

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
WITH INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED AUGUST 31, 2016 AND 2015

CAMINO REAL REGIONAL MOBILITY AUTHORITY

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camino Real Regional Mobility Authority

Report on the 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 years ended August 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the CRRMA'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 opinions.

Opinions

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, 2016 and 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.

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 opinions on the financial statements that collectively comprise the CRRMA's basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas *Uniform Grant Management Standards* and is not a required part of the basic financial statements. Such information 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. The 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 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 7, 2017, 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 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 the CRRMA's internal control over financial reporting and compliance.

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

Gibson Ruddock Patterson LLC
El Paso, Texas
April 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

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, 2016. As you read the MD&A, "2016" refers to the fiscal year ended August 31, 2016 and "2015" refers to the fiscal year ended August 31, 2015. 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 \$9,980,927 as compared to a decrease of \$1,368,127 in 2015.
- As of August 31, 2016 assets exceeded liabilities by \$14,783,528.

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 three categories; net investment in capital assets, restricted, 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, capital and related 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 17 to 34 of this report.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

Financial Analysis

Financial Position. Table 1 is a summarized version of the statement of net position as of August 31, 2016, 2015 and 2014. 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, intergovernmental receivables and capital assets. Most liabilities represent accounts payable, accrued liabilities, and bonds and notes payable.

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

As of August 31,	2016	2015	% Change	2014	% Change
CURRENT ASSETS					
Current Assets	\$ 509,550,358	\$ 649,472,477	-22%	\$ 639,472,691	2%
Noncurrent Assets	106,183,484	137,483,484	-23%	168,783,484	-19%
Capital Assets, net	32,958,724	5,454,063	504%	-	100%
Total Assets	<u>\$ 648,692,566</u>	<u>\$ 792,410,024</u>	-18%	<u>\$ 808,256,175</u>	-2%
LIABILITIES AND NET ASSETS					
Current Liabilities	\$ 422,321,983	\$ 543,408,366	-22%	\$ 533,576,608	2%
Non-current Liabilities:					
Long-Term Bonds					
and Notes Payables	211,587,055	244,199,057	-13%	268,508,839	-9%
Total Liabilities	<u>\$ 633,909,038</u>	<u>\$ 787,607,423</u>	-20%	<u>\$ 802,085,447</u>	-2%
Net Position:					
Net Investment in					
capital assets	32,958,724	5,454,063	504%	-	100%
Restricted	396,825	-	100%	-	0%
Unrestricted	(18,572,021)	(651,462)	2751%	6,170,728	-111%
Total Net Position	<u>\$ 14,783,528</u>	<u>\$ 4,802,601</u>	208%	<u>\$ 6,170,728</u>	-22%

Current Assets. Current assets decreased by \$140 million or 22% as compared to 2015. The decrease in 2016 occurred because CRRMA utilized funds received in advance for the Streetcar and Border West Expressway project.

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.

Capital Assets. Capital assets increased to \$32.9 million compared to \$5.4 in 2015. The increase is a result of the construction in progress for the Streetcar project.

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.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

Current Liabilities. Current liabilities decreased by \$121 million or 22% in 2016 as compared to 2015. The majority of the decrease is related to the utilization of a portion of the advance payment for the Border Expressway and the Streetcar projects recorded as unearned revenue in prior years.

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 Expressway Project.

Noncurrent Liabilities. Noncurrent liabilities decreased by \$33 million or 13% in 2016 as compared to 2015. 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 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.

As of August 31, 2016 and 2015, CRRMA had total bonded debt outstanding of \$179.9 and \$211.3 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**

As of August 31,	2016	2015	2014
Series 2008 bond, Including Premium of \$5,896,474 at 08/31/16	\$ 109,731,474	\$ 139,747,679	\$ 161,620,473
Series 2014 bond, Including Premium of \$3,968,018 at 08/31/16	70,253,018	71,540,680	72,742,560
TxDot Financial Assistance Agreement #1	756,406	756,406	756,406
TxDot Financial Assistance Agreement #2	4,288,014	3,217,630	2,009,543
State Infrastructure Bank Loans	53,217,937	54,455,628	55,641,477
Total Debt	<u>\$ 238,246,849</u>	<u>\$ 269,718,023</u>	<u>\$ 292,770,459</u>

Total Net Position. Net position increase by \$9.9 million or 208% in 2016 as compared to 2015.

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

Results of Operations. Table 3 is a summarized version of the statement of revenues, expenses and changes in net position for the years ended 2016, 2015 and 2014.

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

As of August 31,	2016	2015	% Change	2014	% Change
Operating Revenues	136,642,396	122,390,234	12%	17,887,819	584%
Operating Expenses	1,133,276	1,163,771	-3%	1,414,018	-18%
Net Operating Income	135,509,120	121,226,463	12%	16,473,801	636%
Non-Operating Revenues, Expenses, and Transfers	(125,528,193)	(122,594,590)	2%	(20,437,831)	500%
Increase (Decrease) in Net Position	9,980,927	(1,368,127)	830%	(3,964,030)	65%
Ending Net Position	14,783,528	4,802,601	208%	6,170,728	-22%

Operating Revenues. Operating revenues increased by \$14 million in 2016 as compared to 2015. The majority of the change is attributed to the Streetcar project.

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 Expenses. Operating expenses decreased by \$30 thousand or 3% in 2016 as compared to 2015. The majority of the decrease is attributed to a decrease in costs that were unreimbursed from federal or other sources.

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.

Non-operating Revenues, Expenses, and Transfers. Non-operating revenues, expenses and transfers increased by \$3 million or 2% in 2016 as compared to 2015, due to an increase in activity in the El Paso County Comprehensive Mobility Plan Projects.

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.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

Fiscal Year 2016 Highlights

State Spur 1966 (Inner Loop) Project

The CRRMA's initial bond issuance (\$233,355,000 in Pass-Through Toll Transportation Revenue Bonds (State Spur 601), Series 2008) was for the development of the State Spur 601 Project. All construction activities are completed in FY2011 but Wells Fargo Bank, National Association continued to serve through this fiscal year as the trustee for the management of the revenue bond proceeds. Pass-through payments from the Texas Department of Transportation (TxDOT) in a total maximum aggregate amount of \$312,450,000, serve as the repayment source for these bonds.

2008 El Paso Comprehensive Mobility Plan Projects

Similarly, the CRRMA continued debt payments in FY2016 related to three projects identified within the Project Development Agreement with TxDOT referred to as the Planning PDA: (i) Loop 375 at I-10 (Americas Interchange); (ii) Zaragoza Direct Connectors; and (iii) Transmountain Northeast Mainlanes. In order to complete these three projects, the CRRMA secured three State Infrastructure Bank loans (in the amounts of \$30,000,000, \$20,000,000 and \$6,000,000 respectively) using revenues pledged to the CRRMA from the City of El Paso's Transportation Reinvestment Zones 2 and 3. While the CRRMA's construction activities on the Zaragoza and Transmountain Northeast projects were completed prior to this fiscal year, the CRRMA continued repayment of all three loans in FY2016. The CRRMA also continued to provide design services during construction in 2016 on the remaining direct connectors and related infrastructure for the Americas Interchange Project. In FY2016, the CRRMA made SIB loan repayments on the Americas Interchange, Zaragoza Direct Connectors and Transmountain Northeast Projects in the respective amounts of \$640,000, \$235,922 and \$361,769.

César Chávez Express Toll Lanes

The CRRMA operates and maintains the César Chávez Express Toll Lanes on Loop 375, which began generating toll revenues in fiscal year 2014. Total revenues generated in fiscal year 2016 amount to \$281,773. 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 for the express toll lanes. Total disbursements received by the CRRMA to date total \$4,288,014. Also of note in 2016, the CRRMA began discussions with the Texas Department of Transportation regarding the potential removal of tolls from the Chávez facility. Any resulting agreement would also address any existing debt associated with the Chávez facility. These discussions continued into 2017.

Americas Managed Lanes Project

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 Project was intended to serve as the region's second toll facility and would connect to the eastern terminus of the César Chávez Express Toll Lanes. The referenced preliminary engineering and environmental services commenced in 2013, with expenditures to date totaling \$1,123,061. The CRRMA will continue the development of this project into 2017, noting however, that the removal of tolls from Chávez could impact the tolls proposed for the Americas Managed Lane.

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AUGUST 31, 2016**

SunCycle – El Paso Bike Share Program

The CRRMA launched SunCycle in September of 2015 with eighty bikes and 8 stations located in the downtown and University areas. In September of 2016, the CRRMA expanded the program by adding an additional 80 bikes and seven stations. Through FY2016, the program tallied over 12,000 bike rides, which amounted to over 63,000 miles ridden, 59,000 pounds of carbon offset and 2,500,000 calories burned. In that same period, the program generated \$60,393 in revenues from fares.

Border West Expressway Project

The Border West Expressway Project is a joint effort with TxDOT, whereby TxDOT granted the CRRMA \$500,000,000 towards the development of an approximately nine-mile toll facility. The funds were granted to the CRRMA in fiscal year 2014, construction began in fiscal year 2015 and will continue through 2018, at which point the CRRMA will operate the toll component of such facility. The CRRMA has made expenditures totaling \$194,452,695 through FY2016.

El Paso Streetcar Project

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 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 completion, the CRRMA will transfer the program back to the City of El Paso's Mass Transit Department (Sun Metro). The CRRMA made project expenditures in fiscal years 2015 and 2016 totaling \$30,399,890.

2013 El Paso County Comprehensive Mobility Plan Projects

The CRRMA partnered with the Texas Department of Transportation and El Paso County for the development of a slate of projects known locally as the 2013 El Paso County Comprehensive Mobility Plan (2013 CMP). The CRRMA's role in the 2013 CMP includes financing, design and/or construction of various projects. To this end, the CRRMA is utilizing \$72,000,000 in bond proceeds, which will be repaid through the County of El Paso's vehicle registration fee (VRF) revenues that were pledged to the CRRMA. The CRRMA has been using these proceeds to develop various 2013 CMP projects, with expenditures in fiscal years 2015 and 2016 totaling \$5,099,321 and \$17,817,470 respectively. In 2017, the CRRMA intends to issue additional, subordinate bonds from such VRF proceeds, in order to pursue additional major transportation projects on behalf of the County of El Paso.

CRRMA Revenues

The majority of CRRMA revenues in this fiscal year were limited to: (i) administrative fees from the Spur 601 and VRF Bonds; (ii) SunCycle Program contributions and revenues; (iii) TxDOT grant funds for the César Chávez and Americas Managed Lanes Projects, as well as the toll revenues from the Chávez Express Toll Lanes; (iv) TxDOT grant funds for the Border Highway West Project; (v) TxDOT grant funds for the El Paso Streetcar Project; and (vi) interest generated from existing CRRMA funds, which includes interest generated through the Spur 601 Project and VRF Bonds, if any. Total CRRMA operating expenditures in fiscal year 2016 were \$1,133,276.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2016**

Financial Future of the CRRMA

The CRRMA's focus in fiscal year 2016 was the progression of its major transportation projects and fiscal year 2017 will include additional development of such projects. By way of example: (i) the SunCycle program continues to see revenue increases; (ii) expenditures associated with the Border West Expressway Project will continue to increase, with major activities anticipated in FY2017; (iii) the CRRMA's activities related to the 2013 El Paso County Comprehensive Mobility Plan (2013 CMP) will see continued increases in expenditures on design and construction; (iv) the issuance of subordinate bonds for the 2013 CMP evidences the CRRMA's intent to increase design and construction expenditures into FY2017; and (v) the El Paso Streetcar Project will see significant construction expenditures in 2017 as well. Therefore, the CRRMA anticipates the continued expansion of its financial activities into fiscal year 2017.

Contacting CRRMA's Financial Management

For additional information concerning the CRRMA, please see the CRRMA's website: www.crrma.org. The CRRMA's executive offices are located at 300 N. Campbell, 2nd 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, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and cash equivalents	\$ 3,322,571	\$ 3,328,607
Restricted - cash and cash equivalents	471,406,880	612,034,732
Intergovernmental receivables	<u>34,820,907</u>	<u>34,109,138</u>
Total current assets	<u>509,550,358</u>	<u>649,472,477</u>
Non-Current Assets		
Intergovernmental receivables	<u>106,183,484</u>	137,483,484
Capital assets:		
Toll equipment, net	2,302,191	2,479,283
Bike equipment, net	274,885	192,833
Construction in progress	<u>30,381,648</u>	<u>2,781,947</u>
Capital assets, net of accumulated depreciation	<u>32,958,724</u>	<u>5,454,063</u>
Total noncurrent assets	<u>139,142,208</u>	<u>142,937,547</u>
Total assets	<u>\$ 648,692,566</u>	<u>\$ 792,410,024</u>
 LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,587,853	\$ 20,958,646
Bonds payable, due within one year	25,363,990	24,281,276
Accrued interest	2,287,093	2,389,486
State infrastructure bank loans	1,295,804	1,237,690
Unearned revenue	<u>374,787,243</u>	<u>494,541,268</u>
Total current liabilities	<u>422,321,983</u>	<u>543,408,366</u>
Non-Current Liabilities		
Bonds payable (including unamortized premium)	154,620,502	187,007,083
State infrastructure bank loans	51,922,133	53,217,938
Notes payable	<u>5,044,420</u>	<u>3,974,036</u>
Total non-current liabilities	<u>211,587,055</u>	<u>244,199,057</u>
Total liabilities	<u>633,909,038</u>	<u>787,607,423</u>
Net Position		
Net investment in capital assets	32,958,724	5,454,063
Restricted for grant requirements	396,825	-
Unrestricted	<u>(18,572,021)</u>	<u>(651,462)</u>
Total net position	<u>14,783,528</u>	<u>4,802,601</u>
Total liabilities and net position	<u>\$ 648,692,566</u>	<u>\$ 792,410,024</u>

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

CAMINO REAL REGIONAL MOBILITY AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
TxDOT - Planning Project Development Agreement	\$ 167,931	\$ 289,255
TxDOT - Federal Grants	320,000	4,406,472
TxDOT - Project Agreements	812,211	399,045
TxDOT - Border West Expressway	92,271,723	102,180,972
TxDOT - Streetcar Project	27,599,701	2,807,952
Chavez Toll Revenue	281,773	253,381
Bike Share Revenue	60,393	-
Local governments	15,098,264	12,022,757
In-kind	30,400	30,400
	<u>136,642,396</u>	<u>122,390,234</u>
Total revenues		
OPERATING EXPENSES		
Salary and benefits	194,032	256,028
Depreciation	264,971	177,092
In-kind	30,400	30,400
Legal	43,169	97,294
Engineering	372,437	382,518
Other contracts	80,404	28,742
Promotional	-	1,400
Financial	45,000	45,000
Travel and conferences	5,131	4,464
Professional fees	72,334	140,833
Supplies and other	25,398	-
	<u>1,133,276</u>	<u>1,163,771</u>
Total operating expenses		
Income from operations	<u>135,509,120</u>	<u>121,226,463</u>
Non-Operating Revenues (Expenses)		
Interest income	979,249	233,127
Interest subsidies	917,072	-
Gain on retirement of bonds	458,345	-
Intergovernmental transfer of capital assets	(116,997,847)	(111,058,598)
Interest expense	(10,885,012)	(11,769,119)
	<u>(125,528,193)</u>	<u>(122,594,590)</u>
Total non-operating expenses		
Change in net position	9,980,927	(1,368,127)
Net position - beginning of year	4,802,601	6,170,728
Net Position - end of year	<u>\$ 14,783,528</u>	<u>\$ 4,802,601</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Receipts from other agencies	\$ 47,104,036	\$ 154,874,217
Receipts from users	342,166	-
Payments to employee	(252,328)	(254,825)
Payments to professionals	<u>(125,618,499)</u>	<u>(102,631,320)</u>
Net cash (used) provided by operating activities	<u>(78,424,625)</u>	51,988,072
Cash Flows from Noncapital Financing Activities		
Repayment of debt	(30,917,691)	(24,260,523)
Interest paid	(12,152,927)	(12,229,443)
Cash received for interest subsidy	917,072	-
Proceeds from noncapital loans	<u>1,070,384</u>	<u>1,208,087</u>
Net cash used by noncapital financing activities	<u>(41,083,162)</u>	(35,281,879)
Cash Flows from Capital and Related Financing Activities		
Acquisition/construction of capital assets	<u>(22,105,350)</u>	(5,631,155)
Net cash used by capital and related financing activities	<u>(22,105,350)</u>	(5,631,155)
Cash Flows from Investing Activities		
Interest received	<u>979,249</u>	233,127
Net cash provided by investing activities	<u>979,249</u>	233,127
Net (decrease) increase in cash and cash equivalents	(140,633,888)	11,308,165
Cash and cash equivalents - beginning of year	<u>615,363,339</u>	604,055,174
Cash and cash equivalents - end of year	<u>\$ 474,729,451</u>	<u>\$ 615,363,339</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities		
Operating income	\$ 135,509,120	\$ 121,226,463
Adjustments to reconcile operating income to net cash:		
Depreciation expense	264,971	177,092
Decrease in intergovernmental receivables	30,588,231	32,608,379
(Decrease) increase in accounts and other payables	(8,035,075)	17,022,754
Decrease in unearned revenue	(119,754,025)	(7,988,018)
Capital expenditures transferred out to other governments	<u>(116,997,847)</u>	<u>(111,058,598)</u>
Net cash (used) provided by operating activities	<u>\$ (78,424,625)</u>	<u>\$ 51,988,072</u>

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

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

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. The 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, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, 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 and grant funding received in advance 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, loan, and specified grant 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 and 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 CRRMA'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, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets of the CRRMA 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 fiscal year 2016, 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.

Restricted net position - this component of net position consists of restricted assets which arose from grants and interlocal agreements for the bike share program.

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 2016, the CRRMA had a deficit unrestricted net position of \$18,572,021. This was due to the capitalization of assets which were transferred to the County of El Paso in fiscal year 2016 and have 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 and discounts over the estimated life of the bonds and records the amount as an adjustment to interest expense.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

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

3. CASH AND CASH EQUIVALENTS

The carrying amount of CRRMA's cash and cash equivalents at August 31 are as follows:

	2016	2015
Cash in bank - Unrestricted (held by the City of El Paso)	\$ 3,322,571	\$ 3,328,607
Cash in bank - Restricted (held by the City of El Paso)	738,170	740,406
Cash Equivalents - Restricted		
Bank of Texas	316,651,984	416,150,154
BNY Mellon	56,635,132	72,469,619
Streetcar Project (held by the City of El Paso), \$3,162,302 and \$241,785 for 2016 and 2015, respectively, are reported as unrestricted.	73,144,621	95,061,465
Wells Fargo SIB Subsidy Account	454,616	-
Wells Fargo Money Market	1,786,267	5,619,234
Wells Fargo Repurchase Agreement (held by the City of El Paso)	21,996,090	21,993,854
Total cash and cash equivalents	\$ 474,729,451	\$ 615,363,339

Cash and equivalents of \$99,201,452 and \$121,124,332 at August 31, 2016 and 2015, 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:

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

3. CASH AND CASH EQUIVALENTS (Continued)

- 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.

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 can be 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 CRRMA's policy is in accordance with this requirement. The CRRMA is not exposed to this risk as the funds held with Wells Fargo Bank N.A. for the money market account and the Bank of Texas money market account are fully collateralized as of August 31, 2016 and August 31, 2015. The deposits maintained with the Bank of New York Mellon were collateralized as of August 31, 2016 but were not collateralized as of August 31, 2015.

In addition, CRRMA's policy requires repurchase agreements to be fully collateralized at 102%. As of August 31, 2016 and 2015, the repurchase agreement had \$23,095,395 and \$23,093,547, respectively, of underlying securities held by the pledging financial institution 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. CRRMA's policy states that the portfolio must be diversified. CRRMA is not exposed to this risk since no investments were held as of August 31, 2016 and August 31, 2015.

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 2016 and 2015.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

4. INTERGOVERNMENTAL RECEIVABLES - CURRENT

Current intergovernmental receivables is comprised of the following amounts due from governmental agencies as of August 31:

	2016	2015
TxDOT		
Project Development Agreement - Americas Project	\$ 46,736	\$ 825,073
Spur 601 Agreement	31,300,000	31,300,000
Various agencies	320,449	516,493
City of El Paso - SIB loan payments	1,434,923	1,467,572
El Paso Water Utilities - Streetcar Project	1,718,799	-
	\$ 34,820,907	\$ 34,109,138
Total intergovernmental receivables - current	\$ 34,820,907	\$ 34,109,138

5. INTERGOVERNMENTAL RECEIVABLES - NON-CURRENT

The Spur 601 Pass-Through Toll agreement (Project) 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 semi-annual 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 2016 and 2015 was \$137,483,484 and \$168,783,484, respectively. This balance includes the current portion of \$31,300,000 (see Note 4) and the non-current intergovernmental portion of \$106,183,484 and \$137,483,484 for fiscal years ended 2016 and 2015, respectively.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

6. CAPITAL ASSETS

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

	2016			
	Beginning Balance	Additions	Deletions	Ending Balance
	8/31/2015			8/31/2016
Capital assets, not being depreciated:				
Construction in progress - Streetcar Project	\$ 2,781,947	\$ 27,599,701	\$ -	\$ 30,381,648
Capital assets being depreciated:				
Cesar Chavez Toll Equipment	2,656,375	-	-	2,656,375
Bike Share Equipment	192,833	169,931	-	362,764
Total capital assets being depreciated	2,849,208	169,931	-	3,019,139
Less accumulated depreciation for:				
Cesar Chavez Toll Equipment	(177,092)	(177,092)	-	(354,184)
Bike Share Equipment	-	(87,879)	-	(87,879)
Total accumulated depreciation	(177,092)	(264,971)	-	(442,063)
Total capital assets being depreciated, net	2,672,116	(95,040)	-	2,577,076
Total capital assets, net	<u>\$ 5,454,063</u>	<u>\$ 27,504,661</u>	<u>-</u>	<u>\$ 32,958,724</u>
	2015			
	Beginning Balance	Additions	Deletions	Ending Balance
	8/31/2014			8/31/2015
Capital assets, not being depreciated:				
Construction in progress - Streetcar Project	\$ -	\$ 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, net	<u>\$ -</u>	<u>\$ 5,454,063</u>	<u>\$ -</u>	<u>\$ 5,454,063</u>

The Construction in Progress - Streetcar Project reported above will be transferred to the City of El Paso upon project completion.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2016</u>	<u>2015</u>
Invoices related to Border West Expressway Project	\$ 10,030,319	\$ 18,192,849
Invoices related to Streetcar Project	6,507,047	842,764
Invoices related to other projects	1,991,007	1,865,463
Accrued payroll and related liabilities	<u>59,480</u>	<u>57,570</u>
Total accounts payable and accrued liabilities	<u>\$ 18,587,853</u>	<u>\$ 20,958,646</u>

8. LONG-TERM DEBT

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

Description and Purpose	2016			Balance August 31, 2016	Due Within One Year
	Balance August 31, 2015	Additions	Reductions		
<u>Bonds Payable:</u>					
Series 2008	\$ 132,375,000	\$ -	\$ 28,540,000	\$ 103,835,000	\$ 23,045,000
Series 2014	67,425,000	-	1,140,000	66,285,000	1,175,000
<u>Unamortized Premiums:</u>					
Series 2008	7,372,679	-	1,476,205	5,896,474	1,043,381
Series 2014	4,115,680	-	147,662	3,968,018	100,609
Total Bonds Payable	<u>211,288,359</u>	-	<u>31,303,867</u>	<u>179,984,492</u>	<u>25,363,990</u>
<u>Notes Payable:</u>					
TxDot Financial Assist. Agreement #1	756,406	-	-	756,406	-
TxDot Financial Assist. Agreement #2	3,217,630	1,070,384	-	4,288,014	-
State Infrastructure Bank Loan #1	28,795,000	-	640,000	28,155,000	670,000
State Infrastructure Bank Loan #2	5,655,410	-	235,922	5,419,488	245,674
State Infrastructure Bank Loan #3	20,005,218	-	361,769	19,643,449	380,130
Total Notes Payable	<u>58,429,664</u>	<u>1,070,384</u>	<u>1,237,691</u>	<u>58,262,357</u>	<u>1,295,804</u>
Total long-term debt	<u>\$ 269,718,023</u>	<u>\$ 1,070,384</u>	<u>\$ 32,541,558</u>	<u>\$ 238,246,849</u>	<u>\$ 26,659,794</u>

Interest expense incurred on long-term debt amounted to \$10,885,012 for the year ended August 31, 2016.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

Description and Purpose	2015				
	Balance August 31, 2014	Additions	Reductions	Balance August 31, 2015	Due Within One Year
<u>Bonds Payable:</u>					
Series 2008	\$153,255,000	\$ -	\$ 20,880,000	\$132,375,000	\$ 21,940,000
Series 2014	68,485,000	-	1,060,000	67,425,000	1,140,000
<u>Unamortized Premiums:</u>					
Series 2008	8,365,473	-	992,794	7,372,679	1,053,614
Series 2014	4,257,560	-	141,880	4,115,680	147,662
Total Bonds Payable	234,363,033	-	23,074,674	211,288,359	24,281,276
<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	58,407,426	1,208,087	1,185,849	58,429,664	1,237,690
Total long-term debt	\$292,770,459	\$ 1,208,087	\$ 24,260,523	\$269,718,023	\$ 25,518,966

Interest expense incurred on long-term debt amounted to \$11,769,119 for the year ended August 31, 2015.

Bonds Payable

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 of Transportation 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, 2016 AND 2015

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 using the interest method. The amortization of the premium for the years ended August 31, 2016 and 2015 was \$1,017,860, and \$992,794, respectively, which was recorded in interest expense. In addition, during fiscal year 2016, the premium balance was reduced by a gain of \$458,345 resulting from the early retirement of bonds.

Interest payments on the bonds commenced in August 2008, with semi-annual payments in February and August, and principal payments commenced in August 2012, with final payment due in February 2022. The original terms of the bonds were twenty semi-annual principal payments totaling \$233,355,000 and interest payments totaling \$115,208,222. During fiscal year ended August 31, 2016, CRRMA redeemed principal of \$6,600,000 in advance of the original debt service schedule. Due to early redemption of bonds, the final maturity date of the remaining bonds is February 2021. The interest rate remained consistent. There was no early redemption of bonds during fiscal year 2015.

The annual requirements are as follows:

Series 2008			
Year Ending August 31,	Principal	Interest	Total
2017	\$ 23,045,000	\$ 5,098,812	\$ 28,143,812
2018	24,230,000	3,917,112	28,147,112
2019	25,520,000	2,628,369	28,148,369
2020	26,875,000	1,270,982	28,145,982
2021	4,165,000	104,125	4,269,125
Total	<u>\$ 103,835,000</u>	<u>\$ 13,019,400</u>	<u>\$ 116,854,400</u>

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 using the interest method. The amortization as of August 31, 2016 and 2015 was \$147,662 and \$141,880, respectively, which was recorded in interest expense.

Principal and interest payments commenced in June 2015 with final payment due in 2044. The terms of the bonds are 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, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

The annual requirements are as follows:

Series 2014			
Year Ending August 31,	Principal	Interest	Total
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	1,415,000	2,727,450	4,142,450
2022-2026	8,195,000	12,504,000	20,699,000
2027-2031	10,460,000	10,239,250	20,699,250
2032-2036	13,320,000	7,378,200	20,698,200
2037-2041	16,385,000	4,315,800	20,700,800
2042-2044	11,490,000	931,200	12,421,200
Total	<u>\$ 66,285,000</u>	<u>\$ 49,635,700</u>	<u>\$ 115,920,700</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 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 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 \$116 million.

Amounts collected and related debt service payments during fiscal years ended August 31, 2016 and 2015 were as follows:

Fiscal Year Ended August 31,	Special Vehicle Registration Fees Received	Debt Service Payments
2016	\$ 6,187,880	\$ 4,140,900
2015	6,751,140	4,139,349

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

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 the 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 are due 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. In addition, a portion of the interest is subsidized, see Interest Subsidy paragraph below.

The annual requirements for this loan are as follows:

SIB Loan #1			
Year Ending August 31,	Principal	Interest	Total
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	785,000	1,252,845	2,037,845
2022-2026	4,430,000	5,649,189	10,079,189
2027-2031	5,410,000	4,459,456	9,869,456
2032-2036	6,610,000	3,006,384	9,616,384
2037-2041	8,075,000	1,230,820	9,305,820
Total	\$ 28,155,000	\$ 20,969,198	\$ 49,124,198

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 \$6,000,000, to augment funding for the Loop 375 (Transmountain NE) construction project. A portion of the funds, \$2,895,113, were drawn down in March 2012 and transferred into an account held by TxDOT. Principal payments began February 2014 and interest payments in February 2013 and are due annually thereafter until the maturity date of February 1, 2032. The remaining funds of \$3,104,887 were drawn down on January 4, 2013 and at August 31, 2016, 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 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, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

The annual requirements for this loan are as follows:

SIB Loan #2			
Year Ending August 31,	Principal	Interest	Total
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	288,885	171,304	460,189
2022-2026	1,633,731	667,210	2,300,941
2027 -2031	2,000,494	300,447	2,300,941
2032	451,054	9,134	460,188
Total	\$ 5,419,488	\$ 1,943,523	\$ 7,363,011

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 drawn down in March 2012 and transferred into an account held by TxDOT. Principal payments began in February 2014 and interest payments in February 2013 and are due annually thereafter until the maturity date of February 1, 2042. The remaining funds of \$3,913,763 were drawn down on January 4, 2013 and at August 31, 2016 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 City of El Paso will reimburse the CRRMA for payments on this loan.

The annual requirements for this loan are as follows:

SIB Loan #3			
Year Ending August 31,	Principal	Interest	Total
2017	\$ 380,130	\$ 962,943	\$ 1,343,073
2018	399,424	943,649	1,343,073
2019	419,698	923,375	1,343,073
2020	441,000	902,073	1,343,073
2021	463,383	879,690	1,343,073
2022-2026	2,694,512	4,020,851	6,715,363
2027 -2031	3,451,358	3,264,005	6,715,363
2032-2036	4,420,790	2,294,573	6,715,363
2037-2041	5,662,520	1,052,844	6,715,364
2042	1,310,634	32,438	1,343,072
Total	\$ 19,643,449	\$ 15,276,441	\$ 34,919,890

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

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

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 25,515,804	\$ 10,636,642	\$ 36,152,446
2018	26,800,253	9,345,328	36,145,581
2019	28,211,102	7,930,333	36,141,435
2020	27,193,417	6,440,744	33,634,161
2021	9,027,268	5,135,414	14,162,682
2022-2026	17,543,243	22,841,250	40,384,493
2027 -2031	21,321,852	18,263,158	39,585,010
2032-2036	24,801,844	12,688,291	37,490,135
2037-2041	30,122,520	6,599,464	36,721,984
2042-2044	12,800,634	963,638	13,764,272
Total	<u>\$ 223,337,937</u>	<u>\$ 100,844,262</u>	<u>\$ 324,182,199</u>

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 year 2016 totaled \$917,072. No refunds were received during fiscal year 2015. 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 2016 and 2015, the City of El Paso reimbursed CRRMA \$3,637,384 and \$3,637,633, 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 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. 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 remaining at August 31, 2016 on this financial assistance agreement #1 was \$756,406.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

8. LONG-TERM DEBT (Continued)

During the year ended August 31, 2008, CRRMA entered into a financial assistance agreement with Texas Department of Transportation 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. 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 Loop 375 Cesar Chavez Border Highway until toll revenues are sufficient to cover those costs. This toll equity loan of up to \$9.4M was consolidated with the rollover amount of \$673,595 from the other prior arrangements referred to as Pre-Development Loans. As of August 31, 2016, the amount due on the consolidated loan (financial assistance agreement #2) is \$4,288,014 with a remaining balance of \$5,785,579 to be funded.

The loan will be funded as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
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>\$ 5,785,579</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 Toll Revenues, and shall be in an amount that is at least equal to 10% of the Net Toll 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, 2016 AND 2015

9. UNEARNED REVENUE

Unearned revenue represents funds received but not earned as of August 31, 2016 and 2015.

Description	Balance August 31, 2015	Amount Received	Amount Spent	Balance August 31, 2016
ARRA Fund - FY 13 final drawdown	\$ 2,528,947	\$ -	\$ -	\$ 2,528,947
Border West Expressway Project	397,819,028	-	92,271,723	305,547,305
Streetcar Project	94,192,048	-	27,599,701	66,592,347
Mission Ridge Project	-	1,493,950	1,377,976	115,974
Toll overpayments	1,245	2,670	1,245	2,670
Total unearned revenue	\$ 494,541,268	\$ 1,496,620	\$ 121,250,645	\$ 374,787,243

Description	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
Toll overpayments	339	1,245	339	1,245
Total unearned revenue	\$ 502,529,286	\$ 97,001,245	\$ 104,989,263	\$ 494,541,268

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly when such funds are received, they are recorded as unearned revenues until earned.

10. CONSTRUCTION COMMITMENTS AND OTHER CONTINGENCIES

CRRMA 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 CRRMA 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 CRRMA's financial position or results of future operations.

CRRMA 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.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

10. CONSTRUCTION COMMITMENTS AND OTHER CONTINGENCIES (Continued)

Rebatable Arbitrage is evaluated and estimated on an annual basis by a third party arbitrage rebate service company. The company has estimated no liability for the CRRMA as of August 31, 2016 and August 31, 2015.

11. TXDOT AGREEMENTS

Planning Project Development Agreements/Grants

As of August 31, 2016, 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, 2016 and 2015, CRRMA has incurred costs of \$121,171,566 and \$110,083,696, 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. LOCAL GOVERNMENTS

Revenue from local governments for the years ended August 31, 2016 and 2015 was comprised of the following:

	2016	2015
County of El Paso		
Special Vehicle Registration Fees for bond payments	\$ 6,187,880	\$ 6,751,140
Reimbursements related to Guadalupe Port of Entry	516,426	1,214,903
City of El Paso		
Reimbursement for SIB loan payments	3,604,735	3,606,277
Bike Share Project	150,000	-
Other Projects	12,621	125,609
El Paso Water Utilities		
Utility infrastructure within the Streetcar Project area boundary	3,248,477	-
Facility improvements in areas within the Mission Ridge Project	1,377,977	-
El Paso Metropolitan Planning Organization		
Bike Project Grant	-	276,000
Other Local Governments	148	48,828
	\$ 15,098,264	\$ 12,022,757
Total		

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

14. INTERGOVERNMENTAL TRANSFERS

Transfers out consist of the following as of August 31:

	<u>2016</u>	<u>2015</u>
Construction in progress (owned and capitalized by TxDot)	\$ 103,407,402	\$ 111,058,598
Construction in progress (owned and capitalized by El Paso Water Utilities)	4,626,454	-
Construction in progress (owned and capitalized by the County of El Paso)	8,963,991	-
Total	<u>\$ 116,997,847</u>	<u>\$ 111,058,598</u>

15. SUBSEQUENT EVENT

In September 2016, CRRMA and its fiscal agent, the City of El Paso, were defrauded in the amount of \$2.9 million. The investigation is ongoing and \$1.6 million has been recouped up to date.

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* issued by the Comptroller General of the United States and the State of Texas *Uniform Grant Management Standards*, the financial statements of the business-type activities of Camino Real Regional Mobility Authority (CRRMA), as of and for the years ended August 31, 2016 and 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 7, 2017.

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 an 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the State of Texas *Uniform Grant Management 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 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.

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

Gibson Ruddock Patterson LLC
El Paso, Texas
April 7, 2017

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

To the Board of Directors
Camino Real Regional Mobility Authority

Report on Compliance for Each Major State Program

We have audited the Camino Real Regional Mobility Authority's (CRRMA) compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the CRRMA's major state programs for the year ended August 31, 2016. CRRMA's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the CRRMA's major 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; and the audit requirements of the State of Texas Single Audit Circular. Those standards 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 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 state program. However, our audit does not provide a legal determination of the CRRMA's compliance.

Opinion on Each Major 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 state programs for the years ended August 31, 2016.

Report on Internal Control over Compliance

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 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 state program and to test and report on internal control over compliance in accordance with 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 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 state 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 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 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 7, 2017

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2016

Schedule Reference Number	PROGRAM	DESCRIPTION
	<u>SUMMARY OF AUDITOR'S RESULTS</u>	
	<u>FINANCIAL STATEMENTS</u>	
	Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
	Internal control over financial reporting:	
	Were significant deficiencies in internal control disclosed?	None reported
	Were material weaknesses in internal control disclosed?	No
	Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?	No
	<u>STATE AWARDS</u>	
	Internal control over major state award programs:	
	Were significant deficiencies in internal control over major programs disclosed?	None reported
	Were material weaknesses in internal control over major programs disclosed?	No
	Type of auditor's report issued on compliance for the major state awards programs:	Unmodified
	Were there any audit findings that the auditor is required to disclose under the State of Texas Single Audit Circular?	No
	Major State Programs:	<u>Border West Expressway Streetcar Project</u>
	Dollar threshold used to distinguish between Type A and Type B State Programs:	\$3,000,000
	Did auditee qualify as low-risk auditee under the State of Texas Single Audit Circular?	Yes

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

Schedule Reference Number	PROGRAM	DESCRIPTION
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FINANCIAL STATEMENT FINDINGS

There were no current year findings.

STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings.

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2016

Schedule Reference Number	PRIOR YEAR FINDING/ NONCOMPLIANCE	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
--	--	--

FINANCIAL STATEMENT FINDINGS

**2015-001 State Compliance - Collateralizing
Public Funds Deposits**

Condition Found:

A portion of CRRMA's deposits were neither insured nor collateralized.

Status:

As of March 5, 2016, all of the deposited funds were fully collateralized, as required.

FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings.

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2016

State Grantor/Pass-through Grantor/ Grant Description	Grantor's Number	State Expenditures
<u>Texas Department of Transportation</u>		
Planning Project Development Agreement	N/A	\$ 167,931
Americas WBSB/EBSB	N/A	588,988
Cesar Chavez	N/A	193,200
Spur 1966 (Schuster)	N/A	30,023
Streetcar Project	N/A	27,599,701
Border West Expressway	N/A	<u>92,271,723</u>
Total Texas Department of Transportation		<u>\$ 120,851,566</u>
<u>Texas Commission on Environmental Quality</u>		
Passed through the El Paso Metropolitan Planning Organization		
El Paso Bike Share Project	N/A	<u>\$ 153,175</u>
Total passed through the El Paso Metropolitan Planning Organization		<u>\$ 153,175</u>
Total Texas Commission on Environmental Quality		<u>\$ 153,175</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u><u>\$ 121,004,741</u></u>

See accompanying notes to schedule of expenditures of state awards.

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

YEAR ENDED AUGUST 31, 2016

1. GENERAL

The accompanying schedule of expenditures of state awards includes the state award activity of the Camino Real Regional Mobility Authority (CRRMA) under programs of the state government for the year ended August 31, 2016. The information in this schedule is presented in accordance with the requirements of the State of Texas *Uniform Grant Management Standards*. Because the schedule presents only a selected portion of the operations of the CRRMA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the CRRMA.

2. BASIS OF ACCOUNTING

The schedule of expenditures of state awards is presented using the accrual basis of accounting, which reflects the flow of economic resources measurement focus and requires recognition of revenue when earned and expenses when incurred.

3. NON-CASH ASSISTANCE

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

4. SUB-RECIPIENTS

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

5. RECONCILIATION

A reconciliation of operating revenues on the Statement of Revenues, Expenses, and Changes in Net Position to the Expenditures of State Awards is presented below:

Total revenue reported on the Statement of Revenues, Expenses, and Changes in Net Position:	\$ 136,642,396
Less: Federal Revenue:	
TXDOT - Federal Grants	320,000
Less: Local Revenue	
Chavez Toll Revenue	281,773
Bike Share Revenue	60,393
Local Governments	15,098,264
In-Kind	<u>30,400</u>
	120,851,566
Plus: Revenue related to current year expenditures of State funds for the Bike Share program recognized upon receipt in a prior year	<u>153,175</u>
Total State Awards reported in the Schedule of Expenditures of State Awards	<u><u>\$ 121,004,741</u></u>