

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

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

YEARS ENDED AUGUST 31, 2022 AND 2021

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camino Real Regional Mobility Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Camino Real Regional Mobility Authority (CRRMA), a fiduciary component unit of the City of El Paso, as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the CRRMA's basic financial statements as listed in the table of contents.

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, 2022 and 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRRMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the CRRMA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CRRMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRRMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary 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, 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 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 the effectiveness of the CRRMA's 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", with a stylized flourish at the end.

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 21, 2022

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, 2022. As you read the MD&A, "2022" refers to the fiscal year ended August 31, 2022 and "2021" refers to the fiscal year ended August 31, 2021. 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 increased by \$3,365,264 as compared to a decrease of \$34,746,341 in 2021.
- As of August 31, 2022, liabilities and deferred inflows of resources exceeded assets by \$108,031,439.

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 36 of this report.

Financial Analysis

Financial Position. Table 1 is a summarized version of the statement of net position as of August 31, 2022, 2021, and 2020. The table reflects CRRMA's overall change in financial resources and claims on those resources. The majority of CRRMA's assets consist of cash and 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,	2022	2021	% Change	2020	% Change
CURRENT ASSETS					
Current Assets	\$ 56,603,895	\$ 57,347,743	-1%	\$ 59,730,925	-4%
Noncurrent Assets	3,576,744	3,795,717	-6%	3,803,184	0%
Capital Assets, net	141,184	10,327	1267%	8,603,299	-100%
Total Assets	<u>\$ 60,321,823</u>	<u>\$ 61,153,787</u>	-1%	<u>\$ 72,137,408</u>	-15%
LIABILITY AND NET ASSETS					
Current Liabilities	22,247,239	21,540,505	3%	21,702,373	-1%
Non-current Liabilities:					
Long-Term Bonds					
and Notes Payables	142,576,974	147,480,936	-3%	123,556,348	19%
Total Liabilities	164,824,213	169,021,441	-2%	145,258,721	16%
TOTAL DEFERRED					
INFLOWS OF RESOURCES	3,529,049	3,529,049	0%	3,529,049	0%
Net Position					
Net Investment in					
capital assets	141,184	10,327	1267%	8,603,299	-100%
Restricted for grant	44,166	63,995	-31%	61,840	3%
Unrestricted	(108,216,789)	(111,471,025)	3%	(85,315,501)	-31%
Total Net Position	<u>\$ (108,031,439)</u>	<u>\$ (111,396,703)</u>	3%	<u>\$ (76,650,362)</u>	45%

Current Assets. Current assets decreased by \$747 thousand or 1% in 2022 as compared to 2021. The decrease in 2022 occurred primarily due to the use of VRF bond proceeds on 2013 CMP projects.

Current assets decreased by \$2.4 million or 4% in 2021 as compared to 2020. The decrease in 2021 occurred primarily due to a reduction of intergovernmental receivables related to the Spur 601 project.

Capital Assets. Capital Assets increased by \$131 thousand or 1267% in 2022 as compared to 2021. The increase is due to costs associated with the acquisition of certain rights-of-way related to the John Hayes and Darrington (Town of Horizon) projects.

Capital assets decreased by \$8.6 million or nearly 100% in 2021 as compared to 2020. The decrease is primarily due to the completion and transfer of the Winn Road Project to the City of El Paso.

Current Liabilities. Current liabilities increased \$707 thousand or 3% in 2022 as compared to 2021. The majority of the net increase is due to an increase in unearned revenue related to the City of Socorro's TRZ funds, which is tempered by a decrease in accounts payable.

Current liabilities decreased by \$162 thousand or 1% in 2021 as compared to 2020. The majority of the net decrease is due to a decrease in the amount of accounts payable, which is tempered by an increase in unearned revenue related to the Bob Hope, Pellicano, Tom Mays, and Wyler projects.

Noncurrent Liabilities. Noncurrent liabilities decreased \$4.9 million or 3% in 2022 as compared to 2021. The decrease is primarily due to the continued repayment of bonds and loans. Details on the referenced bonds and loans payable are included in Note 7 to the financial statements.

Noncurrent liabilities increased by \$24 million or 19% in 2021 as compared to 2020. The net change is attributed to the borrowing of \$30 million from the State Infrastructure Bank (SIB) on behalf of the City of El Paso and the continued repayment of bonds and loans. Details on the referenced bonds and loans payable are included in Note 7 to the financial statements.

Total Net Position. Net position increased by \$3.4 million in 2022 or 3% as compared to 2021.

Net position decreased by \$35 million in 2021 or 45% as compared to 2020.

Outstanding Debt

As of August 31, 2022 and 2021, CRRMA had total bonded debt outstanding of \$96.0 million and \$98.2 million, respectively, including bond premiums. The debt is comprised of revenue bonds backed by vehicle registration fee revenues from the County of El Paso. S&P Global lowered the underlying rating of the subordinate debt from "A-" to "BBB+" while affirming the stable outlook in November 2020.

Table 2 is a summary of outstanding debt.

Table 2
Outstanding Debt

As of August 31,	2022	2021	2020
Series 2014 bond, Including Premium			
of \$3,399,439 at 08/31/22	61,764,439	63,372,282	64,905,317
Series 2017 bond, Including Premium			
of \$1,353,575 at 08/31/22	34,238,575	34,821,537	35,373,209
TxDot Financial Assistance Agreement #1	756,405	756,405	756,405
State Infrastructure Bank Loans	50,721,517	53,273,460	26,036,880
Total Debt	\$ 147,480,936	\$ 152,223,684	\$ 127,071,811

Deferred Inflows of Resources. Deferred inflows remained at \$3.5 million. The amount is attributed to the extinguishment of CRRMA's debt under financial assistance 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 Note 9 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 2022, 2021, and 2020.

Table 3
Revenues, Expenses, and Changes in Net Position

As of August 31,	2022	2021	% Change	2020	% Change
Operating Revenue	\$ 20,885,352	\$ 25,358,967	-18%	\$ 25,573,994	-1%
Operating Expenses	839,651	845,268	-1%	1,193,208	-29%
Net Operating Income	20,045,701	24,513,699	-18%	24,380,786	1%
Non-Operating Revenues,					
Expenses, and Transfers	(16,680,437)	(59,260,040)	-72%	(27,912,709)	112%
Increase (Decrease) in					
Net Position	3,365,264	(34,746,341)	110%	(3,531,923)	-884%
Prior Period Adjustment	-	-		-	
Ending Net Position	(108,031,439)	(111,396,703)	3%	(76,650,362)	45%

Operating Revenues. Operating revenues decreased \$4.5 million or 18% as compared to 2021. The decrease is primarily due to fewer active large construction projects.

Operating revenues decreased by \$215 thousand or 1% as compared to 2020. The net change was primarily due to a decrease in construction activity on the Winn Road project and an increase in the Pellicano and John Hayes projects.

Operating Expenses. Operating expenses decreased by \$5.6 thousand or 1% as compared to 2021. The decrease occurred primarily due to fewer legal expenses.

Operating expenses decreased by \$348 thousand or by 29% as compared to 2020. The decrease was primarily due to completion of the County Master Thoroughfare Plan.

Non-operating Revenues, Expenses, and Transfers. Non-operating revenues, expenses, and transfers decreased \$43.6 million or 72% as compared to 2021. The decrease is primarily attributed to the nonrecurring 2021 transfer to TxDOT related to the I-10 Widening Project and the 2021 transfer of the completed Winn Road project.

Non-operating revenues, expenses, and transfers increased \$31 million or 112% in 2021 as compared to 2020. The increase was primarily attributed to the transfer of nearly \$30 million to TxDOT for the I-10 Widening Project.

Fiscal Year 2022 Highlights

2008 El Paso Comprehensive Mobility Plan Projects

The CRRMA continued debt payments in 2022 related to three projects identified within the Project Development Agreement with TxDOT referred to as the Planning PDA: (i) Loop 375 at I-10 (Americas Interchange); (ii) Zaragoza Direct Connectors; and (iii) Transmountain Northeast Mainlanes. In order to complete these three projects, the CRRMA secured three State Infrastructure Bank loans (in the amounts of \$30,000,000, \$20,000,000 and \$6,000,000 respectively) using revenues pledged to the CRRMA from the City of El Paso's Transportation Reinvestment Zones 2 and 3. In 2022, the CRRMA continued making SIB loan repayments on the Americas Interchange, Zaragoza Direct Connectors, and Transmountain Northeast Projects in the respective amounts of \$295,849, \$558,882, and \$364,549.

SunCycle – El Paso Bike Share Program

The CRRMA's bike share program (SunCycle) ridership and revenue decreased. In 2021 people began receiving their COVID-19 vaccines and businesses reopened, ridership began to drop as people resumed other activities they had been unable to do for more than a year. This trend continued into 2022. The El Paso Electric Company continued to support the program as its title sponsor for the second year in a row. Throughout 2022, the program tallied over 10,300 bike rides, which amounted to over 55,000 miles ridden, 53,000 pounds of carbon offset, and almost 2.2 million calories burned.

El Paso Streetcar Project

The El Paso Streetcar Project is a jointly developed project between the City of El Paso, TxDOT, and the CRRMA. The City originally developed the design and alignment for the project. TxDOT provided the CRRMA with a \$97,000,000 grant to complete the procurement and construction activities. 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 2022 totaling more than \$2.1 million and \$1.1 million respectively.

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 2022, project expenditures on the Widening and Frontage projects totaled \$187,171 and \$199,775 respectively.

Wyer Aerial Tramway Project

The CRRMA has partnered with the Texas Parks & Wildlife Department (TPWD) to design and construct new base and aerial facilities as well as a new tramway to be located on the eastside of the Franklin Mountains. During 2022, project expenditures on the Wyer Aerial Tramway Project totaled \$1,309,824.

Fabens Airport Projects

The CRRMA and County of El Paso are partnering on several initiatives at the County's Fabens Airport. These include the design and construction of a deceleration lane for vehicles entering the facility, several types of hangars, and an automated weather observation system. Expenditures in 2022 totaled \$394,666.

County Sidewalks and Shelters Program

The CRRMA also partnered with the County of El Paso on several projects intended to fill in gaps in the County's sidewalk inventory and adding bus shelters as an improved amenity at bus stops serving the County's Regional Transit system. Expenditures in 2022 totaled \$925,655.

CRRMA Revenues

The majority of CRRMA revenues in this fiscal year were limited to: (i) administrative fees from the vehicle registration fee bonds; (ii) SunCycle Program revenues; (iii) TxDOT grant funds for the Loop 375 Projects; (iv) TxDOT grant funds for the Pellicano Road Project; (v) funds from TPWD for the Wyer Project; (vi) contributions from local governments including the City of El Paso, County of El Paso, and El Paso Water Utilities; (vii) interest generated from existing CRRMA funds; and (viii) the interest subsidy related to SIB Loan #1. Total CRRMA operating expenditures in fiscal year 2022 were \$839,651.

Future of the CRRMA

The CRRMA will continue to work on regional partnerships with TxDOT and local governmental bodies for the development of major transportation projects in the area. By way of example, the CRRMA's partnership with El Paso County will continue through the ongoing 2013 Comprehensive Mobility Plan as well as additional initiatives with the Fabens Airport and Regional Transit. The CRRMA's partnership with Texas Parks and Wildlife Department will continue as the parties work to reestablish the Wyler Aerial Tramway. SunCycle, the CRRMA's bike share program for El Paso, will seek to grow ridership and sponsorship revenues through a reevaluation of station locations. Additionally, the CRRMA is working with regional partners on the development and implementation of the Regional Mobility Strategy 2020, a mobility plan that would prioritize billions in major transportation projects for the region. As a result, the CRRMA's future anticipates the continuation and strengthening of partnerships with regional transportation providers to develop major 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 Robert Studer, Director of Finance.

BASIC FINANCIAL STATEMENTS

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

STATEMENTS OF NET POSITION

AUGUST 31, 2022 AND 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 19,113,544	\$ 20,263,322
Restricted cash and cash equivalents	35,751,306	31,692,954
Intergovernmental receivables	1,733,760	1,709,355
Restricted receivable for SIB loan payments	5,285	3,682,112
Total current assets	56,603,895	57,347,743
Non-Current Assets		
Intergovernmental receivables	3,576,744	3,795,717
Capital assets:		
Bike share equipment, net	-	10,327
Construction in progress	141,184	-
Capital assets, net of accumulated depreciation	141,184	10,327
Total noncurrent assets	3,717,928	3,806,044
Total assets	\$ 60,321,823	\$ 61,153,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,549,209	\$ 3,379,241
Accrued interest	1,508,207	1,551,215
Bonds payable, due within one year	2,297,153	2,190,805
State infrastructure bank loans	2,606,809	2,551,943
Unearned revenue	13,285,861	11,867,301
Total current liabilities	22,247,239	21,540,505
Non-Current Liabilities		
Bonds payable (including unamortized premiums)	93,705,861	96,003,014
State infrastructure bank loans	48,114,708	50,721,517
Note payable	756,405	756,405
Total non-current liabilities	142,576,974	147,480,936
Total liabilities	164,824,213	169,021,441
Deferred Inflows of Resources		
Sale of future revenue	3,529,049	3,529,049
Total deferred inflows of resources	3,529,049	3,529,049
Net Position		
Net investment in capital assets	141,184	10,327
Restricted for grant requirements	44,166	63,995
Unrestricted	(108,216,789)	(111,471,025)
Total net position	(108,031,439)	(111,396,703)
Total liabilities, deferred inflows of resources, and net position	\$ 60,321,823	\$ 61,153,787

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
TxDOT - Pellicano Drive - Federal and State	\$ 2,889,356	\$ 4,893,742
TxDOT - Winn Road - Federal and State	-	1,444,457
TxDOT - LP375 Frontage Roads and Widening	386,946	225,549
TxDOT - Streetcar project	40,191	31,359
TPWD - Wyler Aerial Tramway	1,309,824	55,655
Bike share revenue	135,450	158,593
Local governments	16,046,952	18,417,000
Project cost shares from developers and other third parties	49,633	80,411
Other	-	25,201
In-kind	27,000	27,000
Total operating revenues	<u>20,885,352</u>	<u>25,358,967</u>
OPERATING EXPENSES		
Contracted management	382,799	358,021
Depreciation	10,327	12,396
In-kind	27,000	27,000
Legal	35,789	71,613
Engineering	32,021	6,647
Other contracts	267,838	257,630
Financial	-	43,750
Other professional services	48,990	49,260
Supplies and other	34,887	18,951
Total operating expenses	<u>839,651</u>	<u>845,268</u>
Income from operations	<u>20,045,701</u>	<u>24,513,699</u>
NON-OPERATING REVENUES AND EXPENSES		
Interest income	288,376	176,632
Interest subsidies	156,563	384,361
Intergovernmental transfers of capital assets	(11,997,138)	(24,575,728)
Intergovernmental transfer for capital project	-	(29,956,250)
Interest expense	(5,128,238)	(5,289,055)
Total non-operating expenses, net	<u>(16,680,437)</u>	<u>(59,260,040)</u>
Change in net position	3,365,264	(34,746,341)
Net position - beginning of year	<u>(111,396,703)</u>	<u>(76,650,362)</u>
Net position - end of year	<u><u>\$ (108,031,439)</u></u>	<u><u>\$ (111,396,703)</u></u>

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

CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Receipts from other agencies	\$ 25,914,912	\$ 45,458,951
Receipts from developers and other third parties	100,362	29,501
Receipts from users	135,450	158,593
Payments for contracted management	(469,561)	(318,613)
Payments to professionals	(13,211,199)	(24,369,715)
Net cash provided by operating activities	<u>12,469,964</u>	<u>20,958,717</u>
Cash Flows from Noncapital Financing Activities		
Repayment of debt	(4,586,943)	(4,698,420)
Interest paid	(5,327,051)	(5,215,396)
Cash received for interest subsidy	154,146	463,851
Proceeds from noncapital loan	-	30,000,000
Transfer of loan proceeds	-	(29,956,250)
Net cash used by noncapital financing activities	<u>(9,759,848)</u>	<u>(9,406,215)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition/construction of capital assets	(89,918)	(2,804,003)
Net cash used by capital and related financing activities	<u>(89,918)</u>	<u>(2,804,003)</u>
Cash Flows from Investing Activities		
Interest received	288,376	176,632
Net cash provided by investing activities	<u>288,376</u>	<u>176,632</u>
Net decrease in cash and cash equivalents	<u>2,908,574</u>	<u>8,925,131</u>
Cash and cash equivalents - beginning of year	<u>51,956,276</u>	<u>43,031,145</u>
Cash and cash equivalents - end of year	<u><u>\$ 54,864,850</u></u>	<u><u>\$ 51,956,276</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents	\$ 19,113,544	\$ 20,263,322
Restricted cash and cash equivalents	35,751,306	31,692,954
Total cash and cash equivalents	<u><u>\$ 54,864,850</u></u>	<u><u>\$ 51,956,276</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 20,043,626	\$ 24,513,699
Adjustments to reconcile operating income to net cash:		
Depreciation expense	10,327	12,396
Decrease (increase) in receivables	3,892,794	11,315,780
Increase (decrease) in accounts and other payables	(933,006)	(9,251,925)
Increase (decrease) in unearned revenue	1,451,285	8,919,462
Capital expenditures transferred out to other governments	(11,995,063)	(14,550,695)
Net cash provided by operating activities	<u><u>\$ 12,469,963</u></u>	<u><u>\$ 20,958,717</u></u>
Noncash capital and related financing activities:		
Capital assets transferred to other government	<u><u>\$ -</u></u>	<u><u>\$ (10,025,033)</u></u>

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

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 a fiduciary component unit of the City of El Paso and is reported as a "Custodial" fund in the City of El Paso's financial statements, as the City of El Paso acts as the fiscal agent for the CRRMA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disclosures 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.

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.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the CRRMA to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the CRRMA to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the CRRMA to have independent auditors perform test procedures related to investment practices as provided by the Act. Management asserts that the CRRMA is in substantial compliance with the requirements of the Act and with local policies.

Restricted Assets

Proceeds from CRRMA's bonds, funds from the City of El Paso for SIB loans, TRZ funds from the City of Socorro, 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 project and 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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

<u>Assets</u>	<u>Years</u>
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, bike share revenue, TRZ contract funding from the City of El Paso for loan payments, vehicle registration fees from the County of El Paso, Texas, revenue from interlocal agreements, and project cost shares from developers and other third parties. 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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. At fiscal year end 2022, the CRRMA had a deficit unrestricted net position of \$108,216,789. This was primarily due to the capitalization of assets that were transferred to the County of El Paso in fiscal years 2017 to 2022, which had corresponding debt, as well as the cash transfer of SIB loan proceeds to the Texas Department of Transportation during 2021 in accordance with the I-10 Widening project agreement. 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.

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:

	<u>2022</u>	<u>2021</u>
Cash in bank - Unrestricted (held by the City of El Paso)	<u>\$ 19,113,544</u>	<u>\$ 20,263,322</u>
Cash and cash equivalents - Restricted		
Cash in bank:		
Streetcar Project (held by the City of El Paso)	286,456	314,075
TRZ funds from City of Socorro (held by the City of El Paso)	2,005,343	-
TRZ funds from City of El Paso (held by the City of El Paso)	5,145,593	-
Wells Fargo SIB Subsidy Account	77,073	79,490
Other restricted (held by the City of El Paso)	1,000	1,000
BNY Mellon Money Market Fund	<u>28,235,841</u>	<u>31,298,389</u>
Total restricted cash and cash equivalents	<u>35,751,306</u>	<u>31,692,954</u>
Total cash and cash equivalents	<u><u>\$ 54,864,850</u></u>	<u><u>\$ 51,956,276</u></u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

3. CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents of \$26,551,936 and \$20,578,397 at August 31, 2022 and 2021, 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, 2022 and August 31, 2021, the CRRMA's Bank of New York Mellon money market investments reported in cash and cash equivalents were rated AAAm by Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. To help mitigate interest rate risk, the structure of the investment portfolio should be in securities maturing in a manner that cash requirements for ongoing operations will be met, thereby avoiding the need to sell securities on the open market prior to maturity. Operation funds can be invested primarily in short-term securities, money market mutual funds, or similar investment pools and 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, the 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 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, 2022 and August 31, 2021.

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 money market funds.

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 2022 and 2021.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

4. INTERGOVERNMENTAL RECEIVABLES

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

	<u>2022</u>	<u>2021</u>
TxDOT		
Pellicano Drive agreement	\$ 701,147	\$ 627,947
LP375 Frontage Roads	88,935	15,645
LP375 Widening	35,716	24,007
Winn Road agreement	-	49,291
County of El Paso - Transportation projects	826,570	855,989
City of El Paso - Administrative fees	-	93,676
Various agencies	81,392	42,800
	<u>\$ 1,733,760</u>	<u>\$ 1,709,355</u>
Total intergovernmental receivables - current		
	<u>\$ 3,576,744</u>	<u>\$ 3,795,717</u>
Town of Horizon - Eastlake Phase 2 share		
	<u>\$ 3,576,744</u>	<u>\$ 3,795,717</u>
Total intergovernmental receivables - non-current		

As of August 31, 2022 and 2021, an allowance for doubtful accounts was not recorded as management believes all receivables are collectible based on historical experience.

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. In accordance with the agreement, any unpaid interest is added to the receivable balance annually. Both the May 1, 2023 and May 1, 2022 minimum scheduled payments cover only a portion of the interest charges for the respective period, and therefore, the total receivable balances of \$3,576,744 and \$3,795,717 at August 31, 2022 and 2021, respectively, are reported within the non-current category.

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**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

5. CAPITAL ASSETS

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

	2022			
	Beginning Balance 9/1/2021	Additions	Deletions	Ending Balance 8/31/2022
Capital assets not being depreciated:				
Construction in progress:				
Darrington Road - Right of Way	\$ -	\$ 2,091	\$ -	\$ 2,091
John Hayes Street - Right of Way	-	139,093	-	139,093
Total capital assets not being depreciated	-	141,184	-	141,184
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	(726,903)	(10,327)	-	(737,230)
Total accumulated depreciation	(726,903)	(10,327)	-	(737,230)
Total capital assets being depreciated, net	10,327	(10,327)	-	-
Total capital assets, net	\$ 10,327	\$ 130,857	\$ -	\$ 141,184

Depreciation expense for the year ended August 31, 2022 was \$10,327.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

5. CAPITAL ASSETS (Continued)

	2021			
	Beginning Balance 9/1/2020	Additions	Deletions	Ending Balance 8/31/2021
Capital assets not being depreciated:				
Construction in progress - Winn Road Project	\$ 8,580,576	\$ 1,444,457	\$(10,025,033)	\$ -
Total capital assets not being depreciated	8,580,576	1,444,457	(10,025,033)	-
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	(714,507)	(12,396)		(726,903)
Total accumulated depreciation	(714,507)	(12,396)	-	(726,903)
Total capital assets being depreciated, net	22,723	(12,396)	-	10,327
Total capital assets, net	\$ 8,603,299	\$ 1,432,061	\$(10,025,033)	\$ 10,327

Depreciation expense for the year ended August 31, 2021 was \$12,396.

The Construction in progress - Winn Road Project reported above was transferred to the City of El Paso upon project completion in fiscal year 2021.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2022</u>	<u>2021</u>
Invoices related to:		
El Paso County projects	\$ 1,230,510	\$ 1,312,099
Pellicano Drive project	520,927	727,406
Other projects	209,349	184,402
LP375 Frontage Roads project	80,617	40,991
Vehicle Registration Fee projects	62,838	652,731
LP375 Widening project	31,557	26,716
Streetcar project	11,921	-
Winn Road project	-	49,291
Other accounts payable	315,543	304,795
Accrued contracted management liabilities	85,947	80,810
	<hr/>	<hr/>
Total accounts payable and accrued liabilities	<u>\$ 2,549,209</u>	<u>\$ 3,379,241</u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT

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

		2022				
Description	Interest Rates	Beginning Balance 9/1/2021	Additions	Reductions	Ending Balance 8/31/2022	Due Within One Year
<u>Bonds Payable:</u>						
Series 2014	3.00-5.00%	\$ 59,850,000	\$ -	\$ 1,485,000	\$ 58,365,000	\$ 1,555,000
Series 2017	2.00-5.00%	33,435,000	-	550,000	32,885,000	580,000
Unamortized Premiums:						
Series 2014		3,522,282	-	122,843	3,399,439	127,848
Series 2017		1,386,537	-	32,962	1,353,575	34,305
Total Bonds Payable		98,193,819	-	2,190,805	96,003,014	2,297,153
<u>Direct Borrowings:</u>						
<u>State Infrastructure Bank Loans:</u>						
State Infrastructure Bank Loan #1	4.95%	9,730,990	-	295,849	9,435,141	310,493
State Infrastructure Bank Loan #2	4.05%	893,856	-	364,549	529,307	378,275
State Infrastructure Bank Loan #3	4.95%	13,981,278	-	558,882	13,422,396	585,377
State Infrastructure Bank Loan #4	2.68%	28,667,336	-	1,332,663	27,334,673	1,332,664
Total State Infrastructure Bank Loans		53,273,460	-	2,551,943	50,721,517	2,606,809
<u>Note Payable:</u>						
TxDOT Financial Assist. Agreement #1	N/A	756,405	-	-	756,405	-
Total long-term debt		\$ 152,223,684	\$ -	\$ 4,742,748	\$ 147,480,936	\$ 4,903,962

Interest expense incurred on long-term debt amounted to \$5,128,238 for the year ended August 31, 2022.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

		2021				
Description	Interest Rates	Beginning Balance 9/1/2020	Additions	Reductions	Ending Balance 8/31/2021	Due Within One Year
<u>Bonds Payable:</u>						
Series 2014	3.00-5.00%	\$ 61,265,000	\$ -	\$ 1,415,000	\$ 59,850,000	\$ 1,485,000
Series 2017	2.00-5.00%	33,955,000	-	520,000	33,435,000	550,000
Unamortized Premiums:						
Series 2014		3,640,317	-	118,035	3,522,282	122,843
Series 2017		1,418,209		31,672	1,386,537	32,962
Total Bonds Payable		100,278,526	-	2,084,707	98,193,819	2,190,805
<u>Direct Borrowings:</u>						
<u>State Infrastructure Bank Loans:</u>						
State Infrastructure Bank Loan #1	4.95%	10,276,779	-	545,789	9,730,990	295,849
State Infrastructure Bank Loan #2	4.05%	1,245,199	-	351,343	893,856	364,549
State Infrastructure Bank Loan #3	4.95%	14,514,902	-	533,624	13,981,278	558,882
State Infrastructure Bank Loan #4	2.68%	-	30,000,000	1,332,664	28,667,336	1,332,663
Total State Infrastructure Bank Loans		26,036,880	30,000,000	2,763,420	53,273,460	2,551,943
<u>Note Payable:</u>						
TxDOT Financial Assist. Agreement #1	N/A	756,405	-	-	756,405	-
Total long-term debt		\$ 127,071,811	\$ 30,000,000	\$ 4,848,127	\$ 152,223,684	\$ 4,742,748

Interest expense incurred on long-term debt amounted to \$5,289,055 for the year ended August 31, 2021.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

Bonds Payable

In May 2014, the 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 semi-annual interest payments totaling \$55,715,949.

Additionally, in April 2017, the 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.

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

Bonds Payable			
Year Ending August 31,	Principal	Interest	Total
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	2,475,000	3,665,813	6,140,813
2027	2,595,000	3,542,062	6,137,062
2028-2032	15,060,000	15,629,313	30,689,313
2033-2037	18,920,000	11,766,937	30,686,937
2038-2042	23,190,000	7,505,650	30,695,650
2043-2046	22,275,000	2,271,200	24,546,200
Total	\$ 91,250,000	\$ 56,062,912	\$ 147,312,912

CRRMA has pledged the funds collected by El Paso County and the State of Texas from the levy and collection of the Special Vehicle Registration Fee (pledged revenues) to repay \$68,485,000 in special limited obligation bonds issued in May 2014 and \$34,700,000 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.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

Amounts collected and related debt service payments during fiscal years ended August 31, 2022 and 2021 were as follows:

Fiscal Year Ended August 31,	Special Vehicle Registration Fees Received	Debt Service Payments
2022	\$ 6,531,480	\$ 6,139,313
2021	\$ 6,850,900	\$ 6,136,062

State Infrastructure Bank Loans - Direct Borrowings

On June 29, 2010, the 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 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. 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 total amount refunded during fiscal year 2022 was \$154,146, of which \$77,073 is reported in unearned revenue to subsidize the payment due on September 15, 2022. The total amount refunded during fiscal year 2021 was \$463,851, of which \$79,490 was reported in unearned revenue at August 31, 2021 to subsidize the payment due on September 15, 2021.

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

State Infrastructure Bank Loan #1			
Year Ending August 31,	Principal	Interest	Total
2023	\$ 310,493	\$ 467,039	\$ 777,532
2024	325,863	451,670	777,533
2025	341,993	435,540	777,533
2026	358,922	418,611	777,533
2027	376,688	400,845	777,533
2028-2032	2,182,291	1,705,373	3,887,664
2033-2037	2,778,593	1,109,072	3,887,665
2037-2041	2,760,298	349,833	3,110,131
Total	<u>\$ 9,435,141</u>	<u>\$ 5,337,983</u>	<u>\$ 14,773,124</u>

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

On January 24, 2012, the 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, was 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. The return of unused funds and prepayments in subsequent years revised the final maturity date to February 1, 2024. 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
2023	\$ 378,275	\$ 14,680	\$ 392,955
2024	151,032	3,058	154,090
Total	<u>\$ 529,307</u>	<u>\$ 17,738</u>	<u>\$ 547,045</u>

On January 24, 2012, the 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. The return of unused funds and prepayments in subsequent years revised 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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. 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
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	672,915	588,819	1,261,734
2027	705,005	554,716	1,259,721
2028-2032	4,064,443	2,202,177	6,266,620
2033-2037	5,140,019	1,063,734	6,203,753
2038	999,140	36,307	1,035,447
Total	<u>\$ 13,422,396</u>	<u>\$ 6,401,679</u>	<u>\$ 19,824,075</u>

On June 24, 2021, 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 finance the local portion of TxDOT's I-10 Widening project. The total amount was drawn down in July 2021, and in August 2021 in accordance with the agreement, the amount of \$29,956,250 was transferred to TxDOT for the I-10 Widening project. The remaining amount was used for costs related to the issuance of the debt. Principal payments on the loan began in August 2021 and interest payments will commence in August 2024 and are due annually thereafter until the final maturity date. The original term of the loan is thirty years with a final maturity date of August 1, 2050 and interest payments totaling \$9,979,904 over that term, which reflects an annual interest rate of 2.68%, and a three year interest free period from inception to July 2, 2024. 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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

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

State Infrastructure Bank Loan #4			
Year Ending August 31,	Principal	Interest	Total
2023	\$ 1,332,664	\$ -	\$ 1,332,664
2024	1,276,528	56,135	1,332,663
2025	670,021	662,643	1,332,664
2026	687,977	644,686	1,332,663
2027	706,415	626,249	1,332,664
2028-2032	3,826,407	2,836,910	6,663,317
2033-2037	4,367,375	2,295,943	6,663,318
2038-2042	4,984,823	1,678,494	6,663,317
2043-2047	5,689,565	973,753	6,663,318
2048-2050	3,792,898	205,091	3,997,989
Total	<u>\$ 27,334,673</u>	<u>\$ 9,979,904</u>	<u>\$ 37,314,577</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. Revenue recorded for TRZ contract payments from the City of El Paso and related debt service payments, net of interest subsidy applied from the Build America Bond, during fiscal year ended August 31, 2022 and 2021 were as follows:

Fiscal Year Ended August 31,	Revenue from TRZ Contract Payments City of El Paso	Debt Service Payments, net of subsidy
2022	\$ 5,154,633	\$ 3,695,193
2021	\$ 6,488,306	\$ 3,625,316

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

7. LONG-TERM DEBT (Continued)

Debt service requirements for all direct borrowings in the form of state infrastructure bank loans are as follows:

Direct Borrowings			
Year Ending August 31,	Principal	Interest	Total
2023	\$ 2,606,809	\$ 1,163,828	\$ 3,770,637
2024	2,366,593	1,163,308	3,529,901
2025	1,654,341	1,719,555	3,373,896
2026	1,719,814	1,652,116	3,371,930
2027	1,788,108	1,581,810	3,369,918
2028-2032	10,073,141	6,744,460	16,817,601
2033-2037	12,285,987	4,468,749	16,754,736
2038-2042	8,744,261	2,064,634	10,808,895
2043-2047	5,689,565	973,753	6,663,318
2048-2050	3,792,898	205,091	3,997,989
Total	<u>\$ 50,721,517</u>	<u>\$ 21,737,304</u>	<u>\$ 72,458,821</u>

Note Payable - Direct Borrowing

TxDOT Financial Assistance Agreement: 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, 2022 on this financial assistance agreement #1 is \$756,405.

(Continued)

CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

8. UNEARNED REVENUE

Unearned revenue represents funds received but not earned as of August 31, 2022 and 2021.

Description	2022			
	Beginning Balance 9/1/2021	Amount Received	Amount Spent	Ending Balance 8/31/2022
Streetcar project	\$ 270,560	\$ -	\$ 40,191	\$ 230,369
Mission Ridge 1 project	94,402	-	94,402	-
Mission Ridge 2 project	104,715	-	5,674	99,041
Pellicano Drive project	5,365,842	100,905	663,524	4,803,223
Eastlake Phase 1 project	543	-	543	-
Bob Hope project	1,454,527	-	607,478	847,049
Tom Mays project	3,000,000	-	360,672	2,639,328
Ascension project	-	180,148	114,796	65,352
Rojas project	-	2,500,000	166,078	2,333,922
Wyler Tramway project	1,494,381	-	1,309,824	184,557
City of Socorro TRZ project	-	2,003,106	-	2,003,106
Interest subsidy	79,490	77,073	79,490	77,073
Toll overpayments	2,841	-	-	2,841
Total unearned revenue	<u>\$ 11,867,301</u>	<u>\$ 4,861,232</u>	<u>\$ 3,442,672</u>	<u>\$ 13,285,861</u>

Description	2021			
	Beginning Balance 9/1/2020	Amount Received	Amount Spent	Ending Balance 8/31/2021
Streetcar project	\$ 301,919	\$ -	\$ 31,359	\$ 270,560
Mission Ridge 1 project	99,474	-	5,072	94,402
Mission Ridge 2 project	134,794	-	30,079	104,715
Vista Del Sol project	16,369	-	16,369	-
Winn Road project	74,592	-	74,592	-
Pellicano Drive project	2,045,621	4,600,000	1,279,779	5,365,842
Eastlake Phase 1 project	192,739	-	192,196	543
Bob Hope project	-	1,823,962	369,435	1,454,527
Tom Mays project	-	3,000,000	-	3,000,000
Wyler Tramway project	-	1,550,036	55,655	1,494,381
Interest subsidy	-	79,490	-	79,490
Toll overpayments	2,841	-	-	2,841
Total unearned revenue	<u>\$ 2,868,349</u>	<u>\$ 11,053,488</u>	<u>\$ 2,054,536</u>	<u>\$ 11,867,301</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 are rendered, they are recorded as unearned revenue until earned.

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

9. DEFERRED INFLOWS OF RESOURCES

The extinguishment of CRRMA's debt in fiscal year 2019 in the amount of \$3,529,049 under financial assistance 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 tolling options.

10. 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 or from contentions with contractors. 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, 2022 and 2021.

11. CONCENTRATIONS

As of August 31, 2022, the 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, 2022 and 2021, the CRRMA recorded revenue of \$3,316,493 and \$6,595,107 or 16% and 25% 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, other agencies, and CRRMA funds will continue funding the subsequent year's operations and ongoing capital projects.

12. RELATED PARTIES

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

(Continued)

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022 AND 2021

13. LOCAL GOVERNMENTS

Revenue from local governments for the years ended August 31, 2022 and 2021, was comprised of the following:

	<u>2022</u>	<u>2021</u>
County of El Paso		
Special Vehicle Registration Fees for bond payments	\$ 6,531,480	\$ 6,850,900
Transportation projects	4,086,029	3,642,732
Agreed upon Procedures	12,000	12,000
City of El Paso		
TRZ Contract Funding for SIB loan payments	5,154,633	6,488,306
Administrative fees	-	93,676
Village of Vinton		
Valley Chile Road project	213,362	251,491
El Paso Water		
Facility improvements in areas within the Pellicano Drive project	41,683	1,028,356
Facility improvements in areas within the Mission Ridge projects	5,674	35,151
Facility improvements in areas within the Winn Road project	-	14,388
Other Local Governments	2,091	-
	<u>\$ 16,046,952</u>	<u>\$ 18,417,000</u>
Total		

14. INTERGOVERNMENTAL TRANSFERS

Transfers out consisted of the following as of August 31:

	<u>2022</u>	<u>2021</u>
Construction in progress		
(owned and capitalized by the County of El Paso)	\$ 10,039,649	\$ 12,939,704
Construction in progress		
(owned and capitalized by the Texas Parks and Wildlife Department)	1,309,824	55,655
Construction in progress		
(owned and capitalized by TxDOT)	386,946	225,549
Construction in progress		
(owned and capitalized by the Village of Vinton)	213,362	251,491
Construction in progress		
(owned and capitalized by El Paso Water)	47,357	1,078,296
Transfer of Winn Road project to the City of El Paso	-	10,025,033
	<u>\$ 11,997,138</u>	<u>\$ 24,575,728</u>
Total intergovernmental transfers of capital assets		
Transfer of cash to TxDOT for the local share of the I-10 Widening Project	-	\$ 29,956,250
	<u>\$ -</u>	<u>\$ 29,956,250</u>
Total intergovernmental transfer for capital project		

(Continued)

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), a fiduciary component unit of the City of El Paso, as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the CRRMA's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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", is written over a horizontal line.

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 21, 2022

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

Opinion on Each Major Federal and State Program

We have audited the Camino Real Regional Mobility Authority's (CRRMA), a fiduciary component unit of the City of El Paso, compliance with the types of compliance requirements identified as subject to audit 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, 2022. The 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.

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, 2022.

Basis for Opinion on Each Major Federal and State Program

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. Our responsibilities under those standards, the Uniform Guidance, and the State of Texas Uniform Grant Management Standards, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the CRRMA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the CRRMA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the CRRMA's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the CRRMA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State of Texas Uniform Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the CRRMA's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the State of Texas Uniform Grant Management Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the CRRMA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the CRRMA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the CRRMA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink, appearing to read "Gibson Ruddock Patterson, LLC", with a stylized flourish at the end.

Gibson Ruddock Patterson, LLC
El Paso, Texas
December 21, 2022

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

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
Assistance Listing No. 20.205: Pellicano Drive Project

Major State Program: Pellicano Drive Project

Dollar threshold used to distinguish between Type A and Type B Federal and State Programs: \$750,000 Federal Programs
\$300,000 State Programs
(grants awarded prior to 1/1/2022)

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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2022

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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

Federal or State Grantor/Pass-through Grantor/ Grant Description	Assistance Listing Number	Identifying Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Highway Planning and Construction:			
*Pellicano Drive Project	20.205	CSJ #0924-06-534	\$ 2,496,204
Total Highway Planning and Construction Cluster			2,496,204
Total U.S. Department of Transportation			2,496,204
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,496,204
* Clustered Program			
STATE AWARDS			
<u>Texas Department of Transportation</u>			
LP375 Widening		CSJ #2552-03-066	\$ 187,171
LP375 Frontage Roads		CSJ #2552-03-058	21,764
LP375 Frontage Roads		CSJ #2552-03-066	178,011
Streetcar Project		CSJ #0924-06-446	40,191
Pellicano Drive Project		CSJ #0924-06-534	393,152
Total Texas Department of Transportation			820,289
<u>Texas Commission on Environmental Quality</u>			
Passed through El Paso Metropolitan Planning Organization			
Bike Share Program		N/A	20,480
Total Texas Commission on Environmental Quality			20,480
TOTAL EXPENDITURES OF STATE AWARDS			\$ 840,769
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ 3,336,973

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

**CAMINO REAL REGIONAL MOBILITY AUTHORITY
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

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, 2022. The information in this schedule is presented in accordance with the 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 (UGMS) for awards issued before January 1, 2022. 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 - April 2022.

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. SUBRECIPIENTS

The CRRMA did not provide any federal or state awards to subrecipients 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
A FIDUCIARY COMPONENT UNIT OF THE CITY OF EL PASO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

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:	\$ 20,885,352
Less: Local Revenue	
Bike Share Revenue	135,450
Local Governments	16,046,952
Project Cost Shares from Developers and other third parties	49,633
In-Kind	27,000
Less: Other Agency Contracts	
TPWD - Wyler Aerial Tramway	<u>1,309,824</u>
	3,316,493
Plus: Revenue related to current year expenditures of State funds for the Bike Share program recognized upon receipt in a prior year.	<u>20,480</u>
Total Federal and State Awards reported in the Schedule of Expenditures of Federal and State Awards	<u><u>\$ 3,336,973</u></u>