

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

**YEARS ENDED AUGUST 31, 2017 AND 2016**

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**TABLE OF CONTENTS**

**YEARS ENDED AUGUST 31, 2017 AND 2016**

	<u>Page</u>
FINANCIAL SECTION .....	1
Independent Auditor's Report .....	2
Management's Discussion and Analysis .....	5
<b>Basic Financial Statements:</b> .....	13
Statements of Net Position .....	14
Statements of Revenues, Expenses, and Changes in Net Position .....	15
Statements of Cash Flows .....	16
Notes to the Financial Statements .....	17
FEDERAL AND STATE AWARD SECTION .....	36
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 <i>Government Auditing Standards</i> .....	37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards .....	39
Schedule of Findings and Questioned Costs .....	41
Schedule of Status of Prior Findings .....	43
Schedule of Expenditures of Federal and State Awards .....	44
Notes to Schedule of Expenditures of Federal and State Awards .....	45

**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, 2017 and 2016, 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, 2017 and 2016, 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 accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and 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 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, 2018 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 that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2018

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

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, 2017. As you read the MD&A, "2017" refers to the fiscal year ended August 31, 2017 and "2016" refers to the fiscal year ended August 31, 2016. 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 \$38,564,235 as compared to an increase of \$9,980,927 in 2016.
- As of August 31, 2017 assets exceeded liabilities by \$52,032,211.

**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 35 of this report.



**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

**Financial Analysis**

**Financial Position.** Table 1 is a summarized version of the statement of net position as of August 31, 2017, 2016 and 2015. 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,	2017	2016	%Change	2015	% Change
<b>CURRENT ASSETS</b>					
Current Assets	\$ 319,918,400	\$ 509,550,358	-37%	\$ 649,472,477	-22%
Noncurrent Assets	74,883,484	106,183,484	-29%	137,483,484	-23%
Capital Assets, net	82,209,858	32,958,724	149%	5,454,063	504%
<b>Total Assets</b>	<b>\$ 477,011,742</b>	<b>\$ 648,692,566</b>	<b>-26%</b>	<b>\$ 792,410,024</b>	<b>-18%</b>
<b>LIABILITY AND NET POSITION</b>					
Current Liabilities	208,291,718	422,321,983	-51%	543,408,366	-22%
Non-current Liabilities:					
Long-Term Bonds and Notes Payables	216,687,813	211,587,055	2%	244,199,057	-13%
<b>Total Liabilities</b>	<b>424,979,531</b>	<b>633,909,038</b>	<b>-33%</b>	<b>787,607,423</b>	<b>-20%</b>
<b>Net Position</b>					
Net Investment in capital assets	82,209,858	32,958,724	149%	5,454,063	504%
Restricted for grant	306,839	396,825	-23%		100%
Unrestricted	(30,484,486)	(18,572,021)	64%	(651,462)	2751%
<b>Total Net Position</b>	<b>\$ 52,032,211</b>	<b>\$ 14,783,528</b>	<b>252%</b>	<b>\$ 4,802,601</b>	<b>208%</b>

**Current Assets.** Current assets decreased by \$190 million or 37% in 2017 as compared to 2016. The decrease in 2017 occurred because CRRMA utilized funds received in advance for the Streetcar and Border West Expressway projects.

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 projects.

**Capital Assets.** Capital assets increased to \$49.3 million in 2017 compared to \$32.9 million in 2016. The increase is a result of the construction in progress for the Streetcar project.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

**Current Liabilities.** Current liabilities decreased by \$214 million or 51% in 2017 as compared to 2016. The majority of the decrease is related to the utilization of a portion of the advance payment for the Streetcar and Border West Expressway projects recorded as unearned revenue in prior years.

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 Streetcar and Border West Expressway projects recorded as unearned revenue in prior years.

**Noncurrent Liabilities.** Noncurrent liabilities increased by \$5 million or 2% in 2017 as compared to 2016. The change is attributed to the issuance of bonds in 2017. Details of bonds payable are included in Note 8 to the financial statements.

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.

As of August 31, 2017 and 2016, CRRMA had total bonded debt outstanding of \$187.7 million and \$179.9 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>2017</b>	<b>2016</b>	<b>2015</b>
Series 2008 bond, Including Premium of \$4,665,428 at 08/31/17	\$ 82,455,428	\$ 109,731,474	\$ 139,747,679
Series 2014 bond, Including Premium of \$3,967,391 at 08/31/17	69,077,391	70,253,018	71,540,680
Series 2017 bond, Including Premium of \$1,505,978 at 08/31/17	36,205,978		
TxDot Financial Assistance Agreement #1	756,406	756,406	756,406
TxDot Financial Assistance Agreement #2	4,288,014	4,288,014	3,217,630
State Infrastructure Bank Loans	51,922,133	53,217,937	54,455,628
Total Debt	\$ 244,705,350	\$ 238,246,849	\$ 269,718,023

**Total Net Position.** Net position increased by \$37.2 million or 252% in 2017 as compared to 2016.

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

**Results of Operations.** Table 3 is a summarized version of the statement of revenues, expenses and changes in net position for the years ended 2017, 2016 and 2015.

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

<b>As of August 31,</b>	<b>2017</b>	<b>2016</b>	<b>%Change</b>	<b>2015</b>	<b>% Change</b>
Operating Revenue	\$ 243,218,147	\$ 136,642,396	78%	\$ 122,390,234	12%
Operating Expenses	1,481,087	1,133,276	31%	1,163,771	-3%
Net Operating Income	241,737,060	135,509,120	78%	121,226,463	12%
Non-Operating Revenues, Expenses, and Transfer:	(203,172,825)	(125,528,193)	62%	(122,594,590)	2%
Extraordinary item	(1,315,552)		100%		
Increase (Decrease) in Net Position	37,248,683	9,980,927	273%	(1,368,127)	830%
Ending Net Position	52,032,211	14,783,528	252%	4,802,601	208%

**Operating Revenues.** Operating revenues increased by \$107 million in 2017 as compared to 2016. The majority of the change is attributed to the construction of the Streetcar and Border West Expressway Projects.

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

**Operating Expenses.** Operating expenses increased by \$348 thousand or 31% in 2017 as compared to 2016. The majority of the increase is attributed to an increase in costs that were unreimbursed from federal or other sources and an increase in depreciation 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.

**Non-operating Revenues, Expenses, and Transfers.** Non-operating revenues, expenses and transfers increased by \$78 million or 62% in 2017 as compared to 2016, due to an increase in activity in the Border West Expressway Project.

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.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

**Fiscal Year 2017 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 were completed in FY2011 but Wells Fargo Bank, National Association continued to serve as the trustee for this issuance through 2017. Pass-through payments from the Texas Department of Transportation (TxDOT) in a total maximum aggregate pledged amount of \$312,450,000, serve as the repayment source for these bonds. CRRMA activities in 2017 were limited to debt service payments in the amount of \$26,045,000.

2008 El Paso Comprehensive Mobility Plan Projects

Similarly, the CRRMA continued debt payments in FY2017 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 2017. The CRRMA also continued to provide design services during construction in 2017 on the remaining direct connectors and related infrastructure for the Americas Interchange Project. In 2017, the CRRMA made SIB loan repayments on the Americas Interchange, Zaragoza Direct Connectors and Transmountain Northeast Projects in the respective amounts of \$670,000, \$245,674 and \$380,130.

César Chávez Express Toll Lanes

In January of 2014, the CRRMA began operations and maintenance of the César Chávez Express Toll Lanes on Loop 375 – the region's first toll operation outside of the area's international bridges. On August 9, 2017, the CRRMA Board of Directors suspended toll collections, while directing the continued collection of toll fees previously incurred. Total revenues collected in fiscal year 2017 amount to \$194,947. The CRRMA Board also directed staff to identify and begin implementing steps necessary to permanently remove tolls from the Chávez facility. CRRMA discussions with the Texas Department of Transportation regarding the permanent removal of tolls from the Chávez facility continued into 2017.

SunCycle – El Paso Bike Share Program

The CRRMA's bike share program (SunCycle) continued through 2017 with its one hundred sixty bikes and sixteen stations. Through 2017, the program tallied over 17,500 bike rides, which amounted to over 95,000 miles ridden, 90,000 pounds of carbon offset and almost 3,800,000 calories burned. Also in 2017, the program generated more than \$95,000 in revenues from fares.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

Border West Expressway Project

The Border West Expressway Project is a joint effort with TxDOT, whereby TxDOT granted the CRRMA \$500,000,000 for partial payment of an approximately nine-mile toll facility. The funds were granted to the CRRMA in fiscal year 2014 and construction began in fiscal year 2015. TxDOT manages the construction activities, while the CRRMA will operate the toll component upon opening. The CRRMA has made expenditures totaling \$371,824,063 through 2017.

El Paso Streetcar Project

The El Paso Streetcar Project is another jointly developed project with the partners including 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 has made project expenditures totaling \$79,442,137 from commencement in 2015 through 2017.

2013 El Paso County Comprehensive Mobility Plan Projects

The CRRMA partnered with the Texas Department of Transportation and El Paso County (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 is varied and includes financing, design, construction and/or construction management of various projects. To fund this program, the County implemented an optional vehicle registration fee and pledged the associated revenues to the CRRMA. The CRRMA then used that pledge as the repayment source for two debt issuances (Series 2014 (Senior) and Series 2017 (Subordinate)). The CRRMA has been using these bond proceeds to develop various 2013 CMP projects, with expenditures from Series 2014 bonds in 2015, 2016 and 2017 totaling \$5,099,321, \$18,621,080 and \$13,656,637, respectively. There have been no expenditures of Series 2017 bonds through 2017.

Americas Managed Lanes Project

Development of the preliminary engineering and environmental services for this project continued into 2017, utilizing grant funds from TxDOT. However, due to the suspension of tolls on the adjacent Chávez facility, this project is now being pursued as a non-toll facility. The referenced preliminary engineering and environmental services commenced in 2013, with expenditures to date totaling \$152,753. The resulting environmental document will be used in the development of two distinct projects: Loop 375 Main Lane Widening Project and Loop 375 Frontage Road & Ramps Project.

Loop 375 Widening and Loop 375 Frontage Roads & Ramps Projects

The CRRMA is tasked with completion of the plans, specifications and estimates (PS&E) for both of these projects, utilizing funding from TxDOT and the work product from the Americas Managed Lanes Project. The projects improve TxDOT's Loop 375, near the Zaragoza Port of Entry. The Widening Project will add capacity to Loop 375 by adding an inside lane in each direction. The frontage road and ramps project will extend frontage roads over the railroad tracks and canal while also flipping existing on and off ramps in the area.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2017**

CRRMA Revenues

The majority of CRRMA revenues in this fiscal year were limited to: (i) administrative fees from the Spur 601 and vehicle registration fee bonds; (ii) SunCycle Program contributions and revenues; (iii) TxDOT grant funds for the Americas Managed Lanes Project 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 2017 were \$1,481,087.

**Financial Future of the CRRMA**

The CRRMA anticipates another strong year in 2018, with several of its major transportation moving toward completion and others just beginning. The Streetcar and Border West Expressway Projects may each be completed as early as 2019, while expenditures on the Loop 375 Main Lane Widening and Loop 375 Frontage Roads & Ramps Projects will begin to increase. Expenditures related to the 2013 CMP Projects will continue to increase as well, as the CRRMA focuses on revenue generation from its SunCycle bike share program. The CRRMA also continues its coordination with various regional transportation partners for the identification of additional projects to be developed with CRRMA involvement. Accordingly, the CRRMA once again anticipates the continued expansion of its financial activities into fiscal year 2018 and beyond.

**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 have been relocated to 801 Texas Avenue, 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, 2017 AND 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 4,323,706	\$ 3,322,571
Restricted - cash and cash equivalents	280,735,499	471,406,880
Intergovernmental receivables	<u>34,859,195</u>	<u>34,820,907</u>
Total current assets	<u>319,918,400</u>	<u>509,550,358</u>
Non-Current Assets		
Intergovernmental receivables	<u>74,883,484</u>	<u>106,183,484</u>
Capital assets:		
Toll equipment, net	2,125,099	2,302,191
Bike share equipment, net	378,816	274,885
Construction in progress	78,100,575	30,381,648
Work in progress	<u>1,605,368</u>	<u>-</u>
Capital assets, net of accumulated depreciation	<u>82,209,858</u>	<u>32,958,724</u>
Total noncurrent assets	<u>157,093,342</u>	<u>139,142,208</u>
Total assets	<u>\$ 477,011,742</u>	<u>\$ 648,692,566</u>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 29,423,925	\$ 18,587,853
Bonds payable, due within one year	26,667,284	25,363,990
Accrued interest	2,474,475	2,287,093
State infrastructure bank loans	1,350,253	1,295,804
Unearned revenue	<u>148,375,781</u>	<u>374,787,243</u>
Total current liabilities	<u>208,291,718</u>	<u>422,321,983</u>
Non-Current Liabilities		
Bonds payable (including an unamortized premium)	161,071,513	154,620,502
State infrastructure bank loans	50,571,880	51,922,133
Notes payable	<u>5,044,420</u>	<u>5,044,420</u>
Total non-current liabilities	<u>216,687,813</u>	<u>211,587,055</u>
Total liabilities	<u>424,979,531</u>	<u>633,909,038</u>
Net Position		
Net investment in capital assets	82,209,858	32,958,724
Restricted for grant requirements	306,839	396,825
Unrestricted	<u>(30,484,486)</u>	<u>(18,572,021)</u>
Total net position	<u>52,032,211</u>	<u>14,783,528</u>
Total liabilities and net position	<u>\$ 477,011,742</u>	<u>\$ 648,692,566</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, 2017 AND 2016

	2017	2016
<b>OPERATING REVENUES</b>		
TxDOT - Planning Project Development Agreement	\$ 152,753	\$ 167,931
TxDOT - Federal Grants	1,035,698	320,000
TxDOT - Old Hueco Tanks Road - Federal and State	3,858,183	-
TxDOT - Project Agreements	24,433	812,211
TxDOT - Border West Expressway	177,360,533	92,271,723
TxDOT - Streetcar Project	49,034,481	27,599,701
Chavez Toll Revenue	194,947	281,773
Bike Share Revenue	95,246	60,393
Local governments	11,431,473	15,098,264
In-kind	30,400	30,400
	<b>243,218,147</b>	<b>136,642,396</b>
Total revenues		
<b>OPERATING EXPENSES</b>		
Salary and benefits	205,066	194,032
Depreciation	410,440	264,971
In-kind	30,400	30,400
Legal	99,696	43,169
Engineering	364,947	372,437
Other contracts	229,679	80,404
Promotional	720	-
Financial	69,000	45,000
Travel and conferences	4,585	5,131
Professional fees	61,088	72,334
Supplies and other	5,466	25,398
	<b>1,481,087</b>	<b>1,133,276</b>
Total operating expenses		
<b>Income from operations</b>	<b>241,737,060</b>	<b>135,509,120</b>
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Interest income	1,570,343	979,249
Interest subsidies	443,321	917,072
Gain on retirement of bonds	208,140	458,345
Intergovernmental transfer of capital assets	(193,804,380)	(116,997,847)
Interest expense	(9,762,991)	(10,885,012)
Bond issuance costs	(861,511)	-
Other	(965,747)	-
	<b>(203,172,825)</b>	<b>(125,528,193)</b>
Total net non-operating expenses		
<b>Income before extraordinary item</b>	<b>38,564,235</b>	<b>9,980,927</b>
Extraordinary item - Loss on streetcar project	(1,315,552)	-
<b>Change in net position</b>	<b>37,248,683</b>	<b>9,980,927</b>
Net position - beginning of year	14,783,528	4,802,601
<b>Net position - end of year</b>	<b>\$ 52,032,211</b>	<b>\$ 14,783,528</b>

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from other agencies	\$ 47,747,804	\$ 47,104,036
Receipts from users	290,193	342,166
Payments to employee	(270,912)	(252,328)
Payments to professionals	<u>(184,622,398)</u>	<u>(125,618,499)</u>
Net cash used by operating activities	<u>(136,855,313)</u>	<u>(78,424,625)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Repayment of debt	(28,515,804)	(30,917,691)
Interest paid	(10,599,142)	(12,152,927)
Payment for loss on streetcar project	(1,315,552)	-
Payments for Other nonoperating activities	(965,747)	
Cash received for interest subsidy	443,321	917,072
Proceeds from noncapital loans	<u>-</u>	<u>1,070,384</u>
Net cash used by noncapital financing activities	<u>(40,952,924)</u>	<u>(41,083,162)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition/construction of capital assets	(48,776,819)	(22,105,350)
Proceeds from bond issuance	<u>35,344,467</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(13,432,352)</u>	<u>(22,105,350)</u>
<b>Cash Flows from Investing Activities</b>		
Interest received	<u>1,570,343</u>	<u>979,249</u>
Net cash provided by investing activities	<u>1,570,343</u>	<u>979,249</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(189,670,246)</b>	<b>(140,633,888)</b>
Cash and cash equivalents - beginning of year	<u>474,729,451</u>	<u>615,363,339</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 285,059,205</u>	<u>\$ 474,729,451</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities</b>		
Operating income	\$ 241,737,060	\$ 135,509,120
Adjustments to reconcile operating income to net cash:		
Depreciation expense	410,440	264,971
Decrease in intergovernmental receivables	31,261,712	30,588,231
Increase (Decrease) in accounts and other payables	9,951,317	(8,035,075)
Decrease in unearned revenue	(226,411,462)	(119,754,025)
Capital expenditures transferred out to other governments	<u>(193,804,380)</u>	<u>(116,997,847)</u>
Net cash used by operating activities	<u>\$ (136,855,313)</u>	<u>\$ (78,424,625)</u>

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

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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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. 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, 2017 AND 2016

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### 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 more than 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, 2017 AND 2016

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
Bike Share Equipment	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 2017, 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 2017, the CRRMA had a deficit unrestricted net position of \$30,484,486. This was due to the capitalization of assets which were transferred to the County of El Paso in fiscal years 2016 and 2017 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, 2017 AND 2016

**3. CASH AND CASH EQUIVALENTS**

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

	2017	2016
Cash in bank - Unrestricted (held by the City of El Paso)	\$ 4,323,706	\$ 3,322,571
Cash in bank - Restricted (held by the City of El Paso)	728,752	738,170
Cash Equivalents - Restricted		
Bank of Texas	146,411,114	316,651,984
BNY Mellon	82,344,809	56,635,132
Streetcar Project (held by the City of El Paso), \$2,145,735 and \$3,162,302 for 2017 and 2016, respectively, are reported as unrestricted.	27,104,949	73,144,621
Wells Fargo SIB Subsidy Account	221,661	454,616
Wells Fargo Money Market	1,918,706	1,786,267
Wells Fargo Repurchase Agreement (held by the City of El Paso)	22,005,508	21,996,090
Total cash and cash equivalents	<b>\$ 285,059,205</b>	<b>\$ 474,729,451</b>

Cash and equivalents of \$54,162,915 and \$99,201,452 at August 31, 2017 and 2016, 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 Standard & Poor's and Aaa by Moody's. The Bank of Texas and Bank of New York Mellon money market investments are rated AAAM by Standard & Poor's.

(Continued)

# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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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 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 requires all deposits or investments to be fully collateralized. The CRRMA is not exposed to this risk as the funds held with Wells Fargo Bank N.A., Bank of Texas, and Bank of New York Mellon were fully collateralized or invested in securities backed by the U.S. government held in CRRMA's name as of August 31, 2017 and August 31, 2016.

In addition, CRRMA's policy requires repurchase agreements to be fully collateralized at 102%. As of August 31, 2017 and 2016, the repurchase agreement had \$23,105,783 and \$23,095,395, 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, 2017 and August 31, 2016.

#### **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 2017 and 2016.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

**4. INTERGOVERNMENTAL RECEIVABLES - CURRENT**

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

	<b>2017</b>	<b>2016</b>
TxDOT		
Project Development Agreement - Americas Project	\$ 132,587	\$ 46,736
Spur 601 Agreement	31,300,000	31,300,000
Old Hueco Tanks Road Agreement	1,292,748	-
Various agencies	191,031	320,449
City of El Paso - SIB loan payments	1,400,743	1,434,923
El Paso Water Utilities - Streetcar Project	542,086	1,718,799
	<b>\$ 34,859,195</b>	<b>\$ 34,820,907</b>

**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 2017 and 2016 was \$106,183,484 and \$137,483,484, respectively. This balance includes the current portion of \$31,300,000 (see Note 4) and the non-current intergovernmental portion of \$74,883,484 and \$106,183,484 for fiscal years ended 2017 and 2016, respectively.

**6. CAPITAL ASSETS**

The capital assets presented in the tables below include Cesar Chavez Toll Equipment. In connection with legislation passed by the 85<sup>th</sup> Texas Legislature, tolls were suspended from the Cesar Chavez Border Highway, effective August 9, 2017. The Cesar Chavez Toll Equipment with a cost of \$2,656,375 and a net value of \$2,125,099 is considered idle equipment at August 31, 2017. The CRRMA is working with TxDOT to determine the future utility, if any, of the equipment.

(Continued)



**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

**6. CAPITAL ASSETS (continued)**

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

	<b>2017</b>			
	Beginning Balance 8/31/2016	Additions	Deletions	Ending Balance 8/31/2017
Capital assets not being depreciated:				
Construction in progress - Streetcar Project	\$ 30,381,648	\$ 47,718,927	\$ -	\$ 78,100,575
Work in progress - Border West Expressway Toll Equipment	-	1,605,368	-	1,605,368
Total capital assets not being depreciated	30,381,648	49,324,295	-	79,705,943
Capital assets being depreciated:				
Cesar Chavez Toll Equipment	2,656,375	-	-	2,656,375
Bike Share Equipment	362,764	337,279	-	700,043
Total capital assets being depreciated	3,019,139	337,279	-	3,356,418
Less accumulated depreciation for:				
Cesar Chavez Toll Equipment	(354,184)	(177,092)	-	(531,276)
Bike Share Equipment	(87,879)	(233,348)	-	(321,227)
Total accumulated depreciation	(442,063)	(410,440)	-	(852,503)
Total capital assets being depreciated, net	2,577,076	(73,161)	-	2,503,915
Total capital assets, net	\$ 32,958,724	\$ 49,251,134	\$ -	\$ 82,209,858
	<b>2016</b>			
	Beginning Balance 8/31/2015	Additions	Deletions	Ending Balance 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	\$ 5,454,063	\$ 27,504,661	\$ -	\$ 32,958,724

The Construction in Progress - Streetcar Project reported above will be transferred to the City of El Paso. Subsequent to year-end, the CRRMA entered into an interlocal agreement with the City of El Paso, which details the transfer process. Individual components of the project will be transferred as early as April 2018, with the remaining transfers to occur through project completion.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	<u>2017</u>	<u>2016</u>
Invoices related to Border West Expressway Project	\$ 15,936,662	\$ 10,030,319
Invoices related to Streetcar Project	9,500,600	6,507,047
Invoices related to Vehicle Registration Fee Projects	2,933,750	803,613
Invoices related to other projects	992,790	1,187,394
Accrued payroll and related liabilities	<u>60,123</u>	<u>59,480</u>
Total accounts payable and accrued liabilities	<u>\$ 29,423,925</u>	<u>\$ 18,587,853</u>

**8. LONG-TERM DEBT**

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

Description and Purpose	2017				Due Within One Year
	Balance August 31, 2016	Additions	Reductions	Balance August 31, 2017	
<u>Bonds Payable:</u>					
Series 2008	\$ 103,835,000	\$ -	\$ 26,045,000	\$ 77,790,000	\$ 24,230,000
Series 2014	66,285,000	-	1,175,000	65,110,000	1,220,000
Series 2017	-	34,700,000	-	34,700,000	20,000
<u>Unamortized Premiums:</u>					
Series 2008	5,896,474	-	1,231,046	4,665,428	1,064,480
Series 2014	3,968,018	-	627	3,967,391	104,708
Series 2017	-	1,505,978	-	1,505,978	28,096
Total Bonds Payable	<u>179,984,492</u>	<u>36,205,978</u>	<u>28,451,673</u>	<u>187,738,797</u>	<u>26,667,284</u>
<u>Notes Payable:</u>					
TxDot Financial Assist. Agreement #1	756,406	-	-	756,406	-
TxDot Financial Assist. Agreement #2	4,288,014	-	-	4,288,014	-
State Infrastructure Bank Loan #1	28,155,000	-	670,000	27,485,000	695,000
State Infrastructure Bank Loan #2	5,419,488	-	245,674	5,173,814	255,829
State Infrastructure Bank Loan #3	19,643,449	-	380,130	19,263,319	399,424
Total Notes Payable	<u>58,262,357</u>	<u>-</u>	<u>1,295,804</u>	<u>56,966,553</u>	<u>1,350,253</u>
Total long-term debt	<u>\$ 238,246,849</u>	<u>\$ 36,205,978</u>	<u>\$ 29,747,477</u>	<u>\$ 244,705,350</u>	<u>\$ 28,017,537</u>

Interest expense incurred on long-term debt amounted to \$9,762,991 for the year ended August 31, 2017.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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

Description and Purpose	2016			Balance August 31, 2016	Due Within One Year
	Balance August 31, 2015	Additions	Reductions		
<b>Bonds Payable:</b>					
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
<b>Unamortized Premiums:</b>					
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
<b>Total Bonds Payable</b>	<b>211,288,359</b>	<b>-</b>	<b>31,303,867</b>	<b>179,984,492</b>	<b>25,363,990</b>
<b>Notes Payable:</b>					
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
<b>Total Notes Payable</b>	<b>58,429,664</b>	<b>1,070,384</b>	<b>1,237,691</b>	<b>58,262,357</b>	<b>1,295,804</b>
<b>Total long-term debt</b>	<b>\$ 269,718,023</b>	<b>\$ 1,070,384</b>	<b>\$ 32,541,558</b>	<b>\$ 238,246,849</b>	<b>\$ 26,659,794</b>

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

**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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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

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.

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, 2017 and 2016 was \$1,022,906 and \$1,017,860, respectively, which was recorded in interest expense. In addition, during fiscal years 2017 and 2016, the premium balance was reduced by a gain of \$208,140 and 458,345, respectively, 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 years ended August 31, 2017 and 2016, CRRMA redeemed principal of \$3,000,000 and \$6,600,000, respectively, 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.

The annual requirements are as follows:

Series 2008			
Year Ending August 31,	Principal	Interest	Total
2018	\$ 24,230,000	\$ 3,767,113	\$ 27,997,113
2019	25,520,000	2,478,369	27,998,369
2020	26,875,000	1,120,981	27,995,981
2021	1,165,000	29,125	1,194,125
Total	\$ 77,790,000	\$ 7,395,588	\$ 85,185,588

In May 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 are used for six infrastructure projects.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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

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, 2017 and 2016 was \$627 and \$147,662, 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.

Additionally, in April 2017, CRRMA issued \$34,700,000 Subordinate Lien Vehicle Registration Fee Revenue Bonds, Series 2017, with an interest rate of 2.00-5.00 percent. Proceeds from the bonds will be used for long-term transportation projects.

As of August 31, 2017, the bond proceeds were \$36,205,978, including a premium of \$1,505,978. The premium is amortized through the life of the bond calculated using the interest method. Amortization will be recorded beginning December 2017.

Interest and principal payments commence in December 2017 and June 2018 respectively, with final payment due in 2046. The terms of the bonds are twenty-nine annual principal payments totaling \$34,700,000 and semi-annual interest payments totaling \$30,988,243.

The combined annual requirements for both Vehicle Registration Fee Revenue Bonds, Series 2014 and Series 2017, are as follows:

Series 2014 and 2017			
Year Ending August 31,	Principal	Interest	Total
2018	\$ 1,240,000	\$ 4,631,331	\$ 5,871,331
2019	1,590,000	4,368,562	5,958,562
2020	1,760,000	4,289,063	6,049,063
2021	1,935,000	4,201,062	6,136,062
2022	2,035,000	4,104,313	6,139,313
2023-2027	11,805,000	18,889,812	30,694,812
2028-2032	15,060,000	15,629,313	30,689,313
2033-2037	18,920,000	11,766,937	30,686,937
2038-2042	23,190,000	7,505,650	30,695,650
2043-2046	22,275,000	2,271,200	24,546,200
Total	\$ 99,810,000	\$ 77,657,243	\$ 177,467,243

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

8. LONG-TERM DEBT (Continued)

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 and \$37.4 million issued in April 2017. Proceeds from the bonds provide financing for CRRMA activities related to long-term transportation projects. The bonds are payable solely from the pledged revenues and are payable through 2046. 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 \$177 million.

Amounts collected and related debt service payments during fiscal years ended August 31, 2017 and 2016 were as follows:

Fiscal Year Ended August 31,	Special Vehicle Registration Fees Received	Debt Service Payments
2017	\$ 7,084,945	\$ 4,141,700
2016	\$ 6,187,880	\$ 4,140,900

**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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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

The annual requirements for this loan are as follows:

SIB Loan #1			
Year Ending August 31,	Principal	Interest	Total
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	815,000	1,213,988	2,028,988
2023-2027	4,610,000	5,429,904	10,039,904
2028-2032	5,635,000	4,191,661	9,826,661
2033-2037	6,880,000	2,679,189	9,559,189
2038-2041	6,585,000	831,107	7,416,107
Total	<u>\$ 27,485,000</u>	<u>\$ 19,575,525</u>	<u>\$ 47,060,525</u>

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, 2017, 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.

The annual requirements for this loan are as follows:

SIB Loan #2			
Year Ending August 31,	Principal	Interest	Total
2018	\$ 255,829	\$ 204,359	\$ 460,188
2019	266,405	193,784	460,189
2020	277,417	182,771	460,188
2021	288,885	171,304	460,189
2022	300,826	159,362	460,188
2023-2027	1,701,264	599,676	2,300,940
2028-2032	2,083,188	217,753	2,300,941
Total	<u>\$ 5,173,814</u>	<u>\$ 1,729,009</u>	<u>\$ 6,902,823</u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

**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 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, 2017 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
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	486,903	856,170	1,343,073
2023 -2027	2,831,276	3,884,088	6,715,364
2028-2032	3,626,536	3,088,828	6,715,364
2033-2037	4,645,172	2,070,190	6,715,362
2038-2042	5,949,927	765,436	6,715,363
Total	<u>\$ 19,263,319</u>	<u>\$ 14,313,499</u>	<u>\$ 33,576,818</u>

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

Year Ending August 31,	Principal	Interest	Total
2018	\$ 26,820,253	\$ 37,727,213	\$ 64,547,466
2019	28,521,103	37,811,298	66,332,401
2020	30,108,417	37,893,523	68,001,940
2021	4,637,268	11,171,294	15,808,562
2022	3,637,729	9,971,562	13,609,291
2023 -2027	20,947,540	49,751,020	70,698,560
2028-2032	26,404,724	49,532,279	75,937,003
2033-2037	30,445,172	49,961,488	80,406,660
2038-2042	35,724,927	44,827,120	80,552,047
2043-2046	22,275,000	24,546,200	46,821,200
Total	<u>\$ 229,522,133</u>	<u>\$ 353,192,997</u>	<u>\$ 582,715,130</u>

(Continued)



# CAMINO REAL REGIONAL MOBILITY AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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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 amounts refunded to CRRMA during fiscal years 2017 and 2016 totaled \$443,321 and \$917,072, 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 years 2017 and 2016, the City of El Paso reimbursed CRRMA \$3,639,625 and \$3,637,384, 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 were 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 event that the projects are not completed, the note will be forgiven. During 2014, \$343,595 of the balance, which was associated with the Loop 375 Cesar Chavez Express Toll Lanes, was rolled into a new agreement. The balance remaining at August 31, 2017 on this financial assistance agreement #1 was \$756,405.

During the year ended August 31, 2008, CRRMA entered into a financial assistance agreement with Texas Department of Transportation for \$330,000. The funds were 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 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 Express Toll Lanes 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 financial assistance agreements referred to collectively as Pre-Development Loans. As of August 31, 2017, the amount due on the consolidated loan (financial assistance agreement #2) is \$4,288,016 with a remaining balance of \$5,785,579 to be funded.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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

The loan was scheduled to 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 CRRMA 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 CRRMA 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.

In connection with legislation passed by the 85<sup>th</sup> Texas Legislature, and in coordination with TxDOT, tolls were suspended from the Loop 375 Cesar Chavez Express Toll Lanes, effective August 9, 2017. Accordingly, and as also noted in the referenced legislation, the CRRMA and TxDOT are in negotiations to shift any debt remaining from financial assistance agreement #2 to the Border West Expressway Project.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

**9. UNEARNED REVENUE**

Unearned revenue represents funds received but not earned as of August 31, 2017 and 2016.

Description	Balance August 31, 2016	Amount Received	Amount Spent	Balance August 31, 2017
ARRA Fund - FY 13 final drawdown	\$ 2,528,947	\$ -	\$ -	\$ 2,528,947
Border West Expressway Project	305,547,305	-	177,360,535	128,186,770
Streetcar Project	66,592,347	-	49,034,481	17,557,866
Mission Ridge Project	115,974	-	16,500	99,474
Toll overpayments	2,670	2,724	2,670	2,724
<b>Total unearned revenue</b>	<b>\$ 374,787,243</b>	<b>\$ 2,724</b>	<b>\$ 226,414,186</b>	<b>\$ 148,375,781</b>

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
<b>Total unearned revenue</b>	<b>\$ 494,541,268</b>	<b>\$ 1,496,620</b>	<b>\$ 121,250,645</b>	<b>\$ 374,787,243</b>

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, 2017 AND 2016

**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, 2017 and 2016.

**11. TXDOT AGREEMENTS**

**Funding Agreements/Grants**

As of August 31, 2017 CRRMA has entered into several agreements with the Texas Department of Transportation (TxDOT) for local transportation projects. As of August 31, 2017 and 2016, CRRMA has incurred costs of \$231,466,081 and \$121,171,566, respectively, relating to the agreements 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, 2017 and 2016 was comprised of the following:

	2017	2016
County of El Paso		
Special Vehicle Registration Fees for bond payments	\$ 7,084,945	\$ 6,187,880
Reimbursements related to Guadalupe Port of Entry	200	516,426
City of El Paso		
Reimbursement for SIB loan payments	3,605,445	3,604,735
Bike Share Project	-	150,000
Metropia	218,526	-
Other Projects	-	12,621
El Paso Water Utilities		
Utility infrastructure within the Streetcar Project area boundary	352,967	3,248,477
Facility improvements in areas within the Mission Ridge Project	16,500	1,377,977
Other Local Governments	152,890	148
Total	\$ 11,431,473	\$ 15,098,264

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017 AND 2016

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**14. INTERGOVERNMENTAL TRANSFERS**

Transfers out consist of the following as of August 31:

	<u>2017</u>	<u>2016</u>
Construction in progress (owned and capitalized by TxDot)	<b>\$ 175,919,170</b>	\$ 103,407,402
Construction in progress (owned and capitalized by El Paso Water Utilities)	<b>369,467</b>	4,626,454
Construction in progress (owned and capitalized by the County of El Paso)	<b>11,746,224</b>	8,963,991
Construction in progress (owned and capitalized by the City of Socorro)	<b>5,769,519</b>	-
Total	<b><u>\$ 193,804,380</u></b>	<b><u>\$ 116,997,847</u></b>

**15. EXTRAORDINARY ITEM - LOSS ON STREETCAR PROJECT**

In September 2016, the City of El Paso, as the CRRMA's fiscal agent, was defrauded in the amount of \$2.9 million from Streetcar project funds by way of a phishing scheme. Of this amount, \$1.6 million has been recouped and the remaining loss of \$1,315,552 is reported in these financial statements.

**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*

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, the financial statements of the business-type activities of Camino Real Regional Mobility Authority (CRRMA), as of and for the years ended August 31, 2017 and 2016, 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, 2018.

**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*.

## **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* 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 that reads "Gibson Ruddock Patterson LLC". The signature is written in a cursive, flowing style.

Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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 the *OMB Compliance Supplement* and the State of Texas Uniform Grant Management Standards 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, 2017. CRRMA's major federal and 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas Uniform Grant Management Standards. Those standards, the Uniform Guidance, and the State of Texas Uniform Grant Management Standards 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, the 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, 2017.

### **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 federal or 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 the Uniform Guidance and the State of Texas Uniform Grant Management Standards, 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 or 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 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 the Uniform Guidance and the State of Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.



Gibson Ruddock Patterson LLC  
El Paso, Texas  
April 6, 2018

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2017

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**Federal and State Awards**

Internal control over major federal and 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 federal and state programs:

Unmodified

Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit Findings paragraph (a) or the State of Texas UGMS?

No

Major Federal Program:

Highway Planning and Construction  
CFDA 20.205: El Paso Bike Share Project, Metropia Synergy, and Old Hueco Tanks Road Project

Major State Programs:

Border West Expressway  
Old Hueco Tanks Road Project

Dollar threshold used to distinguish between Type A and Type B Federal and State Programs:

\$ 750,000 Federal Programs  
\$3,000,000 State Programs

Did auditee qualify as low-risk auditee under 2 CFR 200.520 Criteria for a low-risk auditee and the State of Texas UGMS?

Yes

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

AUGUST 31, 2017

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**FINANCIAL STATEMENT FINDINGS**

There are no current year findings.

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

There are no current year findings or questioned costs.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

**SCHEDULE OF STATUS OF PRIOR FINDINGS**

**FOR THE YEAR ENDED AUGUST 31, 2017**

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**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings.

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

There were no prior year findings or questioned costs.

**CAMINO REAL REGIONAL MOBILITY AUTHORITY**

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

FOR THE YEAR ENDED AUGUST 31, 2017

Federal or State Grantor/Pass-through Grantor/ Grant Description	CFDA Number	Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Highway Planning and Construction:			
El Paso Bike Share Project - nonconstruction	20.205	CSJ #0924-06-531	\$ 284,000
Metropia Synergy - nonconstruction	20.205	CSJ #0924-06-528	751,698
Old Hueco Tanks Road Project	20.205	CSJ #0924-06-111	<u>3,086,547</u>
Total CFDA 20.205			<u>4,122,245</u>
Total passed through Texas Department of Transportation			<u>4,122,245</u>
Total U.S. Department of Transportation			<u>4,122,245</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 4,122,245</u></u>
<b>STATE AWARDS</b>			
<u>Texas Department of Transportation</u>			
Planning Project Development Agreement		CSJ #2121-04-089	\$ 152,753
Americas WBSB/EBSB		CSJ #2552-03-049	24,433
Streetcar Project		CSJ #0924-06-446	49,034,481
Border West Expressway		CSJ #2552-04-027	177,360,533
Old Hueco Tanks Road Project		CSJ #0924-06-111	<u>771,636</u>
Total Texas Department of Transportation			<u>227,343,836</u>
<u>Texas Commission on Environmental Quality</u>			
Passed through El Paso Metropolitan Planning Organization			
El Paso Bike Share Project		N/A	<u>53,279</u>
Total passed through the El Paso Metropolitan Planning Organization			<u>53,279</u>
Total Texas Commission on Environmental Quality			<u>53,279</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u><u>\$ 227,397,115</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u><u>\$ 231,519,360</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, 2017

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**1. GENERAL**

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the Camino Real Regional Mobility Authority (CRRMA) under programs of the federal and state government for the year ended August 31, 2017. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and 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 federal and 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**

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

**4. SUB-RECIPIENTS**

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

**5. INDIRECT COST RATE**

The CRRMA did not elect to use the 10% de minimis indirect cost rate.

**6. RECONCILIATION**

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

Total revenue reported on the Statement of Revenues, Expenses, and Changes in Net Position:	\$ 243,218,147
Less: Local Revenue	
Chavez Toll Revenue	194,947
Bike Share Revenue	95,246
Local Governments	11,431,473
In-Kind	30,400
	<hr/>
	231,466,081
Plus: Revenue related to current year expenditures of State funds for the Bike Share program recognized upon receipt in a prior year	<hr/> 53,279
Total Federal and State Awards reported in the Schedule of Expenditures of Federal and State Awards	<hr/> <u>\$ 231,519,360</u>