

CAMINO REAL REGIONAL MOBILITY AUTHORITY
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
WITH INDEPENDENT AUDITOR'S REPORT
YEARS ENDED AUGUST 31, 2020 AND 2019

CAMINO REAL REGIONAL MOBILITY AUTHORITY

TABLE OF CONTENTS

YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>Page</u>
FINANCIAL SECTION	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements:	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	39
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>	40
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	42
Schedule of Findings and Questioned Costs	44
Schedule of Status of Prior Findings	46
Schedule of Expenditures of Federal and State Awards	47
Notes to the Schedule of Expenditures of Federal and State Awards	48

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, 2020 and 2019, 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 opinions 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, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 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 solely 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 CRRMA's internal control over financial reporting and compliance.

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

Gibson Ruddock Patterson LLC
El Paso, Texas
December 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the Camino Real Regional Mobility Authority's (CRRMA) financial performance for the fiscal year ended August 31, 2020. As you read the MD&A, "2020" refers to the fiscal year ended August 31, 2020 and "2019" refers to the fiscal year ended August 31, 2019. This narrative is intended to supplement the CRRMA's audited financial statements, which are comprised of the basic financial statements and the notes to the financial statements.

Financial Highlights

- Net position decreased by \$3,531,923 as compared to a decrease of \$92,181,674 in 2019.
- As of August 31, 2020, liabilities and deferred inflows of resources exceeded assets by \$76,650,362.

Overview of CRRMA

The City of El Paso (City) created the CRRMA by Resolution dated March 13, 2007. The first meeting of the CRRMA Board of Directors 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, liabilities, and deferred inflows of resources of CRRMA. The net position represents the residual interest in CRRMA's assets after liabilities and deferred inflows of resources are deducted, and is 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 38 of this report.

Financial Analysis

Financial Position. Table 1 is a summarized version of the statement of net position as of August 31, 2020, 2019, and 2018. 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, unearned revenue, and bonds and loans.

Table 1
Assets, Liabilities, Deferred Inflows of Resources and Net Position

As of August 31,	2020	2019 (Restated)	% Change	2018	% Change
CURRENT ASSETS					
Current Assets	\$ 59,730,925	\$ 87,281,429	-32%	\$ 167,272,014	-48%
Noncurrent Assets	3,803,184	39,500,561	-90%	77,507,295	-49%
Capital Assets, net	8,603,299	2,114,744	307%	78,123,537	-97%
Total Assets	<u>\$ 72,137,408</u>	<u>\$ 128,896,734</u>	-44%	<u>\$ 322,902,846</u>	-60%
LIABILITY AND NET ASSETS					
Current Liabilities	21,702,373	55,686,243	-61%	100,461,303	-45%
Non-current Liabilities:					
Long-Term Bonds					
and Notes Payables	123,556,348	142,799,881	-13%	185,693,208	-23%
Total Liabilities	145,258,721	198,486,124	-27%	286,154,511	-31%
TOTAL DEFERRED					
INFLOWS OF RESOURCES	3,529,049	3,529,049	0%	-	
Net Position					
Net Investment in					
capital assets	8,603,299	2,114,744	307%	78,123,537	-97%
Restricted for grant	61,840	74,319	-17%	104,236	-29%
Unrestricted	(85,315,501)	(75,307,502)	-13%	(41,479,438)	-82%
Total Net Position	<u>\$ (76,650,362)</u>	<u>\$ (73,118,439)</u>	-5%	<u>\$ 36,748,335</u>	-299%

Current Assets. Current assets decreased by \$28 million or 32% in 2020 as compared to 2019. The decrease in 2020 occurred primarily due to a reduction of intergovernmental receivables related to the Spur 601 project and returning unused loan funds from the Americas Interchange Project.

Current assets decreased by \$80 million or 48% in 2019 as compared to 2018. The decrease in 2019 occurred primarily because CRRMA utilized funds received in advance for the Streetcar and Border West Expressway projects.

Capital Assets. Capital assets increased by \$6,488,555 or 208% in 2020 as compared to 2019. The net increase is primarily a due to capitalized Winn Road Project costs.

Capital assets decreased by \$76 million in 2019 as compared to 2018. The net decrease is the result of transferring ownership of the Streetcar components to the City of El Paso, depreciation on the bike share equipment, and Winn Road project costs.

Current Liabilities. Current liabilities decreased by \$34 million or 61% in 2020 as compared to 2019. The majority of the decrease is related to the retirement of Spur 601 bonds and the deferred contract payment related to the Spur 601 project.

Current liabilities decreased by \$45 million or 45% in 2019 as compared to 2018. The majority of the decrease is related to the utilization of a portion of the advanced funds received for the Streetcar and Border West Expressway projects recorded as unearned revenue in prior years.

Noncurrent Liabilities. Noncurrent liabilities decreased by \$19 million or 13% in 2020 as compared to 2019. The change is attributed to the repayment of bonds and loans, including the return of unused loan proceeds and prepayment of loan principal. Details of bonds payable are included in Note 8 to the financial statements.

Noncurrent liabilities decreased by \$43 million or 23% in 2019 compared to 2018. The change is attributed to the repayment of bonds and loans, including the return of unused loan proceeds. Details of bonds payable are included in Note 8 to the financial statements.

Total Net Position. Net position decreased by \$3.5 million in 2020 or 5% as compared to 2019. Net position decreased by \$110 million in 2019 or 299% as compared to 2018.

Outstanding Debt

As of August 31, 2020 and 2019, CRRMA had total bonded debt outstanding of \$100.3 million and \$127.1 million, respectively, including bond premiums. The debt is comprised of revenue bonds backed by vehicle registration fee revenues from the County of El Paso.

Table 2 is a summary of outstanding debt.

Table 2
Outstanding Debt

As of August 31,	2020	2019	2018
Series 2008 bond, Including Premium	\$ -	\$ 24,912,744	\$ 55,935,542
Series 2014 bond, Including Premium			
of \$3,640,317 at 08/31/20	64,905,317	66,363,709	67,752,683
Series 2017 bond, Including Premium			
of \$1,418,209 at 08/31/20	35,373,209	35,818,641	36,157,882
TxDot Financial Assistance Agreement #1	756,405	756,405	756,405
TxDot Financial Assistance Agreement #2	-	-	4,288,015
State Infrastructure Bank Loans	26,036,880	43,368,152	50,571,880
Total Debt	<u>\$ 127,071,811</u>	<u>\$ 171,219,651</u>	<u>\$ 215,462,407</u>

Deferred Inflows of Resources. Deferred inflows remained at \$3.5 million. The amount is attributed to the extinguishment of CRRMA's debt under financial assistant agreement #2 in exchange for TxDOT's increase and the CRRMA's corresponding decrease of project interest in the Border West Expressway. Details of the transaction are included in Notes 8 and 10 to the financial statements.

Results of Operations. Table 3 is a summarized version of the statement of revenues, expenses, and changes in net position for the years ended 2020, 2019, and 2018.

Table 3
Revenues, Expenses, and Changes in Net Position

As of August 31,	2020	2019 (Restated)	% Change	2018	% Change
Operating Revenue	\$ 25,573,994	\$ 64,914,733	-61%	\$ 128,569,555	-50%
Operating Expenses	1,193,208	1,551,893	-23%	1,052,575	47%
Net Operating Income	24,380,786	63,362,840	-62%	127,516,980	-50%
Non-Operating Revenues,					
Expenses, and Transfers	(27,912,709)	(155,544,514)	-82%	(140,630,610)	11%
Extraordinary Item	-	-		(968,726)	
Increase (Decrease) in					
Net Position	(3,531,923)	(92,181,674)	96%	(14,082,356)	-555%
Prior Period Adjustment	-	(17,685,100)		-	
Ending Net Position	(76,650,362)	(73,118,439)	-5%	36,748,335	-299%

Operating Revenues. Operating revenues decreased by \$39 million or 61% as compared to 2019. Operating revenues decreased by \$64 million in 2019 or 50% as compared to 2018. The majority of these changes are attributed to a decrease in the construction activities of the Streetcar and Border West Expressway Projects.

Operating Expenses. Operating expenses decreased by \$359 thousand or by 23% as compared to 2019. Operating expenses increased by \$499 thousand or 47% in 2019 as compared to 2018. The majority of the decrease is attributed to the completion of design of the O.T. Smith Hike and Bike Trail while the majority of the increase in 2019 was attributed to new projects with the County including the O.T. Smith Hike and Bike Trail and the County Master Thoroughfare Plan.

Non-operating Revenues, Expenses, and Transfers. Non-operating revenues, expenses, and transfers decreased \$128 million or 82% in 2020 as compared to 2019. The decrease is attributed to the Streetcar and Border West Expressway projects that were completed and transferred in 2019 but no projects of that size were completed in 2020. Non-operating revenues, expenses, and transfers increased by \$15 million or 11% in 2019 as compared to 2018 due to transferring the Streetcar project to the City.

Fiscal Year 2020 Highlights

State Spur 601 (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 2020. Pass-through payments from the Texas Department of Transportation (TxDOT) in a total maximum aggregate pledged amount of \$312,450,000, served as the repayment source for these bonds. CRRMA activities in 2020 consisted of the final debt service payments in the amount of \$23,220,000 and deferred completion and bonus payments to the developer in the amount of \$10,070,610.

2008 El Paso Comprehensive Mobility Plan Projects

The CRRMA continued debt payments in 2020 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 (SIB) 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 Americas Interchange project was completed prior to this fiscal year, TxDOT administratively closed the project in 2020. Accordingly, the CRRMA returned unused proceeds to the SIB during 2020 related to the project. In 2020, the CRRMA also continued making SIB loan repayments and early repayments on the Americas Interchange, Zaragoza Direct Connectors and Transmountain Northeast Projects in the respective amounts of \$755,000, \$1,159,822, and \$383,229.

SunCycle – El Paso Bike Share Program

The CRRMA's bike share program (SunCycle) experienced some ups and downs during 2020. The arrival of COVID-19 initially led to a decline in ridership and revenue. However, as additional safety measures were implemented by the bike share team and people sought a safe way to get outside and exercise, riders flocked to the bikes. Ridership and revenue rose in the last four months of the year compared to the same period the prior year. Throughout 2020, the program tallied over 13,900 bike rides, which amounted to over 71,000 miles ridden, 67,000 pounds of carbon offset and almost 2.8 million calories burned. Also in 2020, the program generated more than \$71,000 in revenues from fares.

Border West Expressway Project

The Border West Expressway Project is a joint effort with TxDOT, whereby TxDOT granted the CRRMA \$500,000,000 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 managed the construction activities and the road is open to traffic in a toll deferral period.

El Paso Streetcar Project

The El Paso Streetcar Project is jointly developed project between the City of El Paso, TxDOT, and the CRRMA. The City originally developed the design and alignment for the project. TxDOT provided the CRRMA with a \$97,000,000 grant to complete the procurement and construction activities of the project. The CRRMA completed construction of the route, remanufacture of the six streetcars, and transferred the program to the City of El Paso's Mass Transit Department (Sun Metro) in 2019. Remaining grant funds will be used to procure additional system improvements for the project.

2013 El Paso County Comprehensive Mobility Plan Projects

The CRRMA partnered with TxDOT 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 and 2017 bonds in 2020 totaling more than \$5.8 million and \$9.1 million respectively.

Americas Managed Lanes Project

Development of the preliminary engineering and environmental services for this project continued into 2020, 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. 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. Project expenditures in 2020 amounted to \$92,503. See below for project-specific information.

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. The Loop 375 Frontage Road Project PS&E is now complete and is under construction by TxDOT. During 2020 project expenditures on the Widening and Frontage projects totaled \$1,104,716 and \$686,919 respectively.

Winn Road Project

This project is being developed with the City of El Paso, whereby the City provides the funds for the local match and the CRRMA provides design, procurement, and construction activities. This project will result in significantly improved ingress and egress to the City's Zaragoza Port of Entry and, when coupled with the Loop 375 Projects referenced above, will make a major impact on the current congestion levels in this area of El Paso. The project began construction in 2019, with expenditures through 2020 totaling \$8,580,576.

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 revenues; (iii) TxDOT grant funds for the Americas Managed Lanes and related projects; (iv) TxDOT grant funds for the Winn Road Project; (v) TxDOT grant funds for the Pellicano Road Project; (vi) contributions from local governments including the City of El Paso, County of El Paso, and El Paso Water Utilities; and (vii) interest generated from existing CRRMA funds, which includes the Spur 601 Project and VRF Bonds. Total CRRMA operating expenditures in fiscal year 2020 were \$1,193,208.

Future of the CRRMA

The CRRMA will continue to partner with TxDOT and various local governmental bodies on the development of major transportation projects in the area. CRRMA plans include the continuation of the 2013 Comprehensive Mobility Plan as well as new initiatives with El Paso County's Fabens Airport and Regional Transit. SunCycle, the CRRMA's bike share program for El Paso, will seek to grow ridership and sponsorship revenues. Additionally, the CRRMA is working with regional partners on the development and implementation of a new mobility plan that would prioritize billions in major transportation projects for the region. As a result, the CRRMA's strong future anticipates the continued partnership with regional transportation providers to develop multimodal transportation projects for the improvement of the El Paso region.

Contacting CRRMA's Financial Management

For additional information concerning the CRRMA, please see the CRRMA's website: www.crrma.org. The CRRMA's executive offices are located at 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, 2020 AND 2019

ASSETS	2020	Restated 2019
Current Assets		
Cash and cash equivalents	\$ 5,455,765	\$ 3,232,858
Restricted cash and cash equivalents	37,575,380	46,773,082
Intergovernmental receivables	16,699,780	37,275,489
Total current assets	<u>59,730,925</u>	<u>87,281,429</u>
Non-Current Assets		
Intergovernmental receivables	3,803,184	16,075,964
Restricted long-term investments	-	23,424,597
Capital assets:		
Bike share equipment, net	22,723	35,119
Construction in progress	8,580,576	2,079,625
Capital assets, net of accumulated depreciation	<u>8,603,299</u>	<u>2,114,744</u>
Total noncurrent assets	<u>12,406,483</u>	<u>41,615,305</u>
Total assets	<u><u>\$ 72,137,408</u></u>	<u><u>\$ 128,896,734</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 13,990,712	\$ 23,990,971
Accrued interest	1,327,849	2,429,673
Bonds payable, due within one year	2,084,707	26,816,590
State infrastructure bank loans	1,430,756	1,603,180
Unearned revenue	2,868,349	845,829
Total current liabilities	<u>21,702,373</u>	<u>55,686,243</u>
Non-Current Liabilities		
Bonds payable (including unamortized premiums)	98,193,819	100,278,504
State infrastructure bank loans	24,606,124	41,764,972
Notes payable	756,405	756,405
Total non-current liabilities	<u>123,556,348</u>	<u>142,799,881</u>
Total liabilities	<u>145,258,721</u>	<u>198,486,124</u>
Deferred Inflows of Resources		
Sale of future revenue	3,529,049	3,529,049
Total deferred inflows of resources	<u>3,529,049</u>	<u>3,529,049</u>
Net Position		
Net investment in capital assets	8,603,299	2,114,744
Restricted for grant requirements	61,840	74,319
Unrestricted	(85,315,501)	(75,307,502)
Total net position	<u>(76,650,362)</u>	<u>(73,118,439)</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 72,137,408</u></u>	<u><u>\$ 128,896,734</u></u>

The notes to the 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, 2020 AND 2019

	2020	Restated 2019
OPERATING REVENUES		
TxDOT - Americas Managed Lanes	\$ 92,503	\$ 169,933
TxDOT - Old Hueco Tanks Road - Federal and State	-	2,051,922
TxDOT - Winn Road - Federal and State	6,500,580	2,079,625
TxDOT - Pellicano Drive - Federal and State	2,359,304	
TxDOT - LP375 Frontage Roads and Widening	1,791,635	3,128,335
TxDOT - Border West Expressway	-	35,035,899
TxDOT - Streetcar project	28,387	6,422,136
Bike share revenue	71,218	78,307
Local governments	13,802,188	15,910,315
Project cost shares from developers and other third parties	885,043	-
Other	3,236	2,861
In-kind	39,900	35,400
Total operating revenues	<u>25,573,994</u>	<u>64,914,733</u>
OPERATING EXPENSES		
Contracted management	342,355	279,796
Depreciation	12,396	147,537
In-kind	39,900	35,400
Legal	53,799	123,881
Engineering	433,675	651,623
Other contracts	185,082	180,116
Promotional	-	1,799
Financial	45,000	47,500
Travel and conferences	3,400	7,038
Professional fees	68,569	54,315
Supplies and other	9,032	22,888
Total operating expenses	<u>1,193,208</u>	<u>1,551,893</u>
Income from operations	<u>24,380,786</u>	<u>63,362,840</u>
NON-OPERATING REVENUES AND EXPENSES		
Interest income	745,070	1,715,638
Interest subsidies	-	423,578
Gain on retirement of bonds	242,607	253,970
Intergovernmental transfers of capital assets	(23,778,980)	(150,459,366)
Interest expense	(5,121,406)	(7,478,334)
Total non-operating expenses, net	<u>(27,912,709)</u>	<u>(155,544,514)</u>
Change in net position	<u>(3,531,923)</u>	<u>(92,181,674)</u>
Net position - beginning of year	(73,118,439)	36,748,335
Prior Period Adjustment	-	(17,685,100)
Net position - end of year	<u>\$ (76,650,362)</u>	<u>\$ (73,118,439)</u>

The notes to the financial statements are an integral part of this statement.

CAMINO REAL REGIONAL MOBILITY AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Receipts from other agencies	\$ 59,252,866	\$ 50,756,367
Receipts from developers and other third parties	1,081,019	-
Receipts from users	71,218	81,168
Payments to contracted management	(426,127)	(375,169)
Payments to professionals	<u>(34,272,486)</u>	<u>(84,650,680)</u>
Net cash used by operating activities	<u>25,706,490</u>	<u>(34,188,314)</u>
Cash Flows from Noncapital Financing Activities		
Repayment of debt	(42,311,272)	(38,727,694)
Interest paid	(7,817,191)	(8,990,641)
Payments for other nonoperating activities	-	(239,660)
Cash received for interest subsidy	<u>-</u>	<u>423,578</u>
Net cash used by noncapital financing activities	<u>(50,128,463)</u>	<u>(47,534,417)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition/construction of capital assets	<u>(6,722,489)</u>	<u>(10,615,535)</u>
Net cash used by capital and related financing activities	<u>(6,722,489)</u>	<u>(10,615,535)</u>
Cash Flows from Investing Activities		
Purchase of investments	(212,772)	(291,947)
Proceeds from the sale of investments	23,637,369	10,791,161
Interest received	<u>745,070</u>	<u>1,715,638</u>
Net cash provided by investing activities	<u>24,169,667</u>	<u>12,214,852</u>
Net decrease in cash and cash equivalents	<u>(6,974,795)</u>	<u>(80,123,414)</u>
Cash and cash equivalents - beginning of year	<u>50,005,940</u>	<u>130,129,354</u>
Cash and cash equivalents - end of year	<u>\$ 43,031,145</u>	<u>\$ 50,005,940</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities		
Operating income	\$ 24,380,786	\$ 63,362,840
Adjustments to reconcile operating income to net cash:		
Depreciation expense	12,396	147,537
Decrease in intergovernmental receivables	32,848,489	27,374,691
Increase (decrease) in accounts and other payables	(9,778,721)	(17,597,731)
Decrease in unearned revenue	2,022,520	(41,416,489)
Capital expenditures transferred out to other governments	<u>(23,778,980)</u>	<u>(66,059,162)</u>
Net cash used by operating activities	<u>\$ 25,706,490</u>	<u>\$ (34,188,314)</u>
Noncash capital and related financing activities:		
Capital assets transferred to other government	<u>\$ -</u>	<u>\$ (84,400,204)</u>
Noncash noncapital financing activities:		
Exchange of toll project interest for extinguishment of debt	<u>\$ -</u>	<u>\$ 3,529,049</u>

The notes to the financial statements are an integral part of this statement.

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

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 the CRRMA pursuant to the conditions of the Texas Department of Transportation (TxDOT) on March 13, 2007. The 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. The 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. The 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 the 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, the CRRMA is considered a special purpose government engaged only in business-type activities.

The CRRMA does not directly employ any persons. Instead, the CRRMA contracts with the City of El Paso for management services.

Basis of Accounting

The 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.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All of the 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 the 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.

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, funds from the City of El Paso for SIB 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

The 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

The 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 of the CRRMA are depreciated using the straight-line method over the following estimated useful lives below. Capital assets under construction are not depreciated until construction is completed.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets	Years
Bike Share Equipment	3

Deferred Outflows and Inflows of Resources

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

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 the CRRMA are derived from TxDOT Project Agreements, grants, and bike share revenue, reimbursement from the City of El Paso for loan payments, vehicle registration fees from the County of El Paso, Texas, and revenue from interlocal agreements. Grant funds received in advance of expenditures are recorded as unearned revenue. 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. CRRMA's debt will remain upon transfers to outside entities and is therefore not considered debt 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 and the Streetcar project.

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 2020, the CRRMA had a deficit unrestricted net position of \$85,315,501. This was primarily due to the capitalization of assets that were transferred to the County of El Paso in fiscal years 2017 to 2020, which had corresponding debt. Management intends to eliminate the deficit and reduce the loans and bonds payable balances through future vehicle registration fees from the County of El Paso and City of El Paso revenue derived from tax reinvestment zone (TRZ) contract payments.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The CRRMA amortizes the premiums and discounts over the estimated life of the bonds and records the amount as an adjustment to interest expense.

3. CASH AND CASH EQUIVALENTS

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

	2020	2019
Cash in bank - Unrestricted (held by the City of El Paso)	\$ 5,455,765	\$ 3,232,858
Cash in bank - Restricted (held by the City of El Paso)	542,534	16,410,480
Cash and cash equivalents - Restricted		
BNY Mellon	35,450,307	25,315,066
Streetcar Project (held by the City of El Paso)	347,558	872,647
Wells Fargo SIB Subsidy Account	-	211,789
Wells Fargo Money Market	1,234,981	3,963,100
Total cash and cash equivalents	\$ 43,031,145	\$ 50,005,940

Cash and cash equivalents of \$6,345,857 and \$20,515,985 at August 31, 2020 and 2019, respectively, were held by the City of El Paso as the CRRMA's fiscal agent. As such, the City of El Paso retains responsibility to safeguard these funds.

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;

As of August 31, 2020, the CRRMA's Wells Fargo money market investments reported in cash and cash equivalents were rated AAAM by Standard & Poor's and Aaa-mf by Moody's. The Bank of New York Mellon money market investments were rated AAAM by Standard & Poor's.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

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 the maximum maturity of a single investment shall not exceed three years and the maximum dollar-weighted average maturity for the investment portfolio 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's funds held with Wells Fargo Bank N.A. 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, 2020 and August 31, 2019.

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. The CRRMA diversified its portfolio by investing in separate money market funds and in a repurchase agreement invested in Federal Agency bonds.

Foreign Currency Risk

Foreign risk is the risk that changes in exchange rates will adversely affect the fair value investment of a deposit. The CRRMA had no foreign currency transactions during fiscal years 2020 and 2019.

4. LONG-TERM INVESTMENTS

The Board of Directors of the 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 the CRRMA, and comply with the Texas Public Funds Investment Act of 1995, as may be amended. The CRRMA can invest in obligations of, or guaranteed by, government entities, certificates of deposits, repurchase agreements, mutual funds and investment pools. In addition, guaranteed investment contracts (GICs) that have a defined termination date and are secured by obligations of the United States or its agencies are deemed authorized investments.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

4. LONG-TERM INVESTMENTS (Continued)

The CRRMA's long-term investments at August 31 are shown below at fair value:

Investments	2020	2019	Maturity Date	Credit Rating
Repurchase Agreement Invested in Federal Agency Bonds and Notes	\$ -	\$ 23,424,597	06/30/2020	N/A

In April 2017, CRRMA directed the Bank of New York Mellon Trust Company, N.A., the trustee of the amounts on deposit from the CRRMA's Subordinate Lien Vehicle Registration Fee Revenue Bonds, Series 2017, to enter into a Master Repurchase Agreement with Citigroup Global Markets Inc, for the purpose of investing the bond proceeds. The parties agreed that the pricing rate used for the transactions shall be 1.22% per annum and the margin percentage shall be 102% with regard to eligible securities specified in the Repurchase Agreement. The market value of the underlying securities was \$24,093,921 at August 31, 2019, which met or exceeded the required 102%. The securities were rated AAA by Moody's. The investment matured on June 30, 2020 and was liquidated as of that date.

The CRRMA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The CRRMA had the following recurring fair value measurement as of August 31, 2019:

- The fair value of the Repurchase Agreement of \$23,424,597 as of August 31, 2019 was based on the contractual terms of the underlying Guaranteed Investment Contract (Level 2 inputs).

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables are comprised of the following amounts due from governmental agencies as of August 31:

	<u>2020</u>	<u>2019</u>
TxDOT		
Spur 601 Agreement	\$ 12,283,484	\$ 31,300,000
Pellicano Drive Agreement	1,718,525	-
Winn Road Agreement	1,408,837	973,530
LP375 Widening	289,538	409,031
LP375 Frontage Roads	170,576	903,965
Project Development Agreement - Americas Project	8,856	66,420
Old Hueco Tanks Road Agreement	-	1,958,481
County of El Paso - Transportation Projects	495,780	323,128
City of El Paso - SIB loan payments	303,134	1,306,613
Various agencies	21,050	34,321
	<u>\$ 16,699,780</u>	<u>\$ 37,275,489</u>
 TxDOT - Spur 601 Agreement	 \$ -	 \$ 12,283,484
Town of Horizon - Eastlake Phase II Share	3,803,184	3,792,480
	<u>\$ 3,803,184</u>	<u>\$ 16,075,964</u>

As of August 31, 2020 and 2019, an allowance for doubtful accounts was not recorded as management believes all receivables are collectible based on historical experience.

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 balances for fiscal years ended 2020 and 2019 were \$12,283,484 and \$43,583,484, respectively, and included a current and non-current portion in 2019 as reflected in the table above. The 2020 current balance reflects the final amount under the agreement.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

5. INTERGOVERNMENTAL RECEIVABLES (Continued)

The Town of Horizon City, Texas (the Town) has committed to repay the CRRMA for a proportionate share of the cost of the Eastlake Blvd., Phase 2 Roadway Improvement Project in annual installments in accordance with a minimum payment schedule, including interest at the rate of 3.73%. The Town assigned revenues associated with the incremental increase in property values within its Transportation Reinvestment Zone Number 2 to secure its repayment obligation with respect to the project. The assignment is irrevocable for the period during which any portion of the obligation remains outstanding. Upon completion of the project, which occurred during fiscal year 2019, and the determination of total construction costs, the Town's share was calculated to be \$3,792,480. Annual payments commenced May 1, 2020 and are due on May 1 of each year thereafter until the final payment date in 2038 when any remaining outstanding balance shall be due and payable. Both the May 1, 2020 and May 1, 2021 minimum scheduled payments cover only a portion of the interest charges for the respective period, and therefore, in accordance with the agreement, the balance at August 31, 2020 includes accumulated unpaid interest of \$10,704, and the total receivable balances of \$3,803,184 and \$3,792,480 at August 31, 2020 and 2019, respectively, are reported within the non-current category.

6. CAPITAL ASSETS

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

	2020			
	Beginning Balance 9/1/2019	Additions	Deletions	Ending Balance 8/31/2020
Capital assets not being depreciated:				
Construction in progress - Winn Road Project	\$ 2,079,625	\$ 6,500,951	\$ -	\$ 8,580,576
Total capital assets not being depreciated	2,079,625	6,500,951	-	8,580,576
Capital assets being depreciated:				
Bike Share Equipment	737,230	-	-	737,230
Total capital assets being depreciated	737,230	-	-	737,230
Less accumulated depreciation for:				
Bike Share Equipment	(702,111)	(12,396)	-	(714,507)
Total accumulated depreciation	(702,111)	(12,396)	-	(714,507)
Total capital assets being depreciated, net	35,119	(12,396)	-	22,723
Total capital assets, net	\$ 2,114,744	\$ 6,488,555	\$ -	\$ 8,603,299

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

6. CAPITAL ASSETS (Continued)

	2019			
	Beginning Balance 9/1/2018	Additions	Deletions	Ending Balance 8/31/2019
Capital assets not being depreciated:				
Construction in progress - Streetcar Project	\$ 77,978,068	\$ 6,422,136	\$ (84,400,204)	\$ -
Construction in progress - Winn Road Project	-	2,079,625	-	2,079,625
Total capital assets not being depreciated	77,978,068	8,501,761	(84,400,204)	2,079,625
Capital assets being depreciated:				
Bike Share Equipment	700,043	37,187	-	737,230
Total capital assets being depreciated	700,043	37,187	-	737,230
Less accumulated depreciation for:				
Bike Share Equipment	(554,574)	(147,537)	-	(702,111)
Total accumulated depreciation	(554,574)	(147,537)	-	(702,111)
Total capital assets being depreciated, net	145,469	(110,350)	-	35,119
Total capital assets, net	\$ 78,123,537	\$ 8,391,411	\$ (84,400,204)	\$ 2,114,744

The Construction in progress - Winn Road Project reported above will be transferred to the City of El Paso upon project completion, which is expected to occur in fiscal year 2021.

The Construction in progress - Streetcar Project reported in the 2019 table above was transferred to the City of El Paso in individual components in accordance with an interlocal agreement with the City of El Paso. As of August 31, 2019, all components had been transferred to and accepted by the City and are reported by the City. Any additional capital purchases by the CRRMA for Streetcar related goods or services with remaining project funds will be transferred to the City of El Paso upon receipt.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS**

AUGUST 31, 2020 AND 2019

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2020</u>	<u>2019</u>
Deferred project costs and bonus related to Spur 601	\$ 7,614,490	\$ 17,685,100
Invoices related to:		
Pellicano Drive project	2,010,481	-
Winn Road project	1,408,837	1,141,876
Vehicle Registration Fee projects	1,240,241	2,716,709
Other projects	508,573	60,305
El Paso County projects	481,230	323,128
LP375 Widening project	286,106	405,128
LP375 Frontage Roads project	164,278	895,054
Streetcar project	4,280	488,499
Other accounts payable	204,559	214,373
Accrued contracted management liabilities	67,637	60,799
	<u>\$ 13,990,712</u>	<u>\$ 23,990,971</u>
Total accounts payable and accrued liabilities	<u>\$ 13,990,712</u>	<u>\$ 23,990,971</u>

Pursuant to the Project Completion Agreement for the State Spur 601, the CRRMA is responsible to pay the developer the deferred development price of \$7,900,000 and the early completion bonus of \$9,785,100 for a total amount of \$17,685,100. Payments are due solely from pass-through toll revenue from TxDOT and only after all payments of principal and interest on the related 2008 Pass-Through Toll Transportation Revenue bonds have been made in full. As the total pass-through toll revenue and related receivable have been recognized in a prior year (see note 5), the related liability to the developer is also recognized. In August 2020, the bonds were paid in full, and the remainder of the toll payment from TxDOT was utilized to make a payment of \$10,070,610 to the Developer. The outstanding balance of \$7,614,490 as of August 31, 2020 will be paid upon receipt of the final toll payment from TxDOT in February 2021.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT

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

		2020				
Description	Interest Rates	Balance August 31, 2019	Additions	Reductions	Balance August 31, 2020	Due Within One Year
<u>Bonds Payable:</u>						
Series 2008	5.00 - 5.25%	\$ 23,220,000	\$ -	\$ 23,220,000	\$ -	\$ -
Series 2014	3.00- 5.00%	62,610,000	-	1,345,000	61,265,000	1,415,000
Series 2017	2.00- 5.00%	34,370,000	-	415,000	33,955,000	520,000
Unamortized Premiums:						
Series 2008		1,692,744	-	1,692,744	-	-
Series 2014		3,753,709	-	113,392	3,640,317	118,035
Series 2017		1,448,641	-	30,432	1,418,209	31,672
Total Bonds Payable		127,095,094	-	26,816,568	100,278,526	2,084,707
<u>State Infrastructure Bank Loans:</u>						
State Infrastructure Bank Loan #1	4.95%	26,065,000	-	15,788,221	10,276,779	545,789
State Infrastructure Bank Loan #2	4.05%	1,628,428	-	383,229	1,245,199	351,343
State Infrastructure Bank Loan #3	4.95%	15,674,724	-	1,159,822	14,514,902	533,624
Total State Infrastructure Bank Loans		43,368,152	-	17,331,272	26,036,880	1,430,756
<u>Note Payable:</u>						
TxDOT Financial Assist. Agreement #1	N/A	756,405	-	-	756,405	-
Total long-term debt		\$ 171,219,651	\$ -	\$ 44,147,840	\$ 127,071,811	\$ 3,515,463

Interest expense incurred on long-term debt amounted to \$5,121,406 for the year ended August 31, 2020.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

		2019				
Description	Interest rates	Balance August 31, 2018	Additions	Reductions	Balance August 31, 2019	Due Within One Year
<u>Bonds Payable:</u>						
Series 2008	5.00 - 5.25%	\$ 52,395,000	\$ -	\$ 29,175,000	\$ 23,220,000	\$ 23,220,000
Series 2014	3.00- 5.00%	63,890,000	-	1,280,000	62,610,000	1,345,000
Series 2017	2.00- 5.00%	34,680,000	-	310,000	34,370,000	415,000
Unamortized Premiums:						
Series 2008		3,540,542	-	1,847,798	1,692,744	1,692,744
Series 2014		3,862,683	-	108,974	3,753,709	113,414
Series 2017		1,477,882	-	29,241	1,448,641	30,432
Total Bonds Payable		159,846,107	-	32,751,013	127,095,094	26,816,590
<u>State Infrastructure Bank Loans:</u>						
State Infrastructure Bank Loan #1	4.95%	26,790,000	-	725,000	26,065,000	755,000
State Infrastructure Bank Loan #2	4.05%	4,917,985	-	3,289,557	1,628,428	338,636
State Infrastructure Bank Loan #3	4.95%	18,863,895	-	3,189,171	15,674,724	509,544
Total State Infrastructure Bank Loans		50,571,880	-	7,203,728	43,368,152	1,603,180
<u>Notes Payable:</u>						
TxDOT Financial Assist. Agreement #1	N/A	756,405	-	-	756,405	-
TxDOT Financial Assist. Agreement #2	N/A	4,288,015	-	4,288,015	-	-
Total Notes Payable		5,044,420	-	4,288,015	756,405	-
Total long-term debt		\$ 215,462,407	\$ -	\$ 44,242,756	\$ 171,219,651	\$ 28,419,770

Interest expense incurred on long-term debt amounted to \$7,478,334 for the year ended August 31, 2019.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

Bonds Payable

On January 15, 2008, the CRRMA issued \$233,355,000 Pass-Through Toll Transportation Revenue Bonds (State Spur 601), Series 2008. 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. The CRRMA has pledged the payments received from the Department of Transportation pursuant to the Spur 601 Pass-Through Toll Agreement to secure payment of the bonds. See note 5.

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 originally 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, 2020 and 2019, the CRRMA redeemed principal of \$3,490,000 and \$3,655,000, respectively, in advance of the original debt service schedule. Due to early redemption, the final maturity date of the remaining bonds was August 2020 at which time the bonds were paid in full.

In addition to the annual amortization, the premium balance was reduced by gains of \$242,607 and \$253,970 in fiscal years 2020 and 2019, respectively, resulting from the early retirement of bonds.

In May 2014, CRRMA issued \$68,485,000 Senior Lien Vehicle Registration Fee Revenue Bonds, Series 2014. Proceeds from the bonds are used for long-term transportation projects. 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. Proceeds from the bonds are used for long-term transportation projects. Interest and principal payments commenced 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.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

The combined debt service 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
2021	\$ 1,935,000	\$ 4,201,062	\$ 6,136,062
2022	2,035,000	4,104,313	6,139,313
2023	2,135,000	4,002,562	6,137,562
2024	2,245,000	3,895,813	6,140,813
2025	2,355,000	3,783,562	6,138,562
2026-2030	13,660,000	17,029,313	30,689,313
2031-2035	17,355,000	13,337,337	30,692,337
2036-2040	21,365,000	9,325,375	30,690,375
2041-2045	26,235,000	4,452,950	30,687,950
2046	5,900,000	236,000	6,136,000
Total	<u>\$ 95,220,000</u>	<u>\$ 64,368,287</u>	<u>\$ 159,588,287</u>

CRRMA has pledged the funds collected by the El Paso County and the State of Texas from the levy and collection of the Special Vehicle Registration Fee (pledged revenues) to repay \$68.4 million in special limited obligation bonds issued in May 2014 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.

Amounts collected and related debt service payments during fiscal years ended August 31, 2020 and 2019 were as follows:

Fiscal Year Ended August 31,	Special Vehicle Registration Fees Received	Debt Service Payments
2020	\$ 6,619,540	\$ 6,049,063
2019	\$ 6,807,050	\$ 5,958,562

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

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. The original term of the loan was thirty years with interest payments totaling \$27,958,846 over that term. In April 2020, the CRRMA returned unused funds in the amount of \$15,715,326 to TxDOT, which reduced future annual principal and interest payments over the remaining 21 years. The City of El Paso provides funding for payments on this loan. See TRZ Contract Payments on SIB Loans paragraph below.

In addition, a portion of the interest is subsidized. The interest is refunded to the CRRMA at a rate of 35% through a direct payment from a Build America Bond. As of the issue date of these financial statements, no amount had been received for fiscal year 2020. The amount refunded to the CRRMA during fiscal year 2019 totaled \$423,578. Per the agreement with the City of El Paso, of the amount refunded, 50% is utilized to pay interest on the loan. The remaining 50% can be used for operational costs of the CRRMA.

The remaining debt service requirements for this loan are as follows:

State Infrastructure Bank Loan #1			
Year Ending August 31,	Principal	Interest	Total
2021	\$ 545,789	\$ 231,741	\$ 777,530
2022	295,849	481,684	777,533
2023	310,493	467,039	777,532
2024	325,863	451,670	777,533
2025	341,993	435,540	777,533
2026-2030	1,981,289	1,906,375	3,887,664
2031-2035	2,522,668	1,364,997	3,887,665
2036-2040	3,211,975	675,689	3,887,664
2041	740,860	36,673	777,533
Total	\$ 10,276,779	\$ 6,051,408	\$ 16,328,187

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

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 \$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. The remaining funds of \$3,104,887 were drawn down on January 4, 2013 and held in restricted cash by the CRRMA. Principal payments began February 2014 and interest payments in February 2013 and are due annually thereafter until the final maturity date. The original term of the loan was twenty years with a final maturity date of February 1, 2032 and interest payments totaling \$2,885,618 over that term. During fiscal year 2019, the CRRMA made the final project payment in the amount of \$65,013 and returned the remaining unused funds of \$3,039,874 to be applied to the loan balance, which changed the final maturity date to February 2024. Fiscal year 2020 payments included a prepayment of \$44,593, which, in accordance with the agreement, was applied to the final principal payment. The City of El Paso provides funding for payments on this loan. See TRZ Contract Payments on SIB Loans paragraph below.

The remaining debt service requirements for this loan are as follows:

State Infrastructure Bank Loan #2			
Year Ending August 31,	Principal	Interest	Total
2021	\$ 351,343	\$ 45,122	\$ 396,465
2022	364,549	30,825	395,374
2023	378,275	14,600	392,875
2024	151,032	3,056	154,088
Total	\$ 1,245,199	\$ 93,603	\$ 1,338,802

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, was drawn down in March 2012 and transferred into an account held by TxDOT. The remaining funds of \$3,913,763 were drawn down on January 4, 2013 and held in restricted cash by the CRRMA. Principal payments began in February 2014 and interest payments in February 2013 and are due annually thereafter until the final maturity date. The original term of the loan was thirty years with a final maturity date of February 1, 2042 and interest payments totaling \$19,537,633 over that term. During fiscal year 2019, the CRRMA made the final project payment in the amount of \$880,537 and returned the remaining unused funds of \$3,033,226 to be applied to the loan balance, which changed the final maturity date to February 1, 2039. Fiscal year 2020 payments included a prepayment of \$650,277, which, in accordance with the agreement, was applied to the final principal payments and changed the final maturity date to February 1, 2038. The City of El Paso provides funding for payments on this loan. See TRZ Contract Payments on SIB Loans paragraph below.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

The remaining debt service requirements for this loan are as follows:

State Infrastructure Bank Loan #3			
Year Ending August 31,	Principal	Interest	Total
2021	\$ 533,624	\$ 737,469	\$ 1,271,093
2022	558,882	710,430	1,269,312
2023	585,377	682,109	1,267,486
2024	613,170	652,445	1,265,615
2025	642,327	621,372	1,263,699
2026-2030	3,701,651	2,586,383	6,288,034
2031-2035	4,678,479	1,553,990	6,232,469
2036-2038	3,201,392	305,380	3,506,772
Total	<u>\$ 14,514,902</u>	<u>\$ 7,849,578</u>	<u>\$ 22,364,480</u>

TRZ Contract Payments on SIB Loans: Additionally, the City of El Paso provides funding (referred to as TRZ contract payments) to CRRMA for the debt service payments of the SIB loans based upon certain agreements. The City of El Paso is obligated to make these payments unconditionally. The City of El Paso has placed limitations on the cumulative amounts to be paid on CRRMA's SIB obligations but the CRRMA has not reached these limitations under any of these agreements. During fiscal years 2020 and 2019, the City of El Paso paid the CRRMA \$4,019,972 and \$3,962,086, respectively. In both years, the amounts from the City covered the actual payments and included an additional amount, \$541,534 in 2020 and \$694,870 in 2019, which was reported as restricted cash by the CRRMA at August 31 of each year. The 2020 additional amount will be used to pay down SIB loan #3 in fiscal year 2021 and the 2019 additional amount was used to pay down SIB loans #2 and #3 in fiscal year 2020 in addition to the scheduled payments.

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

Year Ending August 31,	Principal	Interest	Total
2021	\$ 3,365,756	\$ 5,215,394	\$ 8,581,150
2022	3,254,280	5,327,052	8,581,332
2023	3,409,145	5,166,390	8,575,535
2024	3,335,065	5,002,986	8,338,051
2025	3,339,320	4,840,474	8,179,794
2026-2030	19,342,940	21,522,071	40,865,011
2031-2035	24,556,147	16,256,324	40,812,471
2036-2040	27,778,367	10,306,444	38,084,811
2041-2045	26,975,860	4,489,623	31,465,483
2046	5,900,000	236,000	6,136,000
Total	<u>\$ 121,256,880</u>	<u>\$ 78,362,758</u>	<u>\$ 199,619,638</u>

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

8. LONG-TERM DEBT (Continued)

Notes Payable

TxDOT Financial Assistance Agreements: During the year ended August 31, 2009, the CRRMA entered into a Regional Toll Plan Agreement (financial assistance agreement) with the 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. Debt created in pursuit of toll projects from the Regional Toll Plan Agreement require repayment to TxDOT when the underlying toll project is developed. In the event that a toll project is not developed, work product for that project may be provided to TxDOT as repayment of that portion of the loan. Work product on the toll projects other than César Chávez has not been provided to TxDOT; therefore, the balance remains outstanding but a repayment schedule has not been established. During 2014, \$343,595 of the balance, which was associated with the Loop 375 César Chávez Express Toll Lanes, was rolled into a new agreement. The balance remaining at August 31, 2020 on this financial assistance agreement #1 was \$756,405.

During the years ended August 31, 2008 and 2014, the CRRMA entered into financial assistance agreements with the Texas Department of Transportation for \$330,000 and \$9.4 million, respectively, and in 2014 consolidated them along with the rolled forward amount listed in the preceding paragraph. Interest was added in the form of a flat fee.

As of August 31, 2018, the amount due on the consolidated loan (financial assistance agreement #2) was \$4,288,016 with a remaining balance of \$5,785,579 in disbursements available to the CRRMA. However disbursements ceased in connection with the suspension of tolls from the Chávez project which occurred in coordination with TxDOT, effective August 9, 2017. On August 8, 2018, the CRRMA, via Board Resolution, approved the conversion of the Chavez Project from a tolled project to a non-tolled project.

Effective May 2019, the Texas Department of Transportation (TxDOT) and the CRRMA executed the Termination of Agreements Related to the Loop 375 César - Border Highway Managed Lanes Project (Termination Agreement). The terms of the agreement effectuate the conversion of the toll lanes to a non-tolled project and stipulate that TxDOT shall maintain the Chávez Project as part of the state highway system without tolls. Furthermore, in accordance with the Termination Agreement, \$758,967 in disbursed but unspent funds were cancelled and returned to TxDOT by the CRRMA. The financial assistance that was disbursed and expended amounted to \$3,529,049 and was shifted to the Border West Expressway (formerly Border Highway West) by adding the amount to TxDOT's capital costs under the Border Highway West Memorandum of Understanding, thereby increasing TxDOT's relative percentage of project interest and decreasing CRRMA's percentage of project interest in the Border West Expressway. The interest fee required under the financial assistance agreement is not required to be repaid.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

9. UNEARNED REVENUE

Unearned revenue represents funds received but not earned as of August 31, 2020 and 2019.

Description	Balance September 1, 2019	Amount Received	Amount Spent	Balance August 31, 2020
Streetcar Project	\$ 330,306	\$ -	\$ 28,387	\$ 301,919
Mission Ridge 1 Project	99,474	-	-	99,474
Mission Ridge 2 Project	-	1,757,766	1,622,972	134,794
Vista Del Sol Project	157,179	-	140,810	16,369
Winn Road Project	256,029	-	181,437	74,592
Pellicano Drive Project	-	3,067,434	1,021,813	2,045,621
Eastlake Phase 1 Project	-	1,063,640	870,901	192,739
Toll overpayments	2,841	-	-	2,841
Total unearned revenue	<u>\$ 845,829</u>	<u>\$ 5,888,840</u>	<u>\$ 3,866,320</u>	<u>\$ 2,868,349</u>

Description	Balance September 1, 2018	Amount Received	Amount Spent	Balance August 31, 2019
Border West Expressway Project	\$ 35,035,899	\$ -	\$ 35,035,899	\$ -
Streetcar Project	6,752,442	-	6,422,136	330,306
Mission Ridge Project	99,474	-	-	99,474
Vista Del Sol Project	371,711	-	214,532	157,179
Winn Road Project	-	779,376	523,347	256,029
Toll overpayments	2,792	49	-	2,841
Total unearned revenue	<u>\$ 42,262,318</u>	<u>\$ 779,425</u>	<u>\$ 42,195,914</u>	<u>\$ 845,829</u>

Grant funds and funds from other governments and developers are considered to be earned to the extent of expenditures made or services rendered under the provisions of the grant or agreement, and accordingly, when such funds are received before expenditures are made or services were rendered, they are recorded as unearned revenue until earned.

10. DEFERRED INFLOWS OF RESOURCES

The extinguishment of CRRMA's debt in fiscal year 2019 in the amount of \$3,529,049 under financial assistant agreement #2 in exchange for TxDOT's increase and the CRRMA's corresponding decrease of project interest in the Border West Expressway is treated as the sale of future toll revenue and is reported in deferred inflows of resources. At the time of issuance of these financial statements, the tolls are in a deferral period and the parties to the exchange are discussing the terms of a commencement of tolls.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

11. CONSTRUCTION COMMITMENTS AND OTHER CONTINGENCIES

The 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 subject 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.

The 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.

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, 2020 and 2019.

12. CONCENTRATIONS

As of August 31, 2020, CRRMA has entered into several funding and grant agreements with the Texas Department of Transportation (TxDOT) for local transportation projects. During the years ended August 31, 2020 and 2019, CRRMA recorded revenue of \$10,772,409 and \$48,887,850 or 42% and 75% of total operating revenues, respectively, relating to the agreements. A significant reduction in the level of this funding, if this were to occur, may have a significant effect on the CRRMA's financial statements. Management believes TxDOT and/or CRRMA funds will continue funding the subsequent year's operations and ongoing capital projects.

13. RELATED PARTIES

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

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

14. LOCAL GOVERNMENTS

Revenue from local governments for the years ended August 31, 2020 and 2019 was comprised of the following:

	<u>2020</u>	<u>2019</u>
County of El Paso		
Special Vehicle Registration Fees for bond payments	\$ 6,619,540	\$ 6,807,050
Transportation Projects	1,186,384	659,316
Agreed upon Procedures	12,000	-
City of El Paso		
TRZ Contract Funding for SIB loan payments	3,016,494	3,903,437
Town of Horizon City		
Cost Share of Eastlake Phase II Project	-	3,792,480
El Paso Water Utilities		
Facility improvements in areas within the Mission Ridge 2 Project	1,622,972	-
Facility improvements in areas within the Pellicano Drive Project	1,021,813	-
Facility improvements in areas within the Winn Road Project	181,438	522,975
Facility improvements in areas within the Vista Del Sol Project	140,810	214,532
Other Local Governments	737	10,525
	<u> </u>	<u> </u>
Total	<u>\$ 13,802,188</u>	<u>\$ 15,910,315</u>

15. INTERGOVERNMENTAL TRANSFERS

Transfers out consisted of the following as of August 31:

	<u>2020</u>	<u>2019</u>
Construction in progress		
(owned and capitalized by the County of El Paso)	\$ 18,928,208	\$ 21,810,504
Construction in progress		
(owned and capitalized by El Paso Water Utilities)	2,966,633	737,507
Construction in progress (owned and capitalized by TxDOT)	1,884,139	43,360,055
Construction in progress		
(owned and capitalized by the City of Socorro)	-	151,096
Transfer of components of the Streetcar project to the		
City of El Paso	-	84,400,204
	<u> </u>	<u> </u>
Total	<u>\$ 23,778,980</u>	<u>\$ 150,459,366</u>

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

16. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified to be consistent with the current year presentation.

17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

As the result of the 2008 Project Completion Agreement for the State Spur 601, upon substantial completion of the project in 2011, the CRRMA incurred an obligation to pay the developer the deferred development price of \$7,900,000 and the early completion bonus of \$9,785,100 for a total amount of \$17,685,100. Payments are due solely from pass-through toll revenue from TxDOT and only after all payments of principal and interest on the related 2008 Pass-Through Toll Transportation Revenue bonds have been made in full. The pass-through toll revenue and related receivable were recognized in a prior year at the full maximum amount but the liability to the developer had not been recognized. Therefore, a prior period adjustment is recorded to recognize the liability as of the beginning of fiscal year 2019 and the 2019 accounts payable line item is restated in these financial statements. The adjustment reduced the fiscal year 2019 beginning net position by \$17,685,100 and had no effect on the change in net position.

18. SUBSEQUENT EVENT

In November 2020, Standard and Poor's lowered its long-term rating on the CRRMA's subordinate lien vehicle registration fee revenue bonds, Series 2017, from A- to BBB+. At the same time, it affirmed its AA-long-term rating on the CRRMA's senior-lien vehicle registration fee bonds, Series 2014.

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 the Camino Real Regional Mobility Authority (CRRMA), as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise CRRMA's basic financial statements, and have issued our report thereon dated December 23, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements. 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, appearing to read "Gibson Ruddock Patterson LLC", written in a cursive style.

Gibson Ruddock Patterson LLC
El Paso, Texas
December 23, 2020

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, 2020. 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, 2020.

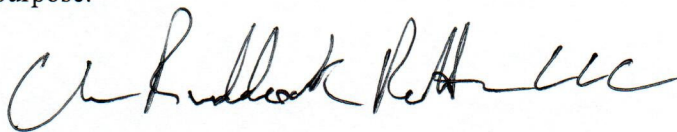
Report on Internal Control over Compliance

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
December 23, 2020

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2020

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: Winn Road Project and
Pellicano Drive Project

Major State Programs:

Winn Road Project
Pellicano Drive Project
LP375 Frontage Roads

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

\$750,000 Federal Programs
\$300,000 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 - Federal Programs
Yes - State Programs

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2020

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, 2020

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, 2020

Federal or State Grantor/Pass-through Grantor/ Grant Description	CFDA Number	Identifying Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Highway Planning and Construction:			
*Winn Road Project	20.205	CSJ #0924-06-418	\$ 5,616,052
*Pellicano Drive Project	20.205	CSJ #0924-06-534	<u>2,038,276</u>
Total CFDA 20.205			<u>7,654,328</u>
Total Highway Planning and Construction Cluster			<u>7,654,328</u>
Total U.S. Department of Transportation			<u>7,654,328</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 7,654,328</u></u>
* Clustered Programs			
STATE AWARDS			
<u>Texas Department of Transportation</u>			
Americas Managed Lanes Project		CSJ #2552-03-049	\$ 92,503
LP375 Widening		CSJ #2552-03-049	1,104,716
LP375 Frontage Roads		CSJ #2552-03-058	686,919
Streetcar Project		CSJ #0924-06-446	28,387
Winn Road Project		CSJ #0924-06-418	884,528
Pellicano Drive Project		CSJ #0924-06-534	<u>321,028</u>
Total Texas Department of Transportation			<u>3,118,081</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 3,118,081</u></u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u><u>\$ 10,772,409</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal and State Awards

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED AUGUST 31, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (schedule) includes the federal and state award activity of the Camino Real Regional Mobility Authority (CRRMA) under programs of the federal and state governments for the year ended August 31, 2020. 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.

Period of Performance - The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement - August 2020.

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. Such expenses are recognized following the cost principles contained in the Uniform Guidance and the State of Texas UGMS, wherein certain types of expenses are not allowable or are limited.

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.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED AUGUST 31, 2020

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:	\$ 25,573,994
Less: Local Revenue	
Bike Share Revenue	71,218
Local Governments	13,802,188
Project Cost Shares from Developers and other third parties	885,043
Other	3,236
In-Kind	<u>39,900</u>
Total Federal and State Awards reported in the Schedule of Expenditures of Federal and State Awards	<u><u>\$ 10,772,409</u></u>