

CAMERON COUNTY, TEXAS

INTERNATIONAL TOLL BRIDGE SYSTEM

FINANCIAL STATEMENTS AND

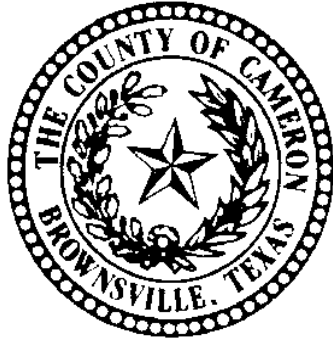
INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021



COUNTY AUDITOR'S OFFICE
1100 MONROE
BROWNSVILLE, TEXAS 78520
(956) 544-0822



For additional information regarding the
Cameron County International Toll Bridge System

Please contact:

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
SEPTEMBER 30, 2021

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**COUNTY AUDITOR
CAMERON COUNTY, TEXAS
1100 MONROE ST.
P.O. BOX 3846
BROWNSVILLE, TEXAS 78520
(956) 544-0822**

**Lorena Hernandez, CPA
COUNTY AUDITOR**

March 30, 2022

Hon. County Judge, Eddie Trevino Jr.
Hon. Commissioner Pct. 1, Sofia Benavides
Hon. Commissioner Pct. 2, Joey Lopez
Hon. Commissioner Pct. 3, David Garza
Hon. Commissioner Pct. 4, Gustavo Ruiz
Cameron County Courthouse
Brownsville, Texas

Honorable County Judge and Commissioners:

The Cameron County International Toll Bridge System Annual Financial Report for the fiscal year ended September 30, 2021 is hereby submitted in compliance with Chapter 114 of the Local Government Code. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosure, rests with the County Auditor, as Chief Finance Officer of the County. To the best of my knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Cameron County International Toll Bridge System, including all disclosures necessary to enable the reader to gain an understanding of its financial activities.

The management of the Cameron County International Toll Bridge System is responsible for maintaining an internal control system designed to insure that the assets of the System are protected from loss or misuse and to provide reasonable assurance as to the integrity and reliability of the financial statements. The system of internal control provides for segregation of duties and is documented by written policies and procedures. The Cameron County Auditor's Office also has an internal audit function to review the operations of the system for effective internal control and compliance with statutory requirements.

The Cameron County International Toll Bridge System financial statements have been audited by Burton McCumber & Longoria, L.L.P., Independent Certified Public Accountants who were engaged by the Cameron County Commissioners Court for the purpose of expressing an opinion on those financial statements. County management has made available to the independent auditors direct access to County officers and employees and all of the County's financial records and related data.

Sincerely,


Lorena Hernandez, CPA
County Auditor

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Cameron County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the International Toll Bridge System of Cameron County, Texas, an enterprise fund of Cameron County, as of and for the year ended September 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the International Toll Bridge System of Cameron County, Texas, as of September 30, 2021, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the International Toll Bridge System of Cameron County, Texas' basic financial statements. The Letter of Transmittal and Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Letter of Transmittal and Supplementary Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on it.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the International Toll Bridge System and do not purport to, and do not present fairly the financial position of Cameron County, Texas, as of September 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the International Toll Bridge System of Cameron County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the International Toll Bridge System of Cameron County, Texas' internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
March 30, 2022

CAMERON COUNTY INTERNATIONAL TOLL BRIDGE SYSTEM

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended September 30, 2021

This discussion and analysis of the Cameron County International Toll Bridge System's financial performance provides an overview of the financial activities for the fiscal year ended September 30, 2021 and 2020. The MD&A should be read in conjunction with the accompanying basic financial statements and related notes to those financial statements. The Cameron County International Toll Bridge System is an enterprise fund of Cameron County and is self-sustaining for all of its operations as well as serving as a valuable funding source for the County.

This system is composed of three international bridges concentrated for the most part in the southernmost part of the county. Cameron County purchased Gateway International Toll Bridge on April 14, 1962 and operated it as its only bridge until November 2, 1992, when the Free Trade Bridge at Los Indios became operational. The Veterans International Bridge at Los Tomates commenced operation on April 30, 1999. Two of the bridges, Gateway International Bridge and the Veterans International Bridge at Los Tomates are located in the City of Brownsville, while the Free Trade Bridge at Los Indios is located eight miles south of Harlingen and San Benito. The County owns the north half of each bridge and collects tolls from vehicles going southbound into Mexico. While Gateway International Bridge serves exclusively as a consumer bridge, with both passenger vehicles and pedestrians, the Free Trade Bridge at Los Indios and Veterans International Bridge at Los Tomates are designed for both consumer and commercial traffic. In FY 2021, the Cameron County International Toll Bridge System generated \$15,862,518 in revenues, of which \$5,971,441 provided for general operations, \$6,930,504 was transferred to Cameron County's general fund and inner note debt obligations and \$3,120,355 provided aid to other governments per interlocal agreements with municipalities.

Mid-March 2020 marked the beginning of the GLOBAL COVID-19 PANDEMIC. Federal, State, County and City Travel restrictions were imposed on all non-essential international and national traffic throughout the world. These COVID-19 restrictions affected all tourist, visitor and commercial traffic on all corners of the world. As Cameron County is the southernmost tip of the United States and the International Toll Bridge System consists of three (3) International Bridges, the effects echoed throughout these difficult times. Travel limitations were in place since March 2020 and lifted on November 2021 for non-essential vaccinated individuals. Through this transition, operations were restructured and streamlined to better support resilience.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The International Toll Bridge System's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Bridge System's basic financial statements consists of the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows. These financial statements are supported by the notes to the financial statements. This overview and analysis is intended to serve as an overview to the International Toll Bridge System financial statements.

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Condensed Statements of Net Position

The Bridge’s assets, liabilities and net position are presented in the statement of net position. The difference between assets and liabilities is the net position. Increases or decreases to net position may indicate an improvement or deterioration of the Bridge’s financial condition.

	<u>FY 2021</u>	<u>FY 2020</u>
Current and other assets	\$ 15,449,964	\$ 12,185,403
Capital assets (net of depreciation)	<u>24,925,166</u>	<u>26,331,358</u>
Total Assets	40,375,130	38,516,761
Deferred outflow of resources	1,878,303	936,024
Current and other liabilities	7,569,231	4,089,278
Long term liabilities	<u>9,610,189</u>	<u>9,969,609</u>
Total Liabilities	17,179,420	14,058,887
Deferred inflow of resources	998,527	854,906
Net position:		
Net investment in capital assets	17,561,032	18,072,338
Restricted	4,535,096	3,827,321
Unrestricted	<u>1,979,358</u>	<u>2,639,333</u>
Total net position	<u>\$ 24,075,486</u>	<u>\$ 24,538,992</u>

Fiscal Year 2021 Analysis

Bridge system net assets exceeded its liabilities by \$24,075,486. Total net position decreased by (\$463,506) (2%) in comparison to FY 2020. This decrease in net position is due to increases in aid provided to other governments per interlocal agreements with municipalities. FY 2021 International Toll Bridge revenue from bridge traffic increased by 2% from FY 2020, but remains at a 23% decline in comparison to FY 2019 which is attributable to the travel restriction of the COVID-19 pandemic. The reductions in bridge traffic crossings started in mid-March 2020 and were lifted on November 2021 for non-essential vaccinated individuals. Population curfews and federal crossing restrictions from the United States and Mexican government greatly curtailed regular crossing and business activity. Operations were reduced and PANDEMIC personnel expenses were deflected to special Federal funding which was provided. Expenses in personnel, operations and depreciation decreased by 11.0% from FY 2020, due to continued efforts to minimize the loss of revenue impact.

The system’s net investment in capital assets (toll bridge and approaches, toll booths and equipment, administration buildings, furniture, fixtures and equipment, and vehicles) is \$17,561,032. Net investment in capital assets decreased in comparison from FY2020 figures of \$18,072,338, due mostly to depreciation and debt service.

The Bridge system has other restricted assets of \$4,535,096 for bond debt service and bond debt reserve. Unrestricted net position decreased from \$2,639,333 to \$1,979,358.

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Summary of Changes in Net Position

The statement of revenues, expenses, and changes in net position reflect a comparison for FY 2021 and 2020. Changes in revenues and expenses are monitored monthly and compared to budgetary data. Any operating modifications are addressed by the Bridge Manager. This table summarizes the operations for FY 2021 and 2020.

	FY 2021	FY 2020
Revenues:		
Tolls	\$ 15,595,381	\$ 15,326,271
Rental income	263,000	185,951
Gain on sale and miscellaneous	4,137	1,400
Total Revenues	<u>15,862,518</u>	<u>15,513,622</u>
Expenses:		
Personnel services	3,374,933	4,108,312
Operations & maintenance	1,165,400	1,001,414
Depreciation	1,431,108	1,566,791
Total expenses	<u>5,971,441</u>	<u>6,676,517</u>
Increase (decrease) in net position before transfers	9,891,077	8,837,105
Investment Earnings	29,452	156,284
Aid to other governments	(3,120,355)	(2,683,229)
Transfers In(Out)	(6,930,503)	(6,002,487)
Interest and fiscal fees	(333,177)	(397,303)
Increase (decrease) in net assets	(463,506)	(89,630)
Net Position - beginning	24,538,992	24,628,622
Prior Period Adjustment	-	-
Net position - ending	<u>\$ 24,075,486</u>	<u>\$ 24,538,992</u>

Total operating revenues were \$15,862,518, an increase of \$348,896 over FY 2020, caused primarily by increases in toll revenues of \$269,110. However, FY 2021 toll revenues decreased by \$4,672,421 in comparison FY 2019 which demonstrates the effects of the Global COVID-19 PANDEMIC, and the federal, state and local travel restrictions that severely impacted all revenues of commercial and personal traffic.

Operating expenses decreased by \$705,076 from FY 2020 levels, a decrease of 11%. Decreases are due to continued operational efforts to offset the effects of the COVID-19 PANDEMIC. Some indirect costs remained constant due to recognition of GASB 68 and GASB75 which require reporting standards for public pension plans and participating employers and general operational increases and personnel costs. Actuarial assumptions for determining the net pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different per GASB 68. Recognition of costs per GASB 68 were allocated to International Toll Bridge system based on census data as of the report date. Non-operating costs before transfers increased by \$373,000 in comparison to FY2020 partly due to increases in aid to other governments as per interlocal agreements. The FY 2021 total change in net position resulted in (\$463,506).

Capital Assets and Debt Administration

Capital Assets

The Bridge System's investment in capital assets, net of accumulated depreciation as of September 30, 2021 and 2020 is as follows:

SUMMARY OF CAPITAL ASSETS, NET

	<u>FY 2021</u>		<u>FY 2020</u>
Depreciable Assets:			
Toll bridges and approaches	\$ 38,944,752	\$	38,944,752
Toll booths and equipment	3,526,143		3,501,224
Administration building	3,986,961		3,986,961
Furniture, fixtures and equipment	50,990		50,991
Vehicles	656,882		656,882
	<u>47,165,728</u>		<u>47,140,810</u>
Less accumulated depreciation	<u>(31,669,345)</u>		<u>(30,238,236)</u>
Net Depreciable assets	15,496,383		16,902,574
Land	9,312,722		9,312,723
Construction work in progress	116,061		116,061
TOTAL CAPITAL ASSETS, NET	<u>\$ 24,925,166</u>	<u>\$</u>	<u>26,331,358</u>

The Bridge System's investment in capital assets consists of toll bridges and approaches, booths and equipment, buildings, furniture, fixtures, equipment, vehicles and land. Increases in capital assets is due to additional equipment purchases during FY 2021.

Debt Administration

Long-Term Debt Administration

	FY 2021	FY 2020
Limited Tax Refunding Bonds	\$7,488,139	\$8,288,677
Unamortized Premium	<u>-</u>	<u>4,984</u>
Total Certificates of Obligation	7,488,139	8,293,661
Less Current Portion	<u>(1,093,337)</u>	<u>(800,539)</u>
Total long-term debt net of current portion	<u>\$ 6,394,802</u>	<u>\$7,493,122</u>

The Limited Tax Refunding Series 2019 and Refunding Series 2015 certificate of obligations have a rating of AA with Fitch and Aa3 with Moody's.

Notes to the Financial Statements

The notes to the Toll Bridge's financial statements provide additional information that is essential to a full understanding of the financial statements.

CAPITAL IMPROVEMENTS

VETERANS INTERNATIONAL BRIDGE PRIMARY LANE EXPANSION PROJECT

Cameron County has partnered with CBP and General Services Administration (GSA) in an Memorandum of Understanding (MOU), through the DAP, for the expansion of the existing customs primary and secondary vehicle existing points of entry. This project encompasses a number of structural and traffic improvements and will fulfill portions of the original master plan for this Border Station. This expansion project will address vehicular primary and secondary inspections. The proposal includes four station inspection booths for passenger vehicles with covered canopy, secondary inspection for passenger vehicles of one additional bay, a bus X-ray inspection station with turnaround provision, and construction of an elevated command center for passenger vehicles in the secondary inspection area. A new Z-machine portal machine, a non-invasive inspection technology X-ray machine that allows drivers and passengers to remain in their vehicles during a security check is expected to be installed. This equipment will allow for better flow of bases and passengers and reduce wait times. Tentatively project costs are estimated at \$14.0 Million.

SH32 (EAST LOOP PROJECT)

SH32 Project continues in a partnership between Texas Department of Transportation, Cameron County, City of Brownsville and Cameron County Regional Mobility Authority. This project consists of the construction of a four to six lane roadway from SH4 to I69E (US77/83) that will connect to Veterans International Toll Bridge. SH32 is approximately 5.6 miles long and will include the construction of a four-lane roadway divided highway from FM3068 to SH4. Construction of SH32 East is estimated at \$45Million. SH32West is approximately 4.5 miles and will include construction of a four lane divided highway from FM3608/FM1419 to the Veterans International Bridge and I69E (US77/83). Construction costs for SH32 West is estimated at \$25Million. Environmental assessment of the SH32 East and West Project has been combined into one document and environmental assessment approval is pending. Construction is tentatively expected to begin in 2025. SH32 will serve as the overweight corridor connector from Veterans International Bridge to the Port of Brownsville and will provide significant passenger vehicle capacity in southeast Brownsville.

REPORT ON BRIDGE OPERATIONS

GATEWAY INTERNATIONAL BRIDGE

Gateway International Bridge links the downtown business districts of Brownsville and Matamoros and is primarily used for local traffic, maquiladora employees, tourists and pedestrian traffic. Eighty percent of the pedestrian traffic in Brownsville uses this bridge to go from downtown Brownsville to Matamoros and vice versa. Gateway International Bridge is the only bridge in the system that is operational twenty-four hours a day and is 100% owned and operated by Cameron County. Several Duty Free stores operate close to the bridge attracting pedestrians to this bridge. The West/East University Blvd., parallel to Texas Southmost College and the newly created University of Texas Rio Grande Valley (UTRGV), connects Gateway Bridge with the Southmost area in Brownsville, which is one of the fastest growing areas in the County. This road is an excellent connection between Gateway International Bridge and the Veterans International Bridge at Los Tomates. SH32 (East Loop Project) will be a most viable method of transportation, once completed, for this bridge and the Veterans Bridge.

FREE TRADE BRIDGE AT LOS INDIOS

The Free Trade Bridge at Los Indios is an international border crossing located eight miles south of Harlingen and San Benito. Cameron County owns and operates the bridge; however the cities of Harlingen and San Benito each receive 25% of the net revenues. The U.S. Border Station and Federal Inspection Facility is owned by the General Services Administration and operated by U.S. Customs, Immigration and Naturalization Service, and U.S. Department of Agriculture Animal and Plant Health Inspection Service. In March of 2003 all of these entities were merged and became the Department of Homeland Security. The bridge facilities are located on a 127 acre tract of land and include the bridge structure, border station import and export inspection areas, impound lot, toll plaza, parking areas, duty free stores and parking. Custom brokers currently serve the area and are housed near the bridge area on the U.S. side. And a number of custom brokers are situated on the Mexico side of the Bridge. A Duty Free store operates on county owned property thus helping to increase vehicular traffic.

The Free Trade Commerce Center is a 755 acre industrial park adjacent to the Free Trade Bridge and is designated as a foreign trade zone, providing the cities of Harlingen and San Benito with an excellent marketing tool. Presently three companies have activate Foreign Trade Zones.

Cameron County, Cities of Harlingen and San Benito partnered in an Interlocal Agreement for the construction of a Cold Storage Facility on federal government property to be developed by the Harlingen Economic Development Corporation. This is a shared ownership agreement with Cameron County retaining 50% ownership and the Cities of San Benito and Harlingen retaining 25% each. Official ribbon cutting of this \$500,000 facility was held in April 2018 and operations commenced immediately. This new refrigerated inspection facility offers three cooled docking bays and maintains the “Cold Chain” of fresh products extending the shelf life. An added bonus to this location is that the United States Department of Agriculture (USDA) maintains an entomologist on-site. Products referred to secondary inspection have an immediate assessment in the event of any pests. This cold storage facility provides both frozen and refrigerated facilities for perishables as international shippers await inspection U.S. Customs & Border Protection. Free Trade Bridge serves as the terminus of SH509, which is a designated overweight corridor and a direct route to I69E. This International Bridge has the shortest wait times for commercial vehicles in South Texas and access to this type of cold storage facility is expected to draw additional commercial traffic and provide much needed services to this region.

The State of Tamaulipas has invested substantially in their highway infrastructure contributing directly to the increased traffic. The Autopista providing direct access to Monterrey has now been operational for over twenty (20) years. This provides a direct link between the Free Trade Bridge at Los Indios and the highly industrial area of Monterrey and its suburbs. With the road improvements to Highway 99/101 which goes to Ciudad Victoria, the route to Ciudad Victoria is much safer and faster. These road improvements have made the Free Trade Bridge at Los Indios very attractive to tourist traffic headed to the interior of Mexico. Travelers now can potentially save over four hours of travel time from the interior of Mexico to Cameron County. The Free Trade Bridge location and structural improvements have contributed to the growth of international trade in the Cameron County area. Additionally, the SAT, which encompasses Mexican Customs, has increased lane sizes at the Mexican toll plazas to accommodate blades and all other wind turbine parts being transported between both countries. On the US side, Cameron County has already completed these types of special wide lane crossings.

VETERANS INTERNATIONAL BRIDGE AT LOS TOMATES

Cameron County owns and operates the Veterans International Bridge at Los Tomates; however, the City of Brownsville receives 50% of the net surplus revenues. The Veterans Bridge at Los Tomates operates eighteen hours a day. Traffic and Revenue Analysis projected 3,500 vehicles daily; however, with limited hours of operation, Veterans International Toll Bridge at Los Tomates quickly surpassed traffic projections. Average daily traffic is about 4,000 vehicles including about 700 trucks. Security issues on the Mexican border continue to impact traffic crossings; this has been further exacerbated by COVID-19. This bridge has improved the movement of goods and services on NAFTA highway trade routes. The reduction of time delays at this international border has served as an economic stimulus for the Brownsville region and across the U.S. Directly across the border in Matamoros, the bridge is located in a highly commercial and retail area of the community connecting directly into the city's inner and outer loops. Completion of capital improvements in this area have reduced travel time to the Matamoros airport to just fifteen minutes from the Veterans International Bridge at Los Tomates. The City of Matamoros has also completed construction of the last phase of the outer loop that would connect to the west side of Matamoros and connecting to the Monterrey highway; construction of two overpasses on the Manuel Cavazos Periferico that has shifted more traffic to the Veterans International Bridge at Los Tomates. The city of Matamoros constructed a 1,500 foot portion of Accion Civica that goes from Avenida Lauro Villar to Roberto Guerra Street thus reducing daily traffic congestion. Additionally overpass construction over Roberto Guerra Street has allowed users to avoid this busy intersection. Three additional overpass improvements are funded and planned along this main route that will allow for a better flow of traffic.

On the U.S. side the Veterans International Bridge at Los Tomates is the southernmost starting point of Interstate 69E (I69E). TxDot has invested over thirty five million dollars in highway improvements to connect to the bridge and to provide access. Cameron County has completed construction and is continuing capital improvements projects that will expand the commercial and vehicle capacity at this bridge and better facilitate needed secondary inspection stations. Through participation in the Donations Acceptance Program (DAP), a commercial expansion project has been completed that has increased commercial inspection lanes from two to six. Two (2) X-ray inspection machines were installed on December 2020. Cameron County has partnered with Customs Border Protection and General Services Administration in an MOU for the expansion of the existing Federal Customs and Border Protection Primary and Secondary Vehicle Inspection Stations. Once completed, capacity of northbound vehicular lanes will be doubled. Plans call for this additional canopy to encompass four–station inspection booths for vehicular traffic, an additional bay for secondary vehicular inspection, a separate bus x-ray inspection station and an elevated platform Command Center in the secondary inspection area for passenger vehicles. The Project design phase is complete and construction is expected to commence in FY22.

The area along I69E has seen extensive growth with new retail businesses. The Veterans International Bridge at Los Tomates provides a direct access to this retail corridor for people coming from Matamoros and other surrounding communities in Mexico. Commercial growth along this I69E corridor continues at a rapid pace. Along this corridor major retail developments are Super Wal-Mart, Target, Lowe’s, Academy and Sam’s Club, eating establishments, auto dealerships, major hotels and financing establishments. This corridor has rapidly become the fastest commercial and retail route for the Brownsville area. Additional retail and commercial developments between Brownsville and Harlingen continue at a rapid pace. Commercial traffic continues to grow at this bridge. Indications are that with this continued commercial growth, any declines in vehicular traffic will be surpassed by commercial growth.

FUTURE FLOR DE MAYO

Cameron County has acquired the necessary right of way for the future Flor de Mayo bridge. Additionally, the necessary right of way for the General Services Administration was also acquired for this future bridge. These land purchases have been re-categorized from Work in Process to Land Acquisition. An updated feasibility study was completed in FY19 for this future project.

AUTOMATED VEHICLE IDENTIFICATION SYSTEM (AVI)

All County owned bridges offer an automated vehicle identification system (AVI). The customer using the AVI system can use any county owned bridge. This program has been very attractive to our maquiladora customers, both for commercial traffic carrying their goods and products and for their employees that go back and forth every day. The Bridge System has 850 accounts with over 5,000 users. For FY 2021, collections totaled \$4,053,122 in AVI revenues which represents 26% of the total toll revenues collected. Clients that do not utilize the AVI payment system pay a slightly higher rates as listed below. This is being done to encourage commercial traffic to utilize the automated payment process as it is more efficient and quicker.

TOLL RATES

The following schedule illustrates the toll rates for the fiscal year ended September 30, 2021 and in effect as of October 1, 2021:

Classification	As of 10/1/2021		FY 2021 (Oct 2020-Sep2021)	
	AVI	Non-AVI Rate	AVI	Non-AVI Rate
Pedestrian/Bike	\$1.00		\$1.00	
Motorcycle	3.75		3.75	
Auto	3.75		3.75	
Bus	10.00		10.00	
Commercial Vehicles:				
Two Axle	9.50	11.00	9.50	11.00
Three Axle	13.50	15.00	13.50	15.00
Four Axle	15.50	17.25	15.50	17.25
Five Axle	19.25	22.00	19.25	22.00
Six Axle	23.25	25.00	23.25	25.00

CROSSINGS

As of the end of September 30, 2021, a total of 3,661,392 vehicles and pedestrians crossed into Mexico through the County’s International Bridges. Total FY 2021 crossings reflect a decrease in comparison to FY19 and prior year levels which are attributed to the effects of travel limitations imposed by federal authorities due to the COVID-19 pandemic.

Bridge System Crossing Summary				Revenue Summary		
FY	Vehicle	Pedestrian	Total	Vehicle	Pedestrian	Total
2017	3,731,295	2,188,050	5,919,345	\$ 16,957,702	\$ 2,188,050	\$ 19,145,752
2018	3,651,086	2,261,917	5,913,003	17,172,206	2,261,917	19,434,123
2019	3,465,912	2,316,455	5,782,367	17,951,348	2,316,455	20,267,803
2020	2,637,052	1,488,046	4,125,098	13,838,364	1,488,046	15,326,410
2021	2,716,535	944,857	3,661,392	14,650,524	944,857	15,595,381

CROSSINGS BY CATEGORY

	FY 2021	%	FY 2020	%
Autos & Motorcycles	2,306,281	63.0%	2,256,499	54.7%
Commercial Vehicle	277,224	7.6%	256,269	6.2%
Bikes	34,648	.9%	51,794	1.3 %
Buses	2,839	.1%	4,138	0.1%
Transmigrant	60,180	1.6%	42,473	1.0%
Misc.	35,363	1.0%	26,441	.6%
Pedestrian	944,857	25.8%	1,488,046	36.1%
Total	3,661,392	100%	4,125,098	100%

Over the past year, pedestrian, bus and bike traffic decreased significantly mostly due to non-essential travel limitation from the COVID-19 pandemic.

KEY ISSUES OF CONCERN

COVID-19 PANDEMIC

The Federal Government limited inbound land crossings from Canada and Mexico to “essential travel” due to Coronavirus 19 Pandemic in efforts to contain the transmission of this disease. Non-essential travel from Mexico are those individuals visiting and leisure travel. These limitations were imposed as of March 2020 and lifted on November 2021 for non-essential vaccinated individuals.

Security

As in prior years, the international waiting times at the County owned bridges continue to be an area of concern. Point of entry inspections by Customs and Border Protection have intensified due to security concerns. Major developments expected to have a negative impact on the bridge crossings next fiscal year is the continuation of the security issues in Mexico. National security continues to be a number one priority in the U.S. and the Department of Homeland Security’s presence is felt at all bridge crossings. Additionally as conflicts continue in the Middle East, we will continue to experience thorough inspections from the Department of Homeland Security, thus increasing the long crossing wait times for tourists and commercial traffic. Due to the drug cartel violence, the Mexican military’s presence continues along the U.S./Mexico border.

The impact of the implementation of the Western Hemisphere Travel Initiative due to 9/11 appears to have stabilized as international crossings continue to increase. Travelers have become acclimated to the requirement of needing a passport or a passport card when traveling through international bridges.

Competition

Cameron County's competition for passenger vehicles is provided by the Brownsville & Matamoros (B&M) Bridge Company. During 1997 the B&M Bridge Company expanded their bridge to provide four lanes for vehicles and commercial traffic. Gateway International Bridge and the B&M Bridge stopped handling commercial vehicles since 1999. The B&M Bridge Company lost its 100 year concession they had from the Mexican Government. The B&M Bridge Company now operates on a month to month concession with Mexico. It is highly unlikely they will receive a long term concession from Mexico. Mexico is in the process of selecting a Concessionaire for their half of the bridge operations; thus bringing an end to the B&M Bridge Company collecting tolls on both the U.S. and Mexican sides. Competition for commercial traffic comes from the Pharr-Reynosa International Bridge. Opened on January 1995, this bridge provides another avenue for commercial traffic crossing from Monterrey and the interior of Mexico. The toll road from Monterrey feeds directly into this bridge. The Pharr-Reynosa Bridge has been able to attract custom brokers to invest in facilities in and around the bridge. The Pharr-Reynosa Bridge is a direct competitor to the Free Trade Bridge at Los Indios, however, the waiting time for commercial vehicles is much longer at the Pharr-Reynosa Bridge. The Pharr-Reynosa Bridge is approximately 30 miles west of the Free Trade Bridge at Los Indios. The opening of the produce industry and market area to the whole southwest border presents an excellent opportunity for the Free Trade Bridge at Los Indios and the Veterans International Bridge at Los Tomates that can increase commercial traffic.

Cameron County and the Cameron County Regional Mobility Authority have completed a Border Master Plan with our counterparts in Mexico. The plan identifies projects and opportunities within our bridge system.

The Brownsville Navigation District (BND) has a U.S. Presidential Permit for the construction of a commercial bridge at the Port of Brownsville. As of September 30, 2015, Mexico had not issued any permits on their side, thus, it is not known if the proposed bridge will be constructed. The Donna – Rio Bravo Bridge opened in December 2010. The Anzalduas Bridge in Mission is now in operation handling only passenger vehicle traffic.

CONCLUSION

Cameron County International Bridges offer the most efficient routes for the distribution of products anywhere along the U.S./Mexico border, while also being the most efficient connection to international shippers and optimal distribution logistics. This has led to Cameron County's success in promoting trade and in attracting greater flows of international traffic. It is not unusual at other international bridges on the Southwest border for people to take hours to cross into the United States. And just like in other border areas, on the average, people waiting on Cameron County owned bridges will take about forty five minutes to an hour to cross into the United States. Those individuals that have a SENTRI cars, either Mexican or American citizens, will generally experience a 15 minute delay. Cameron County International Bridge System enjoys an excellent working relationship with the Department of Homeland Security and continues to look for ways and measures to reduce the waiting time for international bridge customers. New trade routes between Mazatlan and Matamoros provide excellent opportunities for the bridge system to generate additional commercial traffic. With SpaceX locating in Cameron County it is anticipated that Mexican tourism and traffic will result in more international crossings.

The approval of the deepening of the ship channel at the Port of Brownsville will provide opportunities for increases in commercial traffic. Infrastructure developments planned by Cameron County Regional Mobility Authority will allow for increases in commercial traffic as well.

Cameron County is an excellent conduit to cross goods and products through its bridges and by having easily accessible highways that connect the bridges to major markets in the United States and Mexico, more companies will start taking advantage of the County's labor force and infrastructure. In closing, it is evident that the future of our Cameron County International Bridge System has substantial growth potential and will continue to experience great success.

Requests for Information

This financial report is designed to provide a general overview of the Cameron County International Toll Bridge System's finances. Questions concerning information on this report should be directed to Cameron County Auditor, 1100 E. Monroe, Brownsville, Texas 78520.

BASIC FINANCIAL STATEMENTS

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF NET POSITION
September 30, 2021

ASSETS

Current Assets - Unrestricted:	
Cash & cash equivalents	\$ 10,211,461
Accounts receivable	195,469
Prepays	121,243
Due from other funds	136,696
Total Current Assets - Unrestricted	10,664,869
Current Assets - Restricted:	
Gateway Debt Service Fund:	
Cash & cash equivalents	394,402
Gateway Debt Reserve:	
Cash & cash equivalents	441,916
Free Trade Bridge Debt Service:	
Cash & cash equivalents	230,243
Free Trade Bridge Debt Reserve:	
Cash & cash equivalents	259,631
Veteran's International Toll Bridge Debt Service Fund:	
Cash & cash equivalents	946,873
Veteran's International Toll Bridge Debt Reserve:	
Cash & cash equivalents	2,262,030
Gateway Operating Cash Reserve	250,000
Total Current Assets - Restricted	4,785,095
Non-Current Assets:	
Depreciable Assets:	
Toll bridges and approaches	38,944,752
Toll booths and equipment	3,526,143
Administration building	3,986,961
Furniture, fixtures and equipment	50,990
Vehicles	656,882
	47,165,728
Less: accumulated depreciation	(31,669,345)
Net depreciable assets	15,496,383
Land	9,312,722
Construction in progress	116,061
Total Capital Assets, net	24,925,166
TOTAL ASSETS	40,375,130
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred charges on refunding	336,338
Deferred outflow of resources for pensions	1,288,468
Deferred outflow of resources-OPEB	253,497
TOTAL DEFERRED OUTFLOW OF RESOURCES	1,878,303
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 42,253,433

See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF NET POSITION
September 30, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	326,041
Wages & fringe benefits payable		49,855
Accrued uncompensated absences		59,864
Deposits		327,506
Reserve		75,688
Due to other funds		5,149,704
Due to other governments		364,394
Tax notes, current		23,846
Current maturities of certificates of obligation		1,093,337
Capital lease payable, current		98,996
Total Current Liabilities		7,569,231

Long-Term Liabilities:

Leasehold deposits		18,750
Tax notes, non-current		79,335
Certificates of obligation		6,394,802
Unamortized premium costs		10,157
Net OPEB liability		1,868,421
Net Pension liability		1,238,724
Total Long-Term Liabilities		9,610,189

TOTAL LIABILITIES		17,179,420
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DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources-Pension		712,519
Deferred inflows of resources-OPEB		286,008

TOTAL DEFERRED INFLOW OF RESOURCES		998,527
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TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		18,177,947
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NET POSITION

Net investment in capital assets		17,561,032
Restricted For:		
Bond Debt Service		1,571,519
Bond Debt Reserve		2,963,577
Unrestricted		1,979,358

TOTAL NET POSITION	\$	24,075,486
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See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

<u>OPERATING REVENUES</u>	
Tolls	\$ 15,595,381
Rental Income	263,000
Other	4,137
TOTAL OPERATING REVENUES	15,862,518
 <u>OPERATING EXPENSES</u>	
Salaries	2,298,976
Employee benefits	1,063,139
Supplies	108,654
Uniforms	26,852
Audit and legal	19,941
Pension and Post employment benefit expense	12,818
Other professional services	69,545
Repairs and maintenance	88,390
Travel and training	893
Utilities	183,459
Advertising	35,284
Insurance	113,827
Contractual	436,149
Depreciation	1,431,108
Other	82,406
TOTAL OPERATING EXPENSES	5,971,441
OPERATING INCOME (LOSS)	9,891,077
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Intergovernmental agreement	(3,120,355)
Interest on investments	29,452
Interest and fiscal fees on revenue bonds	(333,177)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,424,080)
INCOME BEFORE TRANSFERS	6,466,997
Transfer Out - General Fund	(5,871,075)
Transfer Out - I&S Fund	(1,059,428)
CHANGE IN NET POSITION	(463,506)
Net Position - beginning	24,538,992
Net Position - ending	\$ 24,075,486

See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2021

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities:	
Cash received from customers	\$ 15,651,735
Cash received from other operating activities	78,101
Cash payments for goods and services	(68,267)
Cash payments to employees	(3,360,977)
Net Cash Provided by Operating Activities	12,300,592
Cash Flows From Non-Capital Financing Activities:	
Operating transfers out	(5,091,743)
Net Cash Used for Non-Capital Financing Activities	(5,091,743)
Cash Flows From Capital and Related Financing Activities:	
Intergovernmental agreement	(3,011,502)
Payments for capital acquisitions	(24,920)
Principal payments on long-term debt	(967,556)
Interest and fiscal agent fees paid on long-term debt	(297,459)
Net Cash Used for Capital and Related Financing Activities	(4,301,437)
Cash Flows From Investing Activities:	
Receipts of interest	21,496
Net Cash Provided by Investing Activities	21,496
Net increase (decrease) in cash and cash equivalents	2,928,908
Cash and cash equivalents at beginning of year	12,067,648
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 14,996,556
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 9,891,077
Adjustments to Reconcile Operating Income to Net Cash:	
Provided by Operating Activities:	
Depreciation	1,431,108
Post employment benefit expense	134,712
Pension Expense	(121,894)
Changes in Current Assets and Liabilities:	
(Increase) decrease in accounts receivable	(185,469)
(Increase) decrease in prepaids and other assets	(17,712)
(Increase) decrease in due from other funds	(132,472)
Increase (decrease) in accounts payable	187,884
Increase (decrease) in wages and fringe payable	6,870
Increase (decrease) in compensated absences payable	(5,732)
Increase (decrease) in customer deposits	56,357
Increase (decrease) in leasehold deposits payable	(3,567)
Increase (decrease) in due to other funds	1,059,430
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 12,300,592

See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Reporting Entity

Cameron County, Texas, (County) through its International Toll Bridge System (System), owns and operates three (3) international toll bridges connecting the United States and Mexico. Two international bridges connect Brownsville, Texas with Matamoros, Mexico and one located five miles south of the cities of Harlingen and San Benito, Texas. The Veteran's International Toll Bridge at Los Tomates and the Free-Trade Bridge at Los Indios surplus bridge revenues are distributed according to interlocal agreements between Cameron County and certain municipalities within the county.

B. Basis of Accounting

The Cameron County International Toll Bridge System is an enterprise fund of Cameron County and is self-sustaining for all of its operations as well as a valuable funding tool for the County. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Government Accounting Standards Board (GASB). The Cameron County International Toll Bridge System applies GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34) as amended by GASB Statement 37. This Statement established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposed into the following net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisitions, construction or improvement of those assets.

Restricted: Net position subject to legally enforceable restrictions on its use.

Unrestricted: Remaining net position that does not meet the definition of "net investment in capital assets" or "restricted."

The Bridge System reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The accompanying financial statements have been prepared on the "economic resources" measurement focus using the accrual basis of accounting.

GASB 75 created accounting standards for Other Post Employment Benefits (OPEB) provided by governmental entities separately from a pension plan. This Statement establishes standards for measurement, recognition and display of OPEB expenditures and related liabilities/assets disclosure.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the System considers cash on hand and deposits at banks as well as all highly liquid investments purchased with maturities of three (3) months or less or with no stated maturity to be cash equivalents.

E. Net Position

Net position represents the residual interest in the International Toll Bridge System's assets after liabilities are deducted and consists of three sections: Net investment in capital assets, restricted and unrestricted. The net investment in capital assets is the capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

F. Capital Assets and Depreciation

Purchased assets are recorded at historical costs. Depreciation is provided over the estimated useful lives, on a straight-line basis.

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40
Furniture and Fixtures	5
General Equipment	5
Trucks	6
Computer Hardware	5
Infrastructure	30

G. Retirement Plan

Cameron County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. Mandatory participation in the county retirement system is required by state law for all employees who work in excess of 900 hours per year. County employees contribute seven percent (7%) of their gross pay and the System contributes 10.56%, (10.49% as of January 1, 2021) of the qualified employees' earnings. Retirement plan expense is funded as accrued, and includes amortization of prior service cost over a 20-year period.

H. Subsequent Events

Management has evaluated subsequent events through March 30, 2022, the date the financial statements were available to be issued.

Note 2 - Bond Indenture Requirements

During the period in which the bonds are outstanding, the International Toll Bridge Bond Resolution and Order require the County to create and maintain certain accounts or "funds" to receive the gross revenues derived from the operations of the System. In accordance with the terms of the Bond Resolution, these assets can be used 1) to pay the maintenance and operating expenses of the System, 2) to pay the debt service costs of the System's revenue bonds and 3) to pay for any ordinary maintenance, repairs, or replacements to the System's property. Any remaining revenues may be transferred to other County funds or used for the purchase of the System's outstanding revenue bonds at a price less than par and accrued interest.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 3 - Insurance Coverage

The System maintains insurance coverage for fire, extended coverage, malicious mischief, terrorism including use and occupancy and toll equipment coverage. Vehicles are self-insured as to comprehensive collision coverage; however, auto liability coverage is provided through the Texas Association of Counties in amounts above the legal requirements. The County insures both sides of the bridge spans for property damage in amounts significantly less than the historical cost of each bridge. The Gateway International Bridge has \$15,000,000 in coverage for the bridge span property damage and \$7,119,740 for use and occupancy coverage protecting from loss of revenues. The Free Trade Bridge at Los Indios has \$15,000,000 to cover property damage to the bridge spans and \$2,444,246 for use and occupancy coverage protecting from loss of revenues. The Veteran’s International Toll Bridge at Los Tomates also has \$15,000,000 to cover property damage to the bridge spans and \$9,581,765 for use and occupancy coverage protecting from loss of revenues. Losses of revenue due to acts of terrorism are covered under the terms of this insurance. In addition, the International Toll Bridge System has acquired flood insurance, fire-windstorm, auto liability, general liability, and workers compensation insurance in amounts depicted in the “Schedule of Insurance Coverage” on the other supplementary information section.

Note 4 – Deposits and Investments

A. Custodial Credit Risk - Deposits

International Toll Bridge System’s deposits at year end were covered either by Federal Depository Insurance or collateral held by the Cameron County Treasurer in the System's name. Cameron County adopted an Investment Policy in January 1997, that reinforces the County's investment practices that remain in compliance with V.T.C.A., Title 10, Government Code, Section 2256.

B. Concentration Risk

Cameron County has investments with Lone Star Investment Pool, managed by First Public, LLC., the State of Texas investment pool available to governmental entities. Lone Star is neither a registered investment pool with the SEC nor backed by pledged collateral, but the underlying investments are AAA-rated no-load money market mutual funds, government agency securities and repurchase agreements collateralized by U.S. government securities, allowed under the Public Funds Investment Act as described by V.T.C.A., Title 10, Government Code, Section 2256. All Lone Star investments have earned Standard & Poor’s highest rating – AAA – which meets the standards set by the Public Funds Investment Act. Investments are stated at cost which approximates market value. Lone Star’s portfolio has low market risk due to restrictions on weighted average maturity and maximum maturity of any one investment. Lone Star’s investment portfolio is required to maintain a stable \$1.00 net asset value.

As of September 30, 2021, the International Bridge System’s carrying amount of deposits and investments total \$14,996,556 as illustrated below:

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and cash equivalents	\$10,211,461
<u>Restricted Assets:</u>	
Bond Debt Service Fund	
Cash and cash equivalents	1,571,518
Bond Debt Reserve Fund	
Cash and cash equivalents	2,963,577
Operating Reserve Fund	
Cash and cash equivalents	<u>250,000</u>
TOTAL	<u>\$14,996,556</u>

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 5 – Capital Assets

Capital assets consisted of the following at September 30, 2021:

	<u>9/30/2020</u>	<u>Increases</u>	<u>Reclassification</u>	<u>9/30/2021</u>
Depreciable Assets:				
Toll bridges and approaches	\$ 38,944,752	\$ -	\$ -	\$ 38,944,752
Toll booths and equipment	3,501,224	24,919	-	3,526,143
Administration building	3,986,961	-	-	3,986,961
Furniture, fixtures and equipment	50,990	-	-	50,990
Vehicles	<u>656,882</u>	<u>-</u>	<u>-</u>	<u>656,882</u>
Total Depreciable Assets	47,140,809	24,919	-	47,165,728
Non-Depreciable Assets:				
Land	9,312,722	-	-	9,312,722
Construction Work in Progress	116,061	-	-	116,061
Less: accumulated depreciation	<u>(30,238,236)</u>	<u>(1,431,109)</u>	<u>-</u>	<u>(31,669,345)</u>
TOTAL CAPITAL ASSETS, NET	<u><u>\$ 26,331,356</u></u>	<u><u>\$ (1,406,190)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,925,166</u></u>

Depreciation expense totaled \$1,431,108 for the fiscal year ended September 30, 2021.

Note 6 - Accrued Compensated Absences

The Cameron County Personnel Policy provides employees with vacation leave and nonvesting accumulating rights to sick pay benefits. The policy requires all employees to take vacation time prior to the fiscal year-end, however it allows a vacation carryover period of three months. Vacation Pay is recognized as a part of salary compensation. Salary and wages earned, yet unpaid is recognized as accrued compensation time. Sick leave does not vest and unused balances are not paid at the time of employee termination, thus an accrual for this is not made. The Bridge System's accrued compensated absence liability totaled \$59,864 as of September 30, 2021.

Note 7 - Long-Term Debt

A. Advance Refunding

Cameron County issued \$17,865,000 Limited Tax Refunding Bonds, Taxable Series 2019 dated October 1, 2019 for the purpose of refunding current outstanding obligations to achieve debt service savings; and to pay costs related to the issuance of the Bonds; interest rates range from 1.831% to 2.893%. The proceeds were used to refund \$15,115,000 Certificates of Obligation Series 2011 and Limited Tax Refunding Bond, Series 2011, \$1,660,000 with interest rates ranging from 4.0% to 5.0%. The Refunded Bonds were sold at par \$17,769,127 less underwriters discount of \$95,873; costs of issuance incurred were \$171,267. Net proceeds from the Refunding Obligations were deposited with Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent,") pursuant to Escrow Agreement between the Issuer and the Escrow Agent. The "Order" provides that proceeds of the sale of the Refunding Bonds and available funds of the Issuer will be sufficient to the discharge and final payment of the Refunded Obligations. The Escrow Fund is irrevocably pledged to the payment of principal and interest on the Refunded Obligations. The mathematical accuracy of payment schedules have been vetted by "Verification Agent". By the deposit of the Governmental Obligations and cash with the Escrow Agent pursuant to the Escrow Agreement, the Issuer has entered into a firm banking and financial arrangement for the final payment and discharge of the Refunded Obligations pursuant to the terms of the Order and the Refunded Obligations are deemed to be no longer outstanding, except for the purpose of being paid from the funds held in such Escrow Fund. As of September 30, 2021, the Limited Tax Refunding Bonds, Taxable Series 2019 principal balance is \$17,180,000 for Cameron County of which \$3,216,408 is attributable to the International Toll Bridge System.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - Long-Term Debt (continued)

A. Advance Refunding (continued)

On February 12, 2015 Cameron County issued \$18,100,000 Limited Tax Refunding Bonds, Series 2015 with interest rates ranging from 3.0% to 5.0%. The proceeds were used to refund \$525,000 Unlimited Tax Road Bonds, Series 2005, \$5,645,000 Certificates of Obligation, Series 2007, \$10,490,000 Certificates of Obligation, Series 2008 and \$1,675,000 Unlimited Tax Road Bonds, Series 2008 with interest rates ranging from 4.00% to 6.125%. The 2014 Limited Tax Refunding Bonds carried an initial principal amount of \$18,335,000 but were sold at a net premium of \$2,338,519. Cameron County cash contribution of \$177,529 and incurred issuance cost, insurance premium and underwriting fees of \$283,639 the net proceeds were \$20,332,410. The net proceeds from the issuance of the Limited Tax Refunding Bonds, Series 2015 were deposited in the Escrow Fund to refund the Refunding Obligations. The accuracy and sufficiency of such deposits to make payments has been confirmed by the Financial Advisor and such amounts will be held in an escrow fund under an Escrow Agreement dated March 1, 2015 between the Issuer and the Escrow Agent. Funds held by the Escrow Agent are irrevocably pledged to the payment of principal and interest on the Refunded Obligations and will be used to purchase certain United States obligations and obligations of agencies or instrumentalities of the United States. The advance refunding by Cameron County has effected the defeasance of the Refunded Obligations in accordance with Law. The Refunded Obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the Federal Securities and funds as provided for in the Escrow Agreement. The purpose of this Refunding was to restructure debt service payments, to obtain net present value savings of \$1,587,781 and for the payment of related Refunding Bond issuance costs. As of September 30, 2021, the Limited Tax Refunding Bonds, Series 2015 principal balance is \$12,820,000 for Cameron County of which \$4,271,731 is attributable to the International Bridge System.

B. Certificates of Obligation and General Obligation Bonds

Cameron County issued \$23,570,000 Certificates of Obligation, Series 2011 dated June 9, 2011 to pay for contractual obligations to be incurred in connection with the design, planning, acquisition, construction, equipping, expansion, and/or renovation of certain public property, specifically being the roof renovations/replacements at Detention Center 1 and 2 and other County buildings, as well as terra cotta improvements at the Dancy Courthouse; air condition units or a chiller system for the Carrizales Rucker Detention Center, County Jail shower replacements; County Sheriff's Office chiller system; improvements to the old County Jail, Lucio Clinic renovation; Judicial Courthouse improvements and County Judicial computer system software; expansion costs for the Veteran's Trade Bridge; planning, traffic and revenue studies, schematic and environmental studies for the future Flor de Mayo Bridge; sidewalk and canopy improvements at the Gateway International Bridge; toll collection system upgrade for the international bridge system; acquisition of land and construction of a County Annex Building in Los Fresnos acquisition of land and construction of a Community Center in Olmito; street light infrastructure improvements; improvements at the Pedro "Pete" Benavides County Park and Browne Road Social Service Center; constructing road improvements including improvements to Primera Road, San Jose Ranch Road, Old Alice Road, Vermillion Road, the U.S. 77 Parallel Corridor Project; acquisition of the Pacheco Building across the Dancy Courthouse and renovations to said building; improvements to the Laiseca Store Building and the payment of contractual obligations for professional services in connection with such projects (including, but not limited to, architectural and engineering); and to pay costs of issuance of the Certificates. Capital improvement costs for the International Toll Bridge System projects are \$4,494,300. Proceeds of this issuance were received by the International Bridge System for capital expenditures; this debt is an obligation of the International Toll Bridge System and is recorded as a Certificate of Obligation Bond Payable from this enterprise fund. As a result of the Limited Tax Refunding Bonds, Taxable Series 2019 issued October 1, 2019, the Series 2011 had a principal balance of \$222,141 and was fully paid during the fiscal year ended September 30, 2021.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 7 - Long-Term Debt (continued)

B. Certificates of Obligation and General Obligation Bonds (continued)

Bonded Debt as of September 30, 2021 as follows:

\$3,333,778 Limited Tax Refunding Series 2019; due in annual principal installments through February 2031; plus interest at rates of 1.831% to 2.893%	\$3,216,408
\$6,031,072 Refunding Series 2015; due in annual principal installments through February 2028; plus interest at rates of 3.00% to 5.00%	4,271,731
TOTAL CERTIFICATES OF OBLIGATION	7,488,139
Less Current Portion	(1,093,337)
TOTAL LONG-TERM, NET OF CURRENT PORTION	\$6,394,802

Interest is paid each February 15th and August 15th. Principal and interest payments constitute direct obligations of the County payable from a combination of a pledge of net revenues from the operations of the Cameron County International Toll Bridge System and the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County. The annual requirements to amortize certificates of obligation outstanding of \$7,488,139 and interest payments of \$1,007,896 as of September 30, 2021 are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	1,093,337	242,574	1,335,911
2023	866,494	212,020	1,078,514
2024	901,250	175,553	1,076,803
2025	939,579	137,142	1,076,721
2026	949,585	97,421	3,592,471
2027-2030	2,407,066	138,401	2,545,467
2031	330,828	4,785	335,613
<u>TOTAL</u>	<u>\$ 7,488,139</u>	<u>\$ 1,007,896</u>	<u>\$ 8,496,035</u>

C. Capital Lease and Installment Purchases

The International Toll Bridge System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$304,325 in financing for one (1) automobile, one (1) Freightliner heavy lift and a generator through Cameron County's master lease agreement at an interest rate of 2.47%, with three payments of \$101,442 due on September 2020, through September 2022. Interest to be paid during the term of the lease totals \$14,437.

The International Toll Bridge System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$147,115 in financing for security cameras, equipment, one (1) automobile and club carts through Cameron County's master lease agreement with Bank of America, N.A. at an interest rate of 2.82%, with three \$49,038.33 payments of principal and interest due on September 2019, through September 2021. Interest to be paid during the term of the lease totals \$7,923.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 7 - Long-Term Debt (continued)

D. Tax Notes

Cameron County issued \$5,570,000 Cameron County, Texas Tax Notes, Series 2020 dated February 1, 2020 for the purpose of providing for the payment of contractual obligations to be incurred in connection with the purchase of equipment, technology upgrades for County departments, vehicles, HVAC and cooling system improvements to County buildings, costs of issuing the Notes and payment of contractual obligations for professional services rendered in connection therewith. Payments are due semiannually on February 15th and August 15th, maturing on February 15, 2025 with interest rates of 5.00%. Proceeds received were \$6,096,346 with premium costs of \$646,858 and issuance costs of \$120,512. Cameron County International Toll Bridge System received proceeds of \$137,793 from this issuance.

The Notes are issued pursuant to the general laws of the State of Texas, Chapters 1371 and 1431, Texas Government Code and an order adopted by County Commissioners Court on January 7, 2020 and are direct obligations of the County, payable from the levy and collection of an ad valorem tax, within the limits prescribed by law, on all taxable property in the County.

Tax Note Payable as of September 30, 2021:

\$125,896 Tax Notes Series 2020; due in annual principal installments through February 2025;	
plus interest at rates of 5.00%	\$ 103,181
Unamortized Premium Costs	<u>10,157</u>
TOTAL TAX NOTES	113,338
Less Current Portion	<u>(23,846)</u>
TOTAL LONG-TERM TAX NOTE, NET	<u>\$ 89,492</u>

Interest expense on long-term debt totaled \$297,459 for the System's fiscal year ended September 30, 2021.

Note 8 – Commitments

A. Free Trade Bridge at Los Indios

On June 3, 1991, Cameron County executed interlocal agreements with the City of San Benito, Texas and the City of Harlingen, Texas, whereby the County would finance and construct an international bridge. This Free Trade Bridge at Los Indios is located approximately eight miles south of the cities of Harlingen and San Benito.

The County is the legal owner and operator of the bridge on the United States side of the border; however, in event of a revenue shortfall, the Cities have obligated themselves to pay twenty-five percent (25%) each, not to exceed the sum of \$200,000 each annually, of any deficiencies in the annual debt service requirements for the Los Indios International Toll Bridge revenue bonds, any capital expenditures not paid from bond proceeds, and any net losses before transfers excluding depreciation and including or excluding interlocal agreement revenues (or expenses) of the Free Trade International Bridge at Los Indios. Any surplus revenues remaining after payment of the debt service requirements, maintenance and operating costs will be shared between the Cities and the County as per interlocal agreements.

The results of operations for the Free Trade Bridge at Los Indios for the fiscal year ended September 30, 2021 produced a \$629,810 surplus as defined by the interlocal agreement between the entities and the County. The County's share of the interlocal agreement proceeds is \$314,905. Each participating entity is entitled to a combined total of \$314,905 for their share of the year's operations as defined under the interlocal agreement.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 8 – Commitments (continued)

B. Veteran’s International Toll Bridge at Los Tomates

On January 12, 1990, Cameron County executed an interlocal agreement with the City of Brownsville, Texas whereby the County would finance, construct and operate an international toll bridge located in Southeast Brownsville, Texas, approximately two miles east of Gateway International Toll Bridge, herein referred to as "Los Tomates International Bridge," located between Brownsville, Texas and Matamoros, Tamaulipas, Mexico. Revenue Bonds were issued on parity with any additional International Toll Bridge Bonds, for the construction of the international bridge and were outstanding from the revenues of the County's Toll Bridge System. Cameron County, Texas is the legal owner and operator of this bridge; however, the City of Brownsville has obligated itself to pay fifty percent (50%), not to exceed the sum of \$400,000 annually, of any deficiencies in the annual debt service requirements for the proposed revenue bonds issued to finance the Los Tomates International Bridge. Revenue Bond Debt obligation issued for this construction has been extinguished. Any surplus revenues remaining after payment of the debt service requirements, maintenance and operation costs, and an amount equal to one hundred forty percent (140%) of the average annual debt service requirements of all outstanding bonds will be shared equally between the City and the County. The Debt Reserve funds set aside to provide for the Veteran’s International Toll Bridge at Los Tomates (VITB) is funded at 140% of the highest annual debt service level. Unless additional debt is incurred, further allocation of bridge proceeds to fund the VITB Debt Reserve is unnecessary.

The City of Brownsville does not retain an equity interest in the project, which is considered a cooperative arrangement between the governments rather than a joint venture. The results of operations for the Veterans Bridge at Lost Tomates for the fiscal year ended September 30, 2021 produced a \$5,610,900 surplus as defined by the interlocal agreement between the entities and the County. In accordance with the interlocal agreement between Cameron County and the City of Brownsville, each entity was allocated \$2,805,450.

The following is a summary of the interlocal transactions between the City of Brownsville and the County:

<u>Year Ended</u> <u>September 30,</u>	<u>Cameron County</u>	<u>City of</u> <u>Brownsville</u>	<u>Total Surplus</u> <u>(Deficiency)</u>
2021	\$ 2,805,450	\$ 2,805,450	\$ 5,610,900
2020	2,342,865	2,342,865	4,685,730
2019	3,097,696	3,097,696	6,195,392
2018	2,664,756	2,664,756	5,329,512
2017	2,552,857	2,552,857	5,105,714
2016	2,411,486	2,411,486	4,822,972
2015	1,876,662	1,876,662	3,753,324
2014	1,825,714	1,825,714	3,651,428
2013	1,288,520	1,288,520	2,577,040
2012	1,554,861	1,554,861	3,109,722
2011	1,528,935	1,528,935	3,057,870

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 9 – Net Pension Liability

Cameron County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. The Cameron County’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The employee contribution rates are set by Cameron County and are currently 7% and at retirement, the County matches at 200%.

Governmental Accounting Standards Board (GASB), Statement No. 68, provides accounting and financial reporting standards of public pension plan obligations for employers. GASB 68 requires the Net Pension Liability to be recognized on the balance sheets of participating employers. The allocated Net pension liability (NPL) for the Bridge System totaled \$1,238,723 and it recognized pension expense (income) of (\$121,895) for the fiscal year ended September 30, 2021.

The valuation date of GASB 68 for Cameron County’s Net Pension Liability is December 31, 2020, the date as of which the actuarial valuation was performed. The measurement date is December 31, 2020. The Reporting Date is September 30, 2021, and the employer’s fiscal year ending date. All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. There have been no significant changes between the valuation date and the fiscal year end.

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Employer’s Fiscal Year End	September 31, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 yrs.
Asset Valuation Method	5-year smoothed market
Inflation:	2.50%
Salary increases	Varies by age and service. 4.6% avg. over career including inflation
Retirement Age	Average age of 61yrs.
Mortality Rates:	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Discount Rate	7.60%
20 Year Tax-Exempt Municipal Bond Yield	2.26%

This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

The plan’s fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 – Net Pension Liability (continued)

Information provided below for Net Pension Liability is inclusive for the local government of Cameron County:

Changes in Net Pension Liability/(Asset) of Cameron County, Texas

	(a) Total Pension Liability	(b) Fiduciary Net Position	(a)-(b) Net Pension Liability/(Asset)
Balance as of December 31, 2019	\$ 340,482,803	\$ 328,535,038	\$ 11,947,765
Changes for the year:			
Service Cost	9,188,763	-	9,188,763
Interest on total pension liability ⁽¹⁾	27,698,650	-	27,698,650
Effect on economic/demographic gains or losses	(1,249,456)	-	(1,249,456)
Effect of assumptions changes or inputs	23,948,296	-	23,948,296
Refund of contributions	(1,500,227)	(1,500,227)	-
Benefit payments	(14,231,904)	(14,231,904)	-
Administrative expenses	-	(263,098)	263,098
Member Contributions	-	5,234,883	(5,234,883)
Net investment income	-	33,934,562	(33,934,562)
Employer contributions ⁽²⁾	-	7,897,304	(7,897,304)
Other	-	(44,118)	44,118
Balance as of December 31, 2020	\$ 384,336,925	\$ 359,562,439	\$ 24,774,486

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

No plan changes valued.

The following presents the net pension liability of Cameron County, calculated using the discount rate of 7.60%, as well as what net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

Net Pension Liability of Cameron County, Texas

	1% Decrease 6.60%	Discount Rate 7.60%	1% Increase 8.60%
Net pension liability/(asset)	\$81,962,884	\$24,774,486	(\$22,401,071)

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 10 – Other Post-Employment Benefits

A. Post-Retirement Medical Benefits

Governmental Accounting Standards Board (GASB), Statement No. 74 and 75, provides accounting and financial reporting for postemployment benefits other than pensions. Cameron County implemented these requirements for fiscal year ended September 30, 2018. GASB 75 requires employers to recognize a liability for OPEB obligations, Net OPEB Liability, (Total OPEB Liability for unfunded plans). Changes in Net OPEB Liability are required to be recognized as OPEB Expense on the income statement or reported as deferred outflows/inflows of resources depending on the nature of the change. Benefits provided by Cameron County to retirees only includes medical benefits for which the retiree pays a monthly premium. Cameron County administers a single-employer defined benefit variety that covers employees, retirees and their spouses. Dependents of retirees who are not eligible for Medicare are also eligible for medical insurance coverage while retiree is alive. Effective 10/1/07, retirees are not eligible for medical benefits after age 65. Participants under disability are eligible for continued medical coverage under COBRA but must pay the full premium. Cameron County does not offer dental, vision, hearing or life insurance benefits to retirees. Cameron County does not pre-fund benefits. Benefits are paid directly from general assets on a pay-as-go basis and there is no trust for accumulating plan assets. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioner’s Court.

Monthly medical contributions required by retirees are as follows:

	<u>Retiree</u>	<u>Retiree & Spouse</u>	<u>Retiree & 1 Child</u>	<u>Retiree & Children</u>	<u>Retiree & Family</u>
Medical/Tx	\$ 251	\$576	\$501	\$532	\$657

Bridge System membership in the Cameron County plan at October 1, 2019, the date of the latest actuarial valuation, consists of 76 active employees.

The valuation date of GASB75 for Cameron County’s Post-Retirement Medical Benefits is October 1, 2019, the date as of which the actuarial valuation was performed. The measurement date is September 30, 2021, and the date the total Medical-OPEB liability is determined. The Reporting Date is September 30, 2021, and the employer’s fiscal year ending date. There have been no significant changes between the valuation date and the fiscal year end.

Valuation Date	October 1, 2019
Measurement Date	September 30, 2021
Actuarial Cost Method	Entry Age Normal
Inflation:	2.75%
Discount Rate	2.26%
20 Year Tax-Exempt Municipal Bond Yield	2.26%

The discount rate is based on the Bond Buyer’s General Obligation 20-Bond Municipal Index.

	<u>Medical-OPEB Liability (Bridge System)</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Bridge Medical-OPEB Liability		\$ 1,587,548	\$ 1,416,638
Covered Payroll		\$ 2,504,225	\$ 2,504,225
Bridge Medical-OPEB Liability as a % of covered payr		63.39%	56.57%
Bridge Medical-OPEB Liability as a % of Total OPEB Liability		5.35%	5.30%

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 10 – Other Post-Employment Benefits (continued)

A. Post-Retirement Medical Benefits (continued)

Information provided below for Medical-OPEB Liability is inclusive for the local government of Cameron County:

Changes in Total Medical-OPEB Liability of Cameron County, Texas

	Incr (Decrease) Total Medical-OPEB Liability
Balance as of September 30, 2020	\$ 26,740,249
Changes for the year:	
Service Cost	2,247,840
Interest on total Medical-OPEB Liability	633,181
Effect of assumptions changes or inputs	713,239
Benefit Payments	(678,441)
Balance as of September 30, 2021	\$ 29,656,068

The following presents the Cameron County’s total Medical-OPEB liability calculated using the discount rate of 2.26%, as well as what the Cameron County’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.26%) or 1 percentage point higher (3.26%) than the current rate.

	1% Decrease 1.26%	Discount Rate 2.26%	1% Increase 3.26%
Total Medical-OPEB liability	\$ 32,411,652	\$29,656,068	\$ 27,076,190

B. Post-Retirement Group Term Life (GTL) Program

Cameron County participates in a cost-sharing multiple-employer defined-benefit group term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Program (GTL). The GTL retiree death benefit paid from the Group Term Life (GTL) program is an OPEB benefit. This OPEB program is treated as an unfunded trust, because the GTL program covers both active and retirees and is not segregated. The TCDRS GTL program is an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust fund under Paragraph 4b of GASB 75, because the assets of GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employers’ actual retiree GTL contributions for the year.

All actuarial assumptions that determined the total GTL-OPEB liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 10 – Other Post-Employment Benefits (continued)

B. Post-Retirement Group Term Life (GTL) Program (continued)

The valuation date of GASB 75 for Cameron County’s GTL-OPEB liability is December 31, 2020, the date as of which the actuarial valuation was performed. The measurement date is December 31, 2020. The Reporting Date is September 30, 2021, and the employer’s fiscal year ending date. There have been no significant changes between the valuation date and the fiscal year end.

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Employer’s Fiscal Year	September 30, 2021
Discount Rate	2.12%
Municipal Bond Rate*	2.12%

**The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.*

Information provided below for GTL-OPEB Liability is inclusive for the local government of Cameron County:

The following presents the total GTL-OPEB liability of Cameron County, calculated using the discount rate of 2.12%, as well as what GTL-OPES liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current rate.

GTL-OPEB Liability of Cameron County, Texas

	1% Decrease 1.12%	Discount Rate 2.12%	1% Increase 3.12%
Total GTL-OPEB liability	\$5,090,764	\$4,089,504	\$3,340,119

Changes in Total GTL-OPEB Liability of Cameron County, Texas

	Changes in Total GTL-OPEB Liability
Balance as of December 31, 2019	\$ 3,493,253
Changes for the year:	
Service Cost	123,381
Interest on total GTL-OPEB Liability	97,976
Effect on economic/demographic experience	(32,071)
Effect of assumptions changes or inputs	489,227
Benefit payments	(82,262)
Balance as of December 31, 2020	\$ 4,089,504

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 10 – Other Post-Employment Benefits (continued)

C. Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties make available continued health benefits coverage to retirees and their dependents beyond the end of an individual’s employment with County. Texas Law does not require counties to fund all or any portion of such coverage. Effective October 1, 2007, Cameron County discontinued medical coverage after age 65. The County may incur a debt obligation to pay for OPEB for its retired employees so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide the payment of the debt and has levied a tax for such purpose. Inclusion of OPEB expense/expenditures, related liabilities (assets), note disclosures are intended to achieve compliance with the requirements of GASB75. Cameron County has not incurred a legal debt obligation for OPEB nor has it levied a tax for the same. Currently, the County funds costs associated with OPEB on a current “pay as you go” basis for each single year through annual appropriations authorized by Commissioners Court during the annual County Budget Adoption Process.

Information and amounts presented in the County’s Annual Comprehensive Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 75) and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

Note 11 – Interfund Receivables and Payables

The Cameron County International Toll Bridge System operates three international toll bridges: 1) Veteran’s International Toll Bridge at Los Tomates (Veterans), 2) Free Trade Bridge at Los Indios (Free Trade); and 3) Gateway International Toll Bridge (Gateway). Each bridge has an operating fund which funds the long-term debt as well as the debt reserve requirements.

Intra-system transfers are reflected in the individual bridge statements; however, the intra-system transfers, receivable and payables are not reflected in the System-wide statements in this report.

Fund	Interfund Receivable	Interfund Payable
Veterans Bridge	\$ 27,220	\$ 100,929
Free Trade Bridge	51,479	2,287
Gateway Bridge	49,450	24,933
Total	\$ 128,149	\$ 128,149

Note 12 – Subsequent Events

On February 1, 2022, Cameron County approved a Resolution Declaring Intention to Reimburse Certain Expenditures in connection with the design, planning, acquisition, construction, equipping, and/or renovating of System’s facilities with proceeds of obligations as permitted by Chapter 1201 of the Texas Government Code. The County reasonably expects to incur debt, in one or more series of obligations, in an aggregate maximum principal amount estimated to be \$5,000,000, and expected closing of June 2022.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Honorable County Judge
and Commissioners' Court
Cameron County, Texas

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Burton, McCumber, & Longoria L.P.

Brownsville, Texas
March 30, 2022

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 SCHEDULE OF INSURANCE COVERAGE
 SEPTEMBER 30, 2021

INSURER	COVERAGE	AMOUNT OF COVERAGE	POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Zurich American Insurance Company	Gateway Bridge property damage	\$ 15,000,000	7/1/2021	Bridge physical damage	23,501	\$25,000 all covered losses incl. covered property, surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included
Zurich American Insurance Company	Gateway Bridge use and occupancy coverage	7,119,740	7/1/2021	Lost business income	10,020	14 Day waiting period
	Maximum per occurrence by earthquake, flood, storm	64,145,751				Aggregate annually in any one occurrence
Zurich American Insurance Company	Free Trade Bridge property damage	\$ 15,000,000	7/1/2021	Bridge physical damage	23,501	\$25,000 all covered losses incl. covered property, surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included
Zurich American Insurance Company	Free Trade Bridge use and occupancy	2,444,246	7/1/2021	Lost business income	10,020	14 Day waiting period
	Maximum per occurrence by earthquake, flood, storm	64,145,751				Aggregate annually in any one occurrence
Zurich American Insurance Company	Veterans Int. Bridge property damage	\$ 15,000,000	7/1/2021	Bridge physical damage	23,501	\$25,000 all covered losses incl. covered property, surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included
Zurich American Insurance Company	Veterans Int. Bridge use and occupancy	9,581,765	7/1/2021	Lost business income	10,020	14 Day waiting period
	Maximum per occurrence by earthquake, flood, storm	64,145,751				Aggregate annually in any one occurrence
Allmerica Financial Benefit Ins. Co.		500,000	7/1/2021	Public Employee Theft	8,245	\$7,500 per loss
		250,000	7/1/2021	Forgery or Alteration		\$5,000
		175,000	7/1/2021	Onsite Security/Theft of Money & Sec.		\$1,500
		150,000	7/1/2021	Onsite Security/Money Theft		\$1,500
		150,000	7/1/2021	Outside Premises		\$1,500
		500,000	7/1/2021	Computer and Funds Transfer Fraud		\$7,500
		500,000	7/1/2021	Money Orders/Counterfeit Curr		\$5,000
Colony Insurance Company	Excess Property Coverage	5.0M/20.0M	7/1/2021	Building, BPP, BI/Rents/ Other	55,625	\$10,000 all occurrences
Lloyds of London	Buildings, Ext Coverage, Malicious Mischief, Flood FTB	582,027	7/1/2021	Building	2,904	\$10,000 each occurrence combined for all- repair/replacement cost as listed above
Colony Ins. Co.	Buildings, Ext Coverage, Malicious Mischief, Flood FTB	53,608	7/1/2021	Contents		as listed above
Hiscox Inc.	Buildings, Ext Coverage, Malicious Mischief, Flood FTB	119,000	7/1/2021	EDP		as listed above
Lloyds of London	Buildings, Ext Coverage, Malicious Mischief, Flood VTB	1,725,002	7/1/2021	Building	7,854	\$10,000 each occurrence combined for all- repair/replacement cost as listed above
Colony Ins. Co.	Buildings, Ext Coverage, Malicious Mischief, Flood VTB	45,784	7/1/2021	Contents		as listed above
Hiscox Inc.	Buildings, Ext Coverage, Malicious Mischief, Flood VTB	270,000	7/1/2021	EDP		as listed above
Lloyds of London	Buildings, Ext Coverage, Malicious Mischief, Flood GWB	381,500	7/1/2021	Building	1,926	\$10,000 each occurrence combined for all- repair/replacement cost as listed above
Colony Ins. Co.	Buildings, Ext Coverage, Malicious Mischief, Flood GWB	25,000	7/1/2021	Contents		as listed above
Hiscox Inc.	Buildings, Ext Coverage, Malicious Mischief, Flood GWB	94,000	7/1/2021	EDP		as listed above
Texas Association of Counties	Automobile Liability - International Toll Bridge System	100,000/300,000	7/1/2021	Bodily Injury per person/per occurrence	216,525	Deductible \$1,000
		100,000		Property Damage		
Texas Association of Counties	Auto physical damage, comprehensive/collision	Cash value or cost of repair	7/1/2021	Vehicles		Deductible \$5,000
Texas Association of Counties	General Liability	100,000/300,000	7/1/2021	Bodily Injury per person/per occurrence	62,559	Deductible \$5,000
		100,000		Property damage per occurrence/aggregate		Deductible \$5,000
		50,000		Garage Keepers Liability		Deductible \$1,000
		500,000		Employee Benefits Liability		Deductible \$1,000
		100,000/300,000		Person & Advertising Injury Liability/Aggregate		Deductible \$5,000
		100,000		Crisis Management		Deductible \$5,000
		Per Endorsement		Unmanned Aircraft		Deductible \$5,000
Deep East Texas Self Insurance Fund	Workers Compensation - self insured	1,000,000	1/1/2022	Death by accident per accident		\$100,000/\$1,000,000
		1,000,000		Death by disease each Claimant		\$100,000/\$1,000,000
		2,000,000		Aggregate per coverage period		\$100,000/\$1,000,000

CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
Year Ended September 30, 2021

ASSETS

Current Assets - Unrestricted:	
Cash and cash equivalents	\$ 7,307,829
Accounts receivable	195,469
Prepays	43,300
Due from other funds	<u>101,859</u>
Total Current Assets - Unrestricted	<u>7,648,457</u>
Current Assets - Restricted:	
Bond Debt Service Fund:	
Cash & cash equivalents	394,402
Bond Debt Reserve Fund:	
Cash & cash equivalents	441,916
Operating Cash Reserve:	
Cash & cash equivalents	<u>250,000</u>
Total Current Assets - Restricted	<u>1,086,318</u>
Non-Current Assets:	
Depreciable Assets:	
Toll bridges and approaches	4,765,888
Toll booths and equipment	1,471,276
Administration building	437,137
Furniture, fixtures, and equipment	24,972
Vehicles	<u>136,794</u>
	6,836,067
Less: accumulated depreciation	<u>(5,278,802)</u>
Net depreciable assets	1,557,265
Land	7,823,927
Construction in progress	<u>116,061</u>
Total Capital Assets, net	<u>9,497,253</u>
TOTAL ASSETS	<u>18,232,028</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred charges on refunding	149,502
Deferred outflow of resources for pensions	461,541
Deferred outflow of resources-OPEB	<u>90,805</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>701,848</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 18,933,876</u>

CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
September 30, 2021

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 18,186
Wages and fringe benefits payable	14,465
Accrued uncompensated absences	1,963
Deposits	1,500
Due to other funds	1,158,256
Tax notes, current	7,559
Current maturities of Certificates of obligation	364,483
Capital lease payable, current	32,999
Total Current Liabilities	1,599,411
Long-Term Liabilities:	
Leasehold deposits	18,750
Tax notes, non-current	25,149
Certificates of obligation	2,047,625
Unamortized premium costs	3,220
Net OPEB liability	686,936
Net Pension liability	456,749
Total Long-Term Liabilities	3,238,429
TOTAL LIABILITIES	4,837,840
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflows of resources for pension	255,231
Deferred inflows of resources-OPEB	102,451
TOTAL DEFERRED INFLOW OF RESOURCES	357,682
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	5,195,522
<u>NET POSITION</u>	
Net investment in capital assets	7,165,720
Restricted:	
Bond Debt Service	394,402
Bond Debt Reserve	441,916
Unrestricted	5,736,316
TOTAL NET POSITION	\$ 13,738,354

CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2021

OPERATING REVENUES

Tolls	\$	4,562,290
Rental income		258,000
Other		3,124
TOTAL OPERATING REVENUES		4,823,414

OPERATING EXPENSES

Salaries		701,000
Employee benefits		345,559
Supplies		24,870
Uniforms		9,314
Audit and legal		6,647
Pension and Post employment benefit expense		4,592
Other Professional Service		67,500
Repairs and maintenance		18,428
Utilities		40,916
Insurance		34,588
Contractual		119,522
Depreciation		297,875
Other		8,221
TOTAL OPERATING EXPENSES		1,679,032
OPERATING INCOME (LOSS)		3,144,382

NON-OPERATING REVENUES (EXPENSES)

Interest on investments		16,088
Interest and fiscal fees on revenue bonds		(101,794)
TOTAL NON-OPERATING REVENUES (EXPENSES)		(85,706)
INCOME BEFORE TRANSFERS		3,058,676
Transfer Out-General Fund		(2,633,874)
Transfer Out-I&S Fund		(434,436)
CHANGE IN NET POSITION		(9,634)

Net Position - beginning		13,747,988
Net Position - ending	\$	13,738,354

CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
September 30, 2021

ASSETS

Current Assets - Unrestricted:	
Cash & cash equivalents	\$ 677,057
Prepays	31,697
Due from other funds	79,866
Total Current Assets - Unrestricted	788,620
Current Assets - Restricted:	
Bond Debt Service Fund:	
Cash & cash equivalents	230,243
Bond Debt Reserve Fund:	
Cash & cash equivalents	259,631
Total Current Asses - Restricted	489,874
Non-Current Assets:	
Depreciable Assets:	
Toll bridges and approaches	6,625,233
Toll booths and equipment	780,389
Administration building	853,645
Furniture, fixtures, and equipment	13,511
Vehicles	176,504
	8,449,282
Less: accumulated depreciation	(7,421,980)
Net depreciable assets	1,027,302
Land	911,393
Total Capital Assets, net	1,938,695
TOTAL ASSETS	3,217,189
 <u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred outflow of resources for pensions	250,001
Deferred outflow of resources-OPEB	49,186
TOTAL DEFERRED OUTFLOW OF RESOURCES	299,187
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,516,376

CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
September 30, 2021

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 31,818
Wages and fringe benefits payable	9,678
Accrued uncompensated absences	1,341
Due to other governments	38,321
Due to other funds	1,702,453
Deposits	2,067
Tax notes, current	4,769
Certificate of obligation	28,323
Capital lease payable, current	<u>32,999</u>
Total Current Liabilities	<u>1,851,769</u>
Long-Term Liabilities:	
Tax notes, non-current	15,867
Certificates of obligation	185,264
Unamortized premium costs	2,032
Net OPEB liability	355,116
Net Pension liability	<u>257,459</u>
Total Long-Term Liabilities	<u>815,738</u>
TOTAL LIABILITIES	<u>2,667,507</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflows of resources for pension	138,249
Deferred inflows of resources-OPEB	<u>55,494</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>193,743</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,861,250</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,669,441
Restricted:	
Bond Debt Service	230,243
Bond Debt Reserve	259,631
Unrestricted	<u>(1,504,189)</u>
TOTAL NET POSITION	<u>\$ 655,126</u>

CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

<u>OPERATING REVENUES</u>	
Tolls	\$ 1,888,044
TOTAL OPERATING REVENUES	1,888,044
 <u>OPERATING EXPENSES</u>	
Salaries	434,204
Employee benefits	198,592
Supplies	23,347
Uniforms	6,075
Audit and legal	6,647
Pension Costs	2,487
Advertising	6,088
Repairs and maintenance	17,417
Utilities	64,674
Insurance	32,635
Contractual	126,209
Depreciation	139,971
Other	34,474
TOTAL OPERATING EXPENSES	1,092,820
OPERATING INCOME (LOSS)	795,224
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Intergovernmental agreement-Hgn. & San Benito	(314,905)
Interest on investments	2,162
Interest on revenue bonds & fiscal fees	(15,846)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(328,589)
INCOME BEFORE TRANSFERS	466,635
Transfer Out - General Fund	(347,529)
Transfer Out - I&S Fund	(179,525)
CHANGE IN NET POSITION	(60,419)
Net Position - beginning	715,545
Net Position - ending	\$ 655,126

CAMERON COUNTY, TEXAS
International Toll Bridge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
September 30, 2021

ASSETS

Current Assets - Unrestricted:

Cash and cash equivalents	\$	2,226,575
Prepays		46,247
Due from other funds		83,119
		83,119

Total Current Assets - Unrestricted		2,355,941
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Current Assets - Restricted:

Bond Debt Service Fund:		
Cash and cash equivalents		946,873
Bond Debt Reserve Fund:		
Cash and cash equivalents		2,262,030
		2,262,030

Total Current Assets - Restricted		3,208,903
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Non-Current Assets:

Depreciable Assets:

Toll bridges and approaches, and toll booths		27,553,631
Toll booths and equipment		1,274,479
Administration building		2,696,179
Furniture, fixtures, and equipment		12,508
Vehicles		343,584
		31,880,381

Less: accumulated depreciation		(18,968,563)
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Net depreciable assets		12,911,818
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Land		577,403
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Total Capital Assets, net		13,489,221
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TOTAL ASSETS		19,054,065
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DEFERRED OUTFLOW OF RESOURCES

Deferred charges on refunding		186,836
Deferred outflow of resources for pensions		576,926
Deferred outflow of resources-OPEB		113,506
		877,268

TOTAL DEFERRED OUTFLOW OF RESOURCES		877,268
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TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$	19,931,333
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CAMERON COUNTY, TEXAS
International Toll Bridge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
September 30, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	276,038
Wages & fringe benefits payable		25,712
Accrued uncompensated absences		56,560
Deposits		323,939
Due to other governments		326,073
Due to other funds		2,417,145
Reserve		75,688
Tax Notes, current		11,518
Current Maturities of Certificate of obligation		700,531
Capital lease payable, current		32,999
Total Current Liabilities		4,246,203

Long-Term Liabilities:

Tax notes, non-current		38,319
Certificates of obligation		4,161,913
Unamortized premium costs		4,906
OPEB liability		826,370
Net Pension liability		524,515
Total Long-Term Liabilities		5,556,023

TOTAL LIABILITIES

9,802,226

DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources for pensions		319,038
Deferred inflow of resources-OPEB		128,063
TOTAL DEFERRED INFLOW OF RESOURCES		447,101

TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES

10,249,327

NET POSITION

Net investment in capital assets		8,725,871
Restricted:		
Bond Debt Service		946,873
Bond Debt Reserve		2,262,030
Unrestricted		(2,252,768)
		(2,252,768)

TOTAL NET POSITION

\$ 9,682,006

CAMERON COUNTY, TEXAS
International Toll Bridge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

<u>OPERATING REVENUES</u>	
Tolls	\$ 9,145,047
Rental Income	5,000
Other	1,013
TOTAL OPERATING REVENUES	9,151,060
 <u>OPERATING EXPENSES</u>	
Salaries	1,163,772
Employee benefits	518,989
Supplies	60,438
Uniforms	11,463
Audit and legal	6,647
Pension costs	5,739
Other professional services	2,045
Repairs and maintenance	52,544
Utilities	77,869
Advertising	29,196
Insurance	46,603
Contractual	190,417
Depreciation	993,262
Travel and training	893
Other	39,710
TOTAL OPERATING EXPENSES	3,199,587
OPERATING INCOME (LOSS)	5,951,473
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Intergovernmental agreement-City of Brownsville	(2,805,450)
Interest on investments	11,202
Interest on revenue bonds & fiscal fees	(215,537)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,009,785)
INCOME BEFORE TRANSFERS	2,941,688
Transfer Out-General Fund	(2,889,673)
Transfer Out-I&S Fund	(445,467)
CHANGE IN NET POSITION	(393,452)
Net Position - beginning	10,075,458
Net Position - ending	\$ 9,682,006

Cameron County, Texas
International Toll Bridge System
Schedule of Combined Limited Tax Refundings Debt Service Requirements

<u>Year</u>	<u>Principal February</u>	<u>Interest February</u>	<u>Interest August</u>	<u>Fiscal Year Requirements</u>
2022	1,093,337	131,125	111,449	1,335,911
2023	866,494	114,892	97,128	1,078,514
2024	901,250	97,128	78,425	1,076,803
2025	939,579	78,425	58,717	1,076,721
2026	949,585	58,717	38,704	1,047,006
2027	985,534	38,703	24,674	1,048,911
2028	786,571	24,675	13,496	824,742
2029	312,713	13,496	9,286	335,495
2030	322,248	9,286	4,785	336,319
2031	330,828	4,785	-	335,613
TOTAL	\$ 7,488,139	\$ 571,232	\$ 436,664	\$ 8,496,035

Cameron County, Texas
International Toll Bridge System
\$125,896 Tax Notes, Series 2020 Debt Service Requirements

<u>Year</u>	<u>Principal February</u>	<u>Interest February</u>	<u>Interest August</u>	<u>Fiscal Year Requirements</u>
2022	23,846	2,580	1,983	28,409
2023	25,089	1,983	1,356	28,428
2024	26,445	1,356	695	28,496
2025	27,801	695	-	28,496
TOTAL	\$ 103,181	\$ 6,614	\$ 4,034	\$ 113,829

**INDEPENDENT AUDITORS' 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 Honorable County Judge and
Commissioners' Court
Cameron County, Texas

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 International Toll Bridge System of Cameron County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the International Toll Bridge System of Cameron County, Texas' internal control over financial reporting (internal control) to determine the 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 International Toll Bridge System's internal control. Accordingly, we do not express an opinion on the effectiveness of the International Toll Bridge System's internal control

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the International Toll Bridge System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
March 30, 2022