from the Chávez Express Toll Lanes; (vii) the TxDOT grant funds for the Border West Expressway Project; (viii) the TxDOT grant funds for the El Paso Streetcar Project; (ix) the Aesthetic Project funds from the City of El Paso and TxDOT; (x) the agreements for design of the Americas Interchange and Spur 1966 projects; and (xi) interest generated from existing CRRMA funds, which includes interest generated through the Spur 601 Project and VRF Bonds. Total CRRMA operating expenditures in fiscal year 2015 were \$1,163,771. The total revenues, expenses, contributions, assets and liabilities of the CRRMA in this fiscal year were limited to those identified above.

### **Financial Future of the CRRMA**

Fiscal year 2015 added a number of significant transportation projects to the CRRMA's portfolio of activities and fiscal year 2016 is anticipated to see a continuation of that growth. The César Chávez Express Toll Lanes continue to see increases in usage and revenues, while the El Paso Bike Share Program will begin revenue services in 2016. The Border West Expressway Project will advance into major design and construction activities, thereby resulting in larger expenditures as the project begins taking shape, while the 2013 El Paso County Comprehensive Mobility Plan insures steady design and construction activity for the CRRMA through 2016 and beyond. Similarly, the El Paso Streetcar Project will advance to construction activities as well. Each of these major transportation projects, while improving the region's transportation system, also increase the CRRMA financial activity anticipated for 2016. Among all of these planned activities, the CRRMA will continue its pursuits into parking and international ports of entry as potential new arenas for the CRRMA to

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improve mobility options for the region. Accordingly, the CRRMA financial activities into fiscal year 2016 appear to be poised for continued growth.

**Contacting CRRMA's Financial Management**

For additional information concerning the CRRMA, please see the CRRMA's website: [www.crrma.org](http://www.crrma.org). The CRRMA's executive offices are located at 300 N. Campbell, 2<sup>nd</sup> Floor, El Paso, Texas 79901. The main telephone number is (915) 212-1072. Questions may be directed to Raymond L. Telles, Executive Director.

## **BASIC FINANCIAL STATEMENTS**



**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

STATEMENTS OF NET POSITION

AUGUST 31, 2015 AND 2014

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 1,198,281	\$ 794,051
Restricted - cash and cash equivalents	614,165,058	603,261,123
Intergovernmental receivables	34,109,138	35,417,517
Total current assets	<u>649,472,477</u>	<u>639,472,691</u>
Non-Current Assets		
Intergovernmental receivables	<u>137,483,484</u>	168,783,484
Capital assets:		
Toll equipment	2,656,375	-
Bike equipment	192,833	-
Construction in progress	2,781,947	-
Less accumulated depreciation	<u>(177,092)</u>	-
Capital assets, net of accumulated depreciation	<u>5,454,063</u>	-
Total noncurrent assets	<u>142,937,547</u>	168,783,484
Total Assets	<u><u>\$ 792,410,024</u></u>	<u><u>\$ 808,256,175</u></u>
 <b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 20,958,646	\$ 3,935,892
Bonds payable, due within one year	24,281,276	23,075,771
Accrued interest	2,389,486	2,849,810
State infrastructure bank loans	1,237,690	1,185,849
Unearned revenue	<u>494,541,268</u>	<u>502,529,286</u>
Total current liabilities	<u>543,408,366</u>	<u>533,576,608</u>
Non-Current Liabilities		
Bond payable (including unamortized premium)	187,007,083	211,287,262
State infrastructure bank loans	53,217,938	54,455,628
Notes payable	<u>3,974,036</u>	<u>2,765,949</u>
Total non-current liabilities	<u>244,199,057</u>	<u>268,508,839</u>
Total liabilities	<u>787,607,423</u>	<u>802,085,447</u>
Net Position		
Net investment in capital assets	5,454,063	-
Unrestricted	<u>(651,462)</u>	<u>6,170,728</u>
Total net position	<u>4,802,601</u>	<u>6,170,728</u>
Total liabilities and net position	<u><u>\$ 792,410,024</u></u>	<u><u>\$ 808,256,175</u></u>

Notes to financial statements are an integral part of this statement.

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>		
TxDOT - Planning Project Development Agreement	\$ 289,255	\$ 460,739
TxDOT - Federal Grants	4,406,472	6,671,526
TxDOT Project Agreements	399,045	2,292,175
TxDOT Border West Expressway	102,180,972	-
TxDOT Streetcar Project	2,807,952	-
Chavez Toll Revenue	253,381	81,644
Local governments	12,022,757	8,351,335
In-kind	30,400	30,400
	<u>122,390,234</u>	<u>17,887,819</u>
<b>OPERATING EXPENSES</b>		
Salary and benefits	256,028	250,495
Depreciation	177,092	-
In-kind	30,400	30,400
Legal	97,294	348,434
Engineering	382,518	-
Other contracts	28,742	-
Promotional	1,400	97,285
Financial	45,000	669,221
Travel and conferences	4,464	5,761
Professional fees	140,833	12,422
	<u>1,163,771</u>	<u>1,414,018</u>
<b>Income from operations</b>	<u>121,226,463</u>	<u>16,473,801</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	233,127	65,754
Amortization of premium and gains on bond retirement	1,134,675	1,109,621
Intergovernmental transfer of capital assets	(111,058,598)	(9,782,903)
Interest subsidies	-	472,842
Interest expense	(12,903,794)	(12,303,145)
	<u>(122,594,590)</u>	<u>(20,437,831)</u>
<b>Decrease in net position</b>	<u>(1,368,127)</u>	<u>(3,964,030)</u>
Net position - beginning of year	<u>6,170,728</u>	<u>10,134,758</u>
<b>Net Position - end of year</b>	<u>\$ 4,802,601</u>	<u>\$ 6,170,728</u>

Notes to financial statements are an integral part of this statement.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from other agencies	\$154,874,217	\$550,628,016
Payment to employees	(254,825)	(251,122)
Payments to professionals	<u>(102,631,320)</u>	<u>(10,948,272)</u>
Net cash provided by operating activities	<u>51,988,072</u>	539,428,622
<b>Cash Flows from Noncapital Financing Activities</b>		
Repayment of debt	(24,260,523)	(24,949,710)
Cash received for interest subsidy	-	472,842
Interest paid	(12,229,443)	(10,249,294)
Proceeds from noncapital loans	<u>1,208,087</u>	<u>74,408,508</u>
Net cash provided (used) by financial activities	<u>(35,281,879)</u>	39,682,346
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	(5,631,155)	-
Interest received	<u>233,127</u>	<u>65,754</u>
Net cash provided by investing activities	<u>(5,398,028)</u>	65,754
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,308,165</b>	579,176,722
Cash and cash equivalents - beginning of year	<u>604,055,174</u>	<u>24,878,452</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$615,363,339</u></u>	<u><u>\$604,055,174</u></u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities</b>		
Operating income	\$ 121,226,463	\$ 16,473,801
Adjustments to reconcile operating income to net cash:		
Depreciation expense	177,092	-
Decrease in intergovernmental receivables	1,308,379	1,439,857
Increase in accounts and other payables	17,022,754	(2,473)
Cash received for pass-through toll agreements	31,300,000	31,300,000
Capital expenditures and loan proceeds		
Transferred out to TxDot	(111,058,598)	(9,782,903)
Decrease in unearned revenue	(7,988,018)	500,000,340
Cash received as reimbursement for prior expenses	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 51,988,072</u></u>	<u><u>\$539,428,622</u></u>

Notes to financial statements are an integral part of this statement.

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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### 1. NATURE OF ORGANIZATION

The Texas Transportation Commission of the Texas Department of Transportation authorized the creation of the Camino Real Regional Mobility Authority (CRRMA) on June 29, 2006 as a political subdivision under the Texas Transportation Code, Chapter 370. City of El Paso formally created CRRMA pursuant to the conditions of the Texas Department of Transportation (TxDOT) on March 13, 2007. CRRMA was created to provide the El Paso region with a local entity to make mobility decisions for the community and to accelerate needed transportation projects.

CRRMA's powers and duties are enumerated under Texas Transportation Code Chapter 370 and 43 Texas Administrative Code Chapter 26 and include authority to borrow monies and issue bonds to finance transportation projects. CRRMA is governed by a seven member Board of Directors; six are appointed by the City of El Paso and the Chairman of the Board is appointed by the Governor of the State of Texas. CRRMA is included in the financial statements of the City of El Paso as an "Agency" fund, as the City of El Paso acts as the fiscal agent for the CRRMA.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

#### **Financial Reporting Entity**

The financial statements for CRRMA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. For financial reporting purposes, CRRMA is considered a special purpose government engaged only in business-type activities.

#### **Basis of Accounting**

CRRMA is accounted for as a proprietary fund engaged in business-type activities. In accordance with Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting, which requires recognition of revenue when earned and expenses when incurred.

All of CRRMA's activities are accounted for within a single proprietary (enterprise) fund. The accounting and financial reporting treatment applied is determined by measurement focus. The transactions of CRRMA are accounted for on a flow of economic resources measurement focus. With this measurement focus, assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the statement of net position.

(Continued)

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In fiscal year 2014, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. This statement impacts how the Authority accounts for debt issuance costs. Debt issuance costs are now expensed but were previously recognized as assets and amortized.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Repurchase agreements and flexible repurchase agreements shall be limited to a maximum maturity of one (1) year, qualifying as cash equivalents, although any underlying U.S. government obligations pledged as collateral may have maturities extending beyond the term of such repurchase agreements.

#### **Restricted Assets**

Proceeds from CRRMA's bonds and State Infrastructure Bank loans are classified as restricted assets in the statement of net position. They are maintained in separate accounts, and their use is limited to applicable bond and loan purposes.

#### **Rebatable Arbitrage**

Current federal income tax law and the bond indentures require that certain arbitrage profits earned outside of the purpose of the investments attributable to outstanding tax-exempt bonds must be rebatable arbitrage.

#### **Income Taxes**

CRRMA is a political subdivision of the State of Texas and income earned in the exercise of its essential government functions is exempt from state or federal income taxes.

#### **Capital Assets**

CRRMA follows the capitalization policy of the City of El Paso. Capital assets, which include property, plant and equipment, and infrastructure assets, are those assets with a value of \$5,000 or more and with useful lives of over one year. Also, the value of existing capital assets is increased for any additions regardless of the amount, when the useful life is extended or the functionality of the asset is improved. Assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the assets or substantially extend the life of the assets are not capitalized.

Capital assets are depreciated in accordance with the Authority's depreciation method listed below. Capital assets under construction are not depreciated until construction is completed.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Toll Equipment	15
Bikes	3

**Operating and nonoperating revenues and expenses**

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for CRRMA are derived from TxDOT Project Agreements, federal grants, toll revenue, reimbursement on loans from the City of El Paso (see Note 8), and vehicle registration fees and revenue for the Tornillo Guadalupe Port of Entry from the County of El Paso, Texas. Grants received in advance of expenditures are recorded as unearned revenue. In FY 2015, revenue was recognized for the Border West Expressway and Streetcar Projects. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**Net Position Categories**

Net investment in capital assets - this component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted components of net position. In fiscal year 2015, the CRRMA had a deficit unrestricted net position of \$651,462. This was due to the capitalization of assets in fiscal year 2015, none of which had related debt. Management intends to eliminate the deficit through future pass-through toll revenue.

When both restricted and unrestricted resources are available for use, it is CRRMA's policy to use restricted resources first, then unrestricted resources as needed.

**Bond Premiums and Discounts**

CRRMA amortizes the premiums over the estimated life of the bonds as an adjustment to capitalized interest.

**Reclassification**

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

(Continued)

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

### 3. CASH AND CASH EQUIVALENTS

CRRMA's cash and cash equivalents at August 31, are as follows:

	2015	2014
Cash in bank - Unrestricted (held by City of El Paso)	\$ 1,198,281	\$ 794,051
Cash in bank - Restricted (held by City of El Paso)	2,528,947	2,528,947
Cash Equivalents - Restricted		
Bank of Texas	416,150,154	500,000,000
BNY Mellon	72,469,619	75,110,769
Streetcar Project (held by the City of El Paso)	95,303,250	-
Wells Fargo SIB Subsidy Account	-	472,842
Wells Fargo Money Market	5,619,234	2,841,910
Wells Fargo Repurchase Agreement (Held by City of El Paso)	22,093,854	22,306,655
Total	<u>\$ 615,363,339</u>	<u>\$ 604,055,174</u>

Cash and equivalents of \$121,124,332 and \$25,629,653 at August 31, 2015 and 2014, respectively, is held by the City of El Paso, as the City is CRRMA's fiscal agent. As such, the City of El Paso retains responsibility to safeguard these funds.

The Board of Directors of CRRMA has adopted a written investment policy to invest funds in a manner which will provide maximum safety of principal and liquidity, provide the highest possible investment return, meet the daily cash flow demands of CRRMA, and comply with the Texas Public Funds Investments Act of 1995, as may be amended. CRRMA can invest in obligations of, or guaranteed by, government entities, certificates of deposits, repurchase agreements, mutual funds and investment pools.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to CRRMA. To help mitigate credit risk, credit quality guidelines are incorporated into the investment policy, as follows:

- Limiting investments to certain types of securities;
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which CRRMA will do business;

The Wells Fargo money market investments are rated AAAM by Standards & Poor's and Aaa by Moody's. The Bank of Texas money market investments are rated AAAM by Standard & Poor's and Aaa by Moody's.

(Continued)

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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### 3. CASH AND CASH EQUIVALENTS (Continued)

#### **Interest Rate Risk**

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. To help mitigate interest rate risk, the structure of the investment portfolio should be in securities maturing in a manner that cash requirements for ongoing operations will be met, thereby avoiding the need to sell securities on the open market prior to maturity. Operation funds are invested primarily in short-term securities, money market mutual funds, or similar investment pools and limit in the average maturity of the portfolio not to exceed three years and the maximum dollar-weighted average maturity for pooled investments shall not exceed two years.

#### **Custodial Credit Risk**

For deposits or investments, custodial risk is the risk that, in the event of the failure of the counterparty, CRRMA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority's policy is in accordance with this requirement. The Authority is not exposed to this risk as the funds held with Wells Fargo Bank N.A. for the money market investment account and the Bank of Texas money market account are fully collateralized as of August 31, 2015 and August 31, 2014. However, the deposits maintained with the Bank of New York Mellon were not collateralized during and as of August 31, 2015 and August 31, 2014.

In addition, CRRMA's policy requires repurchase agreements to be fully collateralized at 102%. As of August 31, 2015 and 2014, the repurchase agreement had \$23,093,547 and \$21,990,595, respectively, of underlying securities held by the pledging financial institutions or in City of El Paso's name.

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

Concentration of credit risk is limited to the loss attributed to the magnitude of a government's investment in a single issuer by diversifying the investments of the funds. The Authority's policy states that the portfolio must be diversified. The Authority is not exposed to this risk since no investments were held as of August 31, 2015 and August 31, 2014.

#### **Foreign Currency Risk**

Foreign risk is the risk that changes in exchange rates will adversely affect the fair value investment of a deposit. CRRMA had no foreign currency transactions during fiscal years 2015 and 2014.

(Continued)



**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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**4. INTERGOVERNMENTAL RECEIVABLES**

Due from other agencies is comprised of the following amounts as of August 31:

	<u>2015</u>	<u>2014</u>
TxDOT		
Planning Project Development Agreement:		
Project Development Agreement - Americas Project	\$ 825,073	\$ 1,772,346
Spur 601 Agreement	31,300,000	31,300,000
Various Projects	516,493	761,849
City of El Paso - SIB loan payments	1,467,572	1,498,930
City of El Paso - Aesthetics Project	-	84,392
	<u>                    </u>	<u>                    </u>
Total Due from Other Agencies - current	<u>\$ 34,109,138</u>	<u>\$ 35,417,517</u>

**5. REIMBURSABLE COMMITMENT**

The Spur 601 Pass-Through Toll agreement contains a commitment which states, "After the Project is substantially completed, TxDOT will reimburse CRRMA with semi-annual payments of no less than \$15,650,000 or no more than \$17,500,000. Each semiannual payment amount will be based on actual vehicle miles traveled on the Project during the previous six months, but regardless of the number of actual vehicle miles traveled on the Project, each semiannual payment will not be less than \$15,650,000 or more than \$17,500,000 until the TxDOT payments to CRRMA reach the maximum aggregate amount of \$312,450,000."

The balance for fiscal years ended 2015 and 2014 were \$168,783,484 and \$200,083,484, respectively. This balance includes the current portion of \$31,300,000 (see Note 4) and the non-current portion of \$137,483,484 and \$168,783,484 for fiscal years ended 2015 and 2014, respectively.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**6. CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2015 was as follows:

	Beginning Balance 8/31/2014	Additions	Deletions	Ending Balance 8/31/2015
Capital assets, not being depreciated:				
Construction in progress - Streetcar Project	\$ -	\$ 2,781,947	\$ -	\$ 2,781,947
Total capital assets, not being depreciated	-	2,781,947	-	2,781,947
Capital assets being depreciated:				
Cesar Chavez Toll Equipment	-	2,656,375	-	2,656,375
Bike Share Equipment	-	192,833	-	192,833
Total capital assets, being depreciated	-	2,849,208	-	2,849,208
Less accumulated depreciation for:				
Cesar Chavez Toll Equipment	-	(177,092)	-	(177,092)
Bike Share Equipment	-	-	-	-
Total accumulated depreciation	-	(177,092)	-	(177,092)
Total capital assets, being depreciated, net	-	2,672,116	-	2,672,116
Total capital assets	\$ -	\$ 5,454,063	\$ -	\$ 5,454,063

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are comprised of the following amounts as of August 31:

	2015	2014
Invoices related to Border West Expressway Project	\$ 18,192,849	\$ -
Accounts payable - other projects	2,708,227	3,879,525
Accrued payroll and related liabilities	57,570	56,367
Total	\$ 20,958,646	\$ 3,935,892

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT**

The following is a summary of changes in long-term debt as of August 31:

Description and Purpose	2015			Balance August 31, 2015	Due Within One Year
	Balance August 31, 2014	Additions	Reductions		
<u>Bonds Payable:</u>					
Series 2014	\$ 68,485,000	\$ -	\$ 1,060,000	\$ 67,425,000	\$ 1,140,000
Series 2008	153,255,000	-	20,880,000	132,375,000	21,940,000
<u>Unamortized Premiums:</u>					
Series 2014	4,257,560	-	141,880	4,115,680	147,662
Series 2008	8,365,473	-	992,794	7,372,679	1,053,614
Total Bonds Payable	<u>234,363,033</u>	<u>-</u>	<u>23,074,674</u>	<u>211,288,359</u>	<u>24,281,276</u>
<u>Notes Payable:</u>					
TxDot Financial Assist. Agreement #1	756,406	-	-	756,406	-
TxDot Financial Assist. Agreement #2	2,009,543	1,208,087	-	3,217,630	-
State Infrastructure Bank Loan #1	29,410,000	-	615,000	28,795,000	640,000
State Infrastructure Bank Loan #2	5,881,966	-	226,556	5,655,410	235,922
State Infrastructure Bank Loan #3	20,349,511	-	344,293	20,005,218	361,768
Total Notes Payable	<u>58,407,426</u>	<u>1,208,087</u>	<u>1,185,849</u>	<u>58,429,664</u>	<u>1,237,690</u>
Total long-term debt	<u>\$292,770,459</u>	<u>\$ 1,208,087</u>	<u>\$ 24,260,523</u>	<u>\$269,718,023</u>	<u>\$ 25,518,966</u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT (Continued)**

Description and Purpose	2014				Due Within One Year
	Balance August 31, 2013	Additions	Reductions	Balance August 31, 2014	
<b>Bonds Payable:</b>					
Series 2014	\$ -	\$ 68,485,000	\$ -	\$ 68,485,000	\$ 1,060,000
Series 2008	175,630,000	-	22,375,000	153,255,000	20,880,000
<b>Unamortized Premiums:</b>					
Series 2014	-	4,257,560	-	4,257,560	142,977
Series 2008	9,474,961	-	1,109,488	8,365,473	992,794
<b>Total Bonds Payable</b>	<b>185,104,961</b>	<b>72,742,560</b>	<b>23,484,488</b>	<b>234,363,033</b>	<b>23,075,771</b>
<b>Notes Payable:</b>					
TxDot Financial Assist. Agreement #1	1,430,000	-	673,594	756,406	-
TxDot Financial Assist. Agreement #2	-	2,009,543	-	2,009,543	-
State Infrastructure Bank Loan #1	30,000,000	-	590,000	29,410,000	615,000
State Infrastructure Bank Loan #2	6,099,528	-	217,562	5,881,966	226,556
State Infrastructure Bank Loan #3	20,677,172	-	327,661	20,349,511	344,293
<b>Total Notes Payable</b>	<b>58,206,700</b>	<b>2,009,543</b>	<b>1,808,817</b>	<b>58,407,426</b>	<b>1,185,849</b>
<b>Total long-term debt</b>	<b>\$243,311,661</b>	<b>\$ 74,752,103</b>	<b>\$ 25,293,305</b>	<b>\$292,770,459</b>	<b>\$ 24,261,620</b>

**Bonds**

On January 15, 2008, CRRMA issued \$233,355,000 Pass-Through Toll Transportation Revenue Bonds (State Spur 601), Series 2008, with an interest rate of 5.00-5.25 percent. The proceeds from the Series 2008 Bonds were used for (i) a portion of the costs of designing, developing and constructing a 7.4-mile road construction and improvement project (“State Spur 601”) from U.S. Highway 54 on the west to Loop 375 on the east, located in El Paso, Texas, within the jurisdiction of CRRMA; (ii) paying interest on the Bonds and administrative and other costs while the Project is constructed; and (iii) paying the costs of issuing the Bonds. CRRMA has pledged the payments received from the Department pursuant to the Pass-Through Toll Agreement to secure payment of the bonds.

The bonds maturing on August 15, 2018 through August 15, 2020 are subject to redemption at the option of CRRMA on February 15, 2018, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, but without premium.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT (Continued)**

Bonds maturing on and after February 15, 2021 are subject to redemption at the option of CRRMA on February 15, 2011, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, but without premium.

As of August 31, 2008, the bond proceeds were \$249,537,792, including a premium of \$16,182,792. The premium is amortized through the life of the bond calculated with the interest method. During fiscal years ending August 31, 2015 and 2014, CRRMA redeemed principal of \$0 and \$2,500,000 in advance of the original amortization schedule. The amortization as of August 31, 2015 and 2014 was \$1,134,675 and \$935,486, respectively, which was recorded as interest expense.

The bonds began payment in 2008 with semi-annual interest payments at 4.31% in February and August and twenty semi-annual principal payments beginning August 2012, with final payment due in 2022. The original terms of the bonds were twenty annual principal payments totaling \$233,355,000 and interest payments totaling \$115,208,222. The term period and interest rate remained consistent after redemption.

The annual requirements are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 21,940,000	\$ 6,729,188	\$ 28,669,188
2017	23,045,000	5,618,563	28,663,563
2018	24,230,000	4,436,863	28,666,863
2019	25,520,000	3,148,119	28,668,119
2020	24,375,000	1,790,731	26,165,731
2021 - 2022	13,265,000	378,750	13,643,750
Total	\$ 132,375,000	\$ 22,102,214	\$ 154,477,214

On May 1, 2014, CRRMA issued \$68,485,000 Senior Lien Vehicle Registration Fee Revenue Bonds, Series 2014, with an interest rate of 3.00-5.00 percent. The proceeds from the bonds will be used for six infrastructure projects.

As of August 31, 2014, the bond proceeds were \$72,742,560, including a premium of \$4,257,560. The premium is amortized through the life of the bond calculated with the interest method. The amortization as of August 31, 2015 and 2014 was \$141,880 and \$0, respectively, which was recorded as interest expense.

The bonds will begin thirty annual principal payments beginning in June 2015 at 4.00% in with final payment due in 2044. The terms of the bonds were thirty annual principal payments totaling \$68,485,000 and interest payments totaling \$55,715,949.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT (Continued)**

The annual requirements are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 1,140,000	\$ 3,000,900	\$ 4,140,900
2017	1,175,000	2,966,700	4,141,700
2018	1,220,000	2,919,700	4,139,700
2019	1,280,000	2,858,700	4,138,700
2020	1,345,000	2,794,700	4,139,700
2021-2025	7,805,000	12,894,250	20,699,250
2026-2030	9,965,000	10,737,500	20,702,500
2031-2035	12,710,000	7,985,750	20,695,750
2036-2040	15,755,000	4,946,000	20,701,000
2041-2044	15,030,000	1,532,400	16,562,400
Total	<u>\$ 67,425,000</u>	<u>\$ 52,636,600</u>	<u>\$ 120,061,600</u>

CRRMA has pledged the funds collected by the El Paso County and the State of Texas from the levy and collection of the Special Vehicle Registration Fee (pledged revenues) to repay \$68.4 million in special limited obligation bonds issued in May 2014. Proceeds from the bonds provided financing for CRRMA activities related to fund long-term transportation projects. The bonds are payable solely from the pledged revenues and are payable through 2044. On August 30, 2013, the County authorized the imposition of this Special Vehicle Registration Fee in the amount of \$10.00 per vehicle registered in the County, effective January 1, 2014. The funds collected from the levy of the Special Vehicle Registration Fee constitute Pledged Vehicle Fee Revenues, and the County has covenanted and agreed in the Pledge Agreement to continue to impose and collect the Special Vehicle Registration Fee as long as any Bonds remain outstanding. This registration fee revenue will not be available for other purposes. The total principal and interest remaining to be paid on the bonds is \$120 million.

**Notes Payable**

**State Infrastructure Bank Loans.** On June 29, 2010, CRRMA entered into a State Infrastructure Bank Loan with the State of Texas, acting by and through TxDOT, in the amount of \$30,000,000, to augment funding for I-10 at Loop 375 construction project, along with other Interchange improvements. The funds were received in December 2010. Principal and interest payments began in September 2011 and will be made annually thereafter until the maturity date of September 15, 2040. Interest rate on the loan is 4.95% and the term of the loan is thirty years. Interest payments totaling \$27,958,846 will be paid over this term. The City of El Paso will reimburse the CRRMA for payments on this loan.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT (Continued)**

The annual requirements for this loan will be as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 640,000	\$ 1,425,353	\$ 2,065,353
2017	670,000	1,393,673	2,063,673
2018	695,000	1,360,508	2,055,508
2019	725,000	1,326,105	2,051,105
2020	755,000	1,290,218	2,045,218
2021-2025	4,255,000	5,859,811	10,114,811
2026-2030	5,200,000	4,716,856	9,916,856
2031-2035	6,350,000	3,320,709	9,670,709
2036-2040	7,760,000	1,614,940	9,374,940
2041	1,745,000	86,378	1,831,378
Total	<u>\$ 28,795,000</u>	<u>\$ 22,394,551</u>	<u>\$ 51,189,551</u>

On January 24, 2012, CRRMA entered into a State Infrastructure Bank Loan with the State of Texas, acting by and through the TxDOT, in the amount of \$6,000,000, to augment funding for Loop 375 (Transmountain NE) construction project. A portion of the funds, \$2,895,113, were disbursed in March 2012 and transferred into an account held by TxDOT. Principal payments began February 2014 and interest payments in February 2013 and made annually thereafter until the maturity date of February 1, 2032. The remaining funds of \$3,104,887 were disbursed on January 4, 2013 in the same manner. At August 31, 2015 the amount is held in restricted cash. Interest rate on the loan is 4.05% and the term of the loan is twenty years. Interest payments totaling \$2,885,618 will be paid over this term.

The annual requirements for this loan are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 235,922	\$ 224,267	\$ 460,189
2017	245,674	214,514	460,188
2018	255,829	204,359	460,188
2019	266,404	193,784	460,188
2020	277,417	182,771	460,188
2021-2025	1,568,878	732,063	2,300,941
2026 -2030	1,921,082	379,859	2,300,941
2031-2032	884,204	36,173	920,377
Total	<u>\$ 5,655,410</u>	<u>\$ 2,167,790</u>	<u>\$ 7,823,200</u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**8. LONG-TERM DEBT (Continued)**

On January 24, 2012, CRRMA entered into a State Infrastructure Bank Loan with the State of Texas, acting by and through TxDOT, in the amount of \$20,000,000, to augment funding for Loop 375 (Zaragoza) construction project. A portion of the funds, \$16,086,237, were disbursed in March 2012 and transferred into an account held by TxDOT. Principal payments began in February 2014 and interest payments in February 2013 and made annually thereafter until the maturity date of February 1, 2037. The remaining funds of \$3,913,763 were disbursed on January 4, 2013. At August 31, 2015 the amount is held in restricted cash. Interest rate on the loan is 4.95% and the term of the loan is thirty years. Interest payments totaling \$19,537,633 will be paid over this term.

The annual requirements for this loan are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 361,768	\$ 981,304	\$ 1,343,072
2017	380,130	962,943	1,343,073
2018	399,424	943,649	1,343,073
2019	419,697	923,375	1,343,072
2020	441,000	902,073	1,343,073
2021-2025	2,564,355	4,151,008	6,715,363
2026 -2030	3,284,642	3,430,721	6,715,363
2031-2035	4,207,246	2,508,118	6,715,364
2036-2040	5,388,996	1,326,369	6,715,365
2041-2042	2,557,960	128,186	2,686,146
Total	<u>\$ 20,005,218</u>	<u>\$ 16,257,746</u>	<u>\$ 36,262,964</u>

Debt service requirements for bonds and state infrastructure bank loans are as follows:

Year Ending August 31,	Principal	Interest	Total
2016	\$ 24,317,690	\$ 12,361,012	\$ 36,678,702
2017	25,515,804	11,156,392	36,672,196
2018	26,800,253	9,865,078	36,665,331
2019	28,211,102	8,450,083	36,661,185
2020	27,193,417	6,960,494	34,153,911
2021-2025	29,458,233	24,015,882	53,474,115
2026 -2030	20,370,724	19,264,937	39,635,661
2031-2035	24,151,449	13,850,749	38,002,198
2036-2040	28,903,995	7,887,309	36,791,304
2041-2044	19,332,961	1,746,964	21,079,925
Total	<u>\$254,255,628</u>	<u>\$ 115,558,900</u>	<u>\$ 369,814,528</u>

(Continued)



# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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### 8. LONG-TERM DEBT (Continued)

**Interest Subsidy.** The interest related to State Infrastructure Bank Loan #1 is refunded to CRRMA at a rate of 35% through a direct payment from a Build America Bond. The amount refunded to CRRMA during fiscal years 2015 and 2014 totaled \$0 and \$472,842, respectively. Per the agreement with the City of El Paso, of the amount refunded, 50% of the funds are utilized to pay interest on the loan. The remaining 50% can be used for operational costs of CRRMA.

Additionally, the City of El Paso reimburses CRRMA the payment of the SIB loans. During fiscal year 2015 and 2014, the City of El Paso reimbursed CRRMA \$3,637,633 and \$3,717,759, respectively.

#### Notes Payable

**TxDOT Financial Assistance Agreements.** During the year ended August 31, 2009, CRRMA entered into a Regional Toll Plan Agreement (financial assistance agreement) with Texas Department of Transportation on March 15, 2009 for \$1,100,000. The funds are to be used for project management, data collection, and evaluation and preparation of a regional toll plan for development of the Toll Projects, to include engineering, environmental, legal, financial and public outreach services, including the costs of necessary or incidental administrative, legal and other related expenses. On a monthly basis, CRRMA requests a drawdown of the funds based on the expenditures incurred. During fiscal year ending August 31, 2015, CRRMA requested funds of \$-0-, which is included in the statement of net position, with \$0 available for future use. The repayment is limited to no more than 10% of any revenues generated for CRRMA on the particular projects. In the unlikely event that the projects are not completed, the note will be forgiven. During 2014, \$343,595 of the balance was rolled into a new agreement. The balance as August 31, 2015 was \$756,406.

During the year ended August 31, 2008, CRRMA entered into a financial assistance agreement with Texas Department of Transportation on August 15, 2007 for \$330,000. The funds are to be used for independent financial, engineering and other advisor services necessary for the evaluation of and negotiation with Texas Department of Transportation for 12 candidate toll projects, as it relates to the market valuation process. The note becomes due when revenue is generated from any toll project that is constructed and under operations for which part of the \$330,000 was used to develop it. The repayment was limited to no more than 10% of any revenues generated for CRRMA on that particular project. In the unlikely event that the projects are not completed, the note will be forgiven. In fiscal year 2014, this agreement was rolled into a new financial assistance agreement with Texas Department of Transportation.

During the year ended August 31, 2014, CRRMA entered into a Regional Toll Plan Agreement (financial assistance agreement) with Texas Department of Transportation of up to \$9.4M to be used for the operation and maintenance costs of the Managed Lanes until toll revenues are sufficient to cover those costs. The amount due under the terms of the Pre-Development Loans as of the Effective Date is a total of \$3,217,630 at year end. Balance corresponds to beginning balance which includes the first payment of \$1,335,950 plus \$673,594 rollover amount from the other prior agreements, and the second payment of \$1,208,087.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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**8. LONG-TERM DEBT (Continued)**

The loan will be funded as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2016	\$ 1,070,384
2017	879,295
2018	871,381
2019	885,772
2020	859,602
2021	635,742
2022	560,207
2023	463,307
2024	393,380
2025	<u>236,893</u>
Total	<u><u>\$ 6,855,963</u></u>

Interest on the loan will be in the form of a flat fee of \$6 million. To the extent the maximum loan amount of \$9.4 million has not been drawn in full by the end of the first Fiscal Year in which Net Revenues are greater than zero, the Interest Fee shall be reduced to an amount equal to (a) \$6 million multiplied by (b) the percentage equal to (i) the amount of the loan disbursed to the Authority divided by (ii) the maximum principal amount of the loan.

The Consolidated Loan and the Interest Fee (collectively, a maximum amount due of \$16,073,595, shall be repaid by the Authority to TxDOT in annual installments. The first annual installment shall occur no later than December 1, 2027, and payments shall continue annually on each December 1 thereafter until the full amount of the Consolidated Loan is repaid, together with the Interest Fee; provided, however, that the Consolidated Loan and the Interest Fee must be repaid no later than December 1, 2050. Each annual installment shall be paid from Net Revenues, and shall be in an amount that is at least equal to 10% of the Net Revenues received in the previous Fiscal Year until the total amount due hereunder is paid in full.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

**9. UNEARNED REVENUE**

Unearned revenue represents revenues collected but not earned as of August 31, 2015.

<u>Description</u>	Balance August 31, 2014	Amount Received	Amount Spent	Balance August 31, 2015
ARRA Fund - FY 13 final drawdown	\$ 2,528,947	\$ -	\$ -	\$ 2,528,947
Border West Expressway Project	500,000,000	-	102,180,972	397,819,028
Streetcar Project	-	97,000,000	2,807,952	94,192,048
Other - toll overpayments	339	1,245	339	1,245
	<u>\$ 502,529,286</u>	<u>\$ 97,001,245</u>	<u>\$ 104,989,263</u>	<u>\$ 494,541,268</u>
Total	<u>\$ 502,529,286</u>	<u>\$ 97,001,245</u>	<u>\$ 104,989,263</u>	<u>\$ 494,541,268</u>

**10. CONSTRUCTION COMMITMENTS AND OTHER CONTINGENCIES**

The Authority is committed on several contracts for construction and other matters which could have a material impact on future operations.

In the ordinary course of conducting its business, the Authority may be subjected to loss contingencies arising from lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the District's financial position or results of future operations.

The Authority has received federal and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Although management believes compliance with grant guidelines is adhered to, grantor audits could result in requests for reimbursement of expenditures determined to be disallowed. Management believes such disallowances, if any, will be immaterial.

Rebatable Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. At August 31, 2015 and August 31, 2014, there were no liabilities recorded as there were no amounts due within one year. The arbitrage rebate service company estimated a possible additional liability of \$0 as of August 31, 2015 and 2014, assuming the Authority does not use the bond funds within a specified period.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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**11. TXDOT AGREEMENTS**

**Planning Project Development Agreements/Grants**

As August 31, 2015, CRRMA has entered in several agreements with the Texas Department of Transportation (TxDOT). TxDOT will be responsible for all costs incurred for the planning and development of the projects and reimburses CRRMA for the expenditures. As of August 31, 2015 and 2014, CRRMA has incurred costs of \$110,083,696 and \$9,424,440, respectively, relating to the contracts recorded in the statements of revenues, expenses and changes in net position.

**12. RELATED PARTIES**

The City of El Paso is the sponsoring entity and fiscal agent of CRRMA.

**13. INTERGOVERNMENTAL TRANSFERS**

Transfers out to TxDOT consist of the following as of August 31:

	<u>2015</u>	<u>2014</u>
Construction in progress (owned and capitalized by TxDot)	<u>\$ 111,058,598</u>	<u>\$ 9,782,903</u>
Total	<u><u>111,058,598</u></u>	<u><u>\$ 9,782,903</u></u>

**FEDERAL AND STATE AWARD SECTION**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND  
THE STATE OF TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

To the Board of Directors  
Camino Real 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* and the State of Texas *Uniform Grant Management Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Camino Real Regional Mobility Authority (CRRMA), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise CRRMA's basic financial statements, and have issued our report thereon dated April 6, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the CRRMA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRRMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRRMA'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 the CRRMA'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

**Camino Real Regional Mobility Authority's Response to Finding**

The CRRMA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The CRRMA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result 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* and the State of Texas *Uniform Grant Management Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB A-133  
AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors  
Camino Real Regional Mobility Authority

**Report on Compliance for Each Major Federal and State Program**

We have audited the Camino Real Regional Mobility Authority's (CRRMA) compliance with the types of compliance requirements described in *OMB Compliance Supplement* and the State of Texas Single Audit Circular that could have a direct and material effect on each of the CRRMA's major federal and state programs for the year ended August 31, 2015. CRRMA's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the CRRMA's major federal and state 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; OMB Circular A-133, *Audits of States, Local Governments, and Not-For-Profit Organizations*, and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133, and the State of Texas Single Audit Circular 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 or state program occurred. An audit includes examining, on a test basis, evidence about the CRRMA'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 and state program. However, our audit does not provide a legal determination of the CRRMA's compliance.



***Opinion on Each Major Federal and State Program***

In our opinion, CRRMA 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 and state programs for the year ended August 31, 2015.

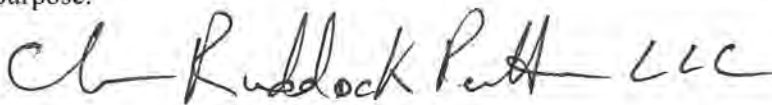
**Report on Internal Control over Compliance**

The management of the CRRMA 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 CRRMA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, 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 CRRMA'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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 or state 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 result of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2016

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

AUGUST 31, 2015

Schedule Reference Number	PROGRAM	DESCRIPTION
<b><u>SUMMARY OF AUDITOR'S RESULTS</u></b>		
<b><u>FINANCIAL STATEMENTS</u></b>		
	<b>Type of Auditor's Report issued:</b>	Unmodified
	<b>Internal control over financial reporting:</b>	
	<b>Material weaknesses identified?</b>	No
	<b>Significant deficiencies identified that are not considered to be material weaknesses?</b>	None reported.
	<b>Noncompliance material to the financial statements:</b>	Yes, see finding 2015-001.
<b><u>FEDERAL AND STATE AWARDS</u></b>		
	<b>Internal control over major programs:</b>	
	<b>Material weaknesses identified?</b>	No
	<b>Significant deficiencies identified that are not considered to be material weaknesses?</b>	Federal - None reported. State - None reported.
	<b>Type of auditor's report issued on compliance for major programs:</b>	Unmodified
	<b>Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 or the State of Texas Single Audit Circular?</b>	Federal Program - No State Program - No
	<b>Major Federal Programs:</b>	<b><u>Highway Planning and Construction:</u></b> CFDA 20.205
	<b>Major State Programs:</b>	<b><u>Border West Expressway</u></b>
	<b>Dollar Threshold Considered Between Type A and Type B Federal and State Programs:</b>	\$300,000 - Federal Program \$3,000,000 - State Program
	<b>Auditee qualified as low-risk auditee?</b>	Yes - Federal Program Yes - State Program

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2015

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
<b><u>FINANCIAL STATEMENT FINDINGS</u></b>		
<b>2015-001</b>	<b>State Compliance</b>	<b>Collateralizing Public Funds Deposits</b>
	<b>Criteria:</b>	The Public Funds Collateral Act, Texas Government Code, Section 2257.022 requires that deposits of public funds be collateralized at an amount not less than the amount of the deposit that is uninsured.
	<b>Condition Found:</b>	A portion of the Authority's deposits were neither insured nor collateralized.
	<b>Questioned Costs/Basis:</b>	\$72,219,513
	<b>Instances/Universe:</b>	Not applicable
	<b>Effect:</b>	Although the trustee would have been liable, the Authority was exposed to a potential loss of public funds in the amount of the uninsured, uncollateralized funds.
	<b>Cause:</b>	According to the trustee, the account was coded in the system to be collateralized, however, the deposits were not collateralized during the 2014-2015 fiscal year. The deposits may have been collateralized earlier as it was requested by the Authority at the time the account was set-up in 2014, and such collateralization may have been removed during a system conversion. The matter is currently being researched by the trustee and has since been corrected as of March 5, 2016.
	<b>Recommendation:</b>	The Authority should implement monitoring procedures to ensure all its deposits are completely collateralized at all times.
	<b>Management Response:</b>	See corrective action plan.

**FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no current findings or questioned costs.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**SCHEDULE OF STATUS OF PRIOR FINDINGS**

**FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Schedule Reference Number</b>	<b>PRIOR YEAR FINDING/ NONCOMPLIANCE</b>	<b>STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE</b>
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**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings or questioned costs.

**FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year findings or questioned costs.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**CORRECTIVE ACTION PLAN**

**FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Schedule Reference Number</b>	<b>PROGRAM</b>	<b>DESCRIPTION</b>
<b>2015-001</b>	<b>State Compliance</b>	Collateralizing Public Fund Deposits
	<b>Corrective Action:</b>	Based on the contractual requirements of the Authority's trustee in this instance, the Authority concurs with the trustee's liability noted in the Auditor's <b>Effect</b> notation above. Nonetheless, the Authority recognizes the importance of the collateralization requirement for the Vehicle Registration Fee Bond proceeds. Therefore, the Authority will require the trustee to provide periodic reports to the Authority that will confirm that the collateralization and other contractual requirements have been satisfied, with respect to the Vehicle Registration Fee Bond proceeds.
	<b>Responsible Party:</b>	Raymond L. Telles, Executive Director
	<b>Anticipated Completion Date:</b>	As of March 5, 2016, all of the deposited funds at Bank of New York Mellon were fully collateralized, as required.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED AUGUST 31, 2015

Name of Agency, Department and Program	CFDA Number	Disbursements/ Expenditures
<b>FEDERAL AWARDS</b>		
U.S. Department of Transportation		
Pass-Through from Texas Department of Transportation		
Highway Planning and Construction:		
(Federal-Aid Highway Program)	20.205	<u>\$ 4,406,472</u>
Total Federal Awards		<u>4,406,472</u>
<b>STATE AWARDS</b>		
Pass-Through from Texas Department of Transportation:		
Cesar Chavez	None	245,792
Planning Project Development Agreement	None	289,255
Spur 1966 (Schuster)	None	153,253
Streetcar Project	None	2,807,952
Border West Expressway	None	<u>102,180,972</u>
Total State Awards		<u>105,677,224</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>		<u><u>\$ 110,083,696</u></u>

See accompanying notes to schedule of expenditures of federal and state awards.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**YEAR ENDED AUGUST 31, 2015**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of CRRMA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**2. NON-CASH ASSISTANCE**

CRRMA did not receive any federal awards in the form of non-cash assistance during the year.

**3. SUB-RECIPIENTS**

CRRMA did not provide any federal awards to sub-recipients during the year.