

CAMERON COUNTY, TEXAS

INTERNATIONAL TOLL BRIDGE SYSTEM

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2020



COUNTY AUDITORS OFFICE
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**COUNTY AUDITOR
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(956) 544-0822**

**Martha Galarza, CPA
COUNTY AUDITOR**

March 29, 2021

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

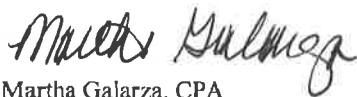
Honorable County Judge and Commissioners:

The Cameron County International Toll Bridge System Annual Financial Report for the fiscal year ended September 30, 2020 is hereby submitted in compliance with Chapter 114 of Vernon's Texas Annotated Code, Local Government. 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 various funds of Cameron County, including all disclosures necessary to enable the reader to gain an understanding of the Cameron County International Toll Bridge System's 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,



Martha Galarza, CPA
County Auditor



For additional information regarding the
Cameron County International Toll Bridge System

Please contact:

Josue Garcia, Jr.
Cameron County Bridge Director
3310 South Expressway 77
Brownsville, Texas 78521
(956) 574-8771

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, 2020, 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, 2020, 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 ix - xviii 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 Statistical Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Letter of Transmittal and Statistical 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, 2020, 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 29, 2021, 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 29, 2021

CAMERON COUNTY INTERNATIONAL TOLL BRIDGE SYSTEM

Management's Discussion and Analysis

September 30, 2020

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, 2020 and 2019. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying 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 tool for the County. Fiscal year 2020 has been a most challenging year due to the Coronavirus pandemic. The International Toll Bridge System serves as an International Point of Entry; however due to COVID19 protocols, all Texas/Mexico ports of entry traffic has been crippled with crossing restraints imposed. These limitations have been in place since March 2020 and will likely continue until early 2021. Operations have been restructured and streamlined to better support resilience as we have gone through this required transition.

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 FY2020, the Cameron County International Toll Bridge System generated \$15,326,271 in revenues, of which \$6,676,517 provided for general operations, \$6,002,487 was transferred to Cameron County's general fund and inner note debt obligations and \$2,683,229 provided aid to other governments per interlocal agreements with municipalities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 COVID19 restrictions have affected all tourist, visitor and commercial traffic for 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 have echoed throughout these difficult times. It is expected that traffic restrictions will continue through March 2021 at which time we will have a new norm to work with. Operations are reviewed daily as we have had to acclimate to many new norms as we continue to distinguish the new minimum or essential tasks and still operate efficiently

The International Toll Bridge System's 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 and debt schedules. This overview and analysis is intended to serve as an overview to the International Toll Bridge System financial statements.

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Condensed Financial Position Statement

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.

	FY2020	FY2019
Current and other assets	\$ 12,185,403	\$ 11,193,818
Capital assets (net of depreciation)	26,331,358	27,498,435
Deferred outflow of resources	936,024	1,281,403
Total Assets	39,452,785	39,973,656
Current and other liabilities	4,089,278	3,562,508
Long term liabilities	9,969,609	11,510,021
Deferred inflow of resources	854,906	272,505
Total Liabilities	14,913,793	15,345,034
Net position:		
Net investment in capital assets	18,072,338	18,671,898
Restricted	3,827,321	3,876,606
Unrestricted	2,639,333	2,080,118
Total net position	\$ 24,538,992	\$ 24,628,622

Fiscal Year 2020 Analysis

Bridge system net assets exceeded its liabilities by \$24,538,992. Total net position decreased by (\$89,630) (.36%) in comparison to FY2019. This decrease in net position is due to contractual obligations incurred in regular preventative maintenance projects and minimal increases in operating expenses. International Toll Bridge revenue from bridge traffic declined by 24.4% in comparison to FY19 which was attributable to the effects of the COVID19 pandemic. These reductions in bridge traffic started in mid-March and continued through September 2020. 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 6.0% due to efforts to minimize the loss of revenue impact.

Cameron County construction on the Veteran's International Bridge expansion has increased the traffic lanes from four to eight lanes. This international bridge currently operates both a SENTRI lane and a FAST lane thus exhausting the prior 4 lane bridge capacity. Coordinated Infrastructure Funds (CIF) totaling \$6.25 million were provided by Texas Department of Transportation (TxDOT) with the engineering phase reimbursement at 80% assisting in this expansion project. With the completion of this project, commercial traffic is now separated from passenger traffic. Connectivity on the southbound side of Veteran's Bridge is in a highly commercial and retail area of the community. This bridge ties directly into the city's inner and outer loops facilitating airport travel and connectivity to Monterrey highway. The City of Matamoros has funded significant infrastructure improvements thus alleviating pedestrian and vehicular mobility in this area and improving access for border crossing traffic. Northern Mexico improvements have reduced the travel time to the City of Matamoros Airport to 15 minutes.

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 \$18,072,338. Net investment in capital assets decreases in comparison for FY2019 figures of \$18,671,898 due to expenditure of construction funds, depreciation and debt refunding.

The Bridge system has other restricted assets of \$3,827,321 for bond debt service, bond debt reserve, capital equipment funds and general operating reserve.

Unrestricted assets increased from \$2,080,118 to \$2,639,333. This increase in unrestricted assets is due to construction projects that were completed this year

Summary of Operations and Changes in Net Position

The statement of revenues, expenses, and changes in net position reflect a comparison for FY2020 and 2019. Changes in revenues and expenses are monitored monthly and compared to budgetary data. Any operating modifications are addressed by the Bridge Director. This table summarizes the operations for FY2020 and 2019.

	FY 2020	FY 2019
Revenues		
Tolls	\$15,326,271	\$ 20,267,802
Rental income	185,951	188,968
Gain on sale and miscellaneous	1,400	199
Total Revenues	15,513,622	20,456,969
Expenses:		
Personnel services	4,108,312	4,464,208
Operations & maintenance	1,001,414	914,968
Depreciation	1,566,791	1,721,362
Total expenses	6,676,517	7,100,538
Increase (decrease) in net position before transfers	8,837,105	13,356,431
Investment Earnings	156,284	246,472
Aid to other governments	(2,683,229)	(3,796,910)
Transfers In/Out	(6,002,487)	(9,524,269)
Interest and fiscal fees	(397,303)	(447,529)
Increase (decrease) in net assets	(89,630)	(165,805)
Net Position - beginning	24,628,622	24,794,427
Prior Period Adjustment	-	-
Total net position - end of year	\$ 24,538,992	\$ 24,628,622

Total operating revenues were \$15,513,622, a decrease of \$4,943,347 over fiscal year 2019. This is a decrease of 24.2% in Toll revenue which is totally attributable to the effects of the Global COVID-19 PANDEMIC. Travel and curfew traffic restrictions from federal, state and local government severely impacted all avenues of commercial and personal traffic.

Operating expenses decreased by \$424,021 from FY2019 levels, a decrease of 6.0%. Decreases are due to 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 new reporting standards for public pension plans and participating employers and general operational increases and personnel costs. Actuarial assumptions for determining the pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period ending December 31, 2019, 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 cost of depreciation decreased by \$154,571 in comparison to FY19. Changes in net position of (\$89,630) were minimal in comparison to the economic stress of FY20.

Aid to other governments decreased by \$1,113,681 per interlocal agreements; transfers to General Fund and debt service decreased by \$3,521,782 and interest and fiscal fees decreased by \$50,226.

Notes to the Financial Statements

The notes to the Toll Bridge's financial statements can be found on pages 5 – 15 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

Capital Assets and Debt Administration

Capital Assets

The Bridge's investment in capital assets, net of accumulated depreciation as of September 30, 2020 and 2019 is as follows:

SUMMARY OF CAPITAL ASSETS, NET

	FY 2020	FY 2019
Toll bridges and approaches	\$ 38,944,752	\$ 36,891,783
Toll booths and equipment	2,199,322	2,226,745
Administration building	4,014,384	3,986,961
Furniture, fixtures and equipment	1,325,470	1,286,981
Vehicles	656,882	656,882
	<u>47,140,810</u>	<u>45,049,352</u>
Less accumulated depreciation	<u>(30,238,236)</u>	<u>(28,671,445)</u>
Net depreciable assets	16,902,574	16,377,907
Land	9,312,723	9,312,723
Construction work in progress	<u>116,061</u>	<u>1,807,805</u>
TOTAL CAPITAL ASSETS	<u>\$ 26,331,358</u>	<u>\$ 27,498,435</u>

The Bridge'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 completion of the Port of Entry project for all bridge locations and canopy improvements which have provided improved ease of traffic.

CAPITAL IMPROVEMENTS

Cameron County completed expansion of the Veterans Bridge from four lanes to eight lanes. The U.S. Department of State issued an amended Presidential Permit for this project and TxDOT provided Coordinated Border Infrastructure funds totaling \$6.25 million. The expansion has provided much needed capacity to the Veterans Bridge at Los Tomates. On the U.S. side, Veteran's Bridge is the connecting point to I-69E. TxDOT has invested over \$35 million in highway improvements to connect the bridge and to provide access. The I-69E corridor is booming with many new retail establishments. I-69E is now considered the heart of Brownsville, the border city to Matamoros. Veteran's Bridge provides direct access to traffic for northbound Mexican traffic and other surrounding communities in Mexico. Retail development along this corridor has expanded exponentially with major department establishments that continue to attract all residents. Growth along this corridor has exploded from SunRise Mall northward and this highly commercial area has much land available for development. Commercial establishments continue to develop at a very rapid pace. Retail and commercial development between Brownsville and Harlingen is expected to continue. Bass Pro Shop in Harlingen serving as a major attraction for Mexican customers; enhancing this development further is a retail shopping area that includes hotels and restaurants – all of this traffic uses the Cameron County International Toll Bridges. All of this development is centrally located off of I-69E in a highly commercial area.

VETERANS BRIDGE COMMERCIAL FAST LANE EXPANSION PROJECT

Through the Donations Acceptance Program (DAP), construction has been completed for a section of the Veterans Bridge the Commercial Fast Lane Expansion Project. Commercial traffic lane inspection has been expanded from two lanes to six lanes for northbound traffic. Veterans Bridge handles the majority of the international commercial traffic destined for the Port of Brownsville that also utilizes the overweight corridor. Veterans Bridge now has a SENTRI lane and multiple FAST/CTPAT lanes which has been a contributing factor to increased commercial traffic. Customs Border Protection (CBP) will invest approximately \$7,000,000 in technological improvements during the 1st quarter of 2020.

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 \$12.0 Million of which \$6.9Million has been secured. Design phase is complete and final approval is pending between GSA and CBP.

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 5.6miles long and will include the construction of a four-lane roadway divided highway from FM3068 to SH4. Construction of SH32 East is estimated at \$45.0Million. 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 \$25.0Million. 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 2024. 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.

Debt Administration

Long Term Debt Administration

	FY20	FY19
Certificates of Obligation	\$ 8,288,677	\$8,610,114
Unamortized Premium	<u>4,984</u>	<u>59,805</u>
Total Certificates of Obligation	8,293,661	8,669,919
Less Current Portion	<u>(800,539)</u>	<u>(696,000)</u>
Total long-term debt net of current portion	<u>\$ 7,493,122</u>	<u>\$ 7,973,919</u>

Cameron County International Toll Bridge System bonds have a rating of A+ with S&P, Fitch and A1 with Moody's.

The Bridge's total long-term debt increased due to Cameron County Limited Tax Refunding Bonds Series 2019. This refunding was issued for debt interest savings.

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. Due to continuing security issues in Mexico, pedestrian traffic has dropped significantly. 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. Two custom brokers currently serve the area and are housed near the bridge area on the U.S. side. 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.

Penske Logistics operates a 333,000 square foot facility, employing approximately 225 employees. Penske is a third party logistics company that handles the logistics and distribution for Delphi's operations in Matamoros and Reynosa. Penske continues to expand and added an additional 150,000 square foot warehouse. Panasonic also has a 150,000 square foot facility and has been operating at this location since 2001. .

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 one company has activated 10,000 square feet as a Foreign Trade Zone.

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 800 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 are scheduled for installation by December 2020 at a cost of approximately \$7.0M. 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 FY21.

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, Home Depot, 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. We presently have 649 accounts with over 4,500 users. This fiscal year we collected \$3,768,594 in AVI revenues which represents 24.6% 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 change in tolls over the past two years and the tolls that are in effect as of October 1, 2020:

Classification	Sept 30, 2019	9/30/2020		Oct 1, 2020	
	Rate	AVI	Non-AVI	AVI	Non-AVI
Pedestrian	\$ 1.00	\$ 1.00		\$ 1.00	
Motorcycle	3.75	3.75		3.75	
Passenger	3.75	3.75		3.75	
Commercial Vehicles					
Two Axle	11.00	9.50	11.00	9.50	11.00
Three Axle	15.00	13.50	15.00	13.50	15.00
Four Axle	17.25	15.50	17.25	15.50	17.25
Five Axle	22.00	19.25	22.00	19.25	22.00
Six Axle	25.00	23.25	25.00	23.25	25.00

CROSSINGS

As of the end of September 30, 2020 a total of 4,125,660 vehicles and pedestrians crossed into Mexico through the County's International Bridges. Total Crossings reflect a decrease in comparison to FY19 levels that are attributed to the effects of limitations imposed by federal authorities due to COVID pandemic. Total crossings decreased to levels experienced in 2015 and dropped by 29% from FY19 total crossings.

Historical Bridge System Crossing Summary				Revenue Summary		
	Vehicle	Pedestrian	Total	Vehicular	Pedestrian	Total
	Crossing	Crossing	Crossing			Revenue
2016	3,104,092	2,030,564	5,562,510	\$ 10,864,322	\$ 2,030,564	\$ 17,941,681
2017	3,319,702	2,188,050	5,919,345	11,618,957	2,188,050	19,145,752
2018	3,246,897	2,261,917	5,913,003	11,364,140	2,261,917	19,434,123
2019	3,039,016	2,316,455	5,782,367	11,396,310	2,316,455	20,267,803
2020	2,256,499	1,488,046	4,125,660	8,461,871	1,488,046	15,326,410

CROSSINGS BY CATEGORY

CAMERON COUNTY INTERNATIONAL BRIDGE SYSTEM

SOUTHBOUND CROSSINGS

	FY 2019		FY 2020	
Autos & Motorcycles	3,039,016	55%	2,256,499	55%
Commercial Vehicle	276,591	5%	256,269	6%
Bikes	41,891	1%	51,794	1 %
Buses	6,465	0%	4,138	0%
Misc. & Extra Axle	101,949	2%	68,914	2%
Pedestrian	2,316,455	40%	1,488,046	36%
Total	5,782,367	100%	4,125,660	100%

Over the past year, passenger vehicle crossings, commercial truck crossings and pedestrian traffic have decreased significantly.

KEY ISSUES OF CONCERN

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 these security concerns. The Federal Government limited inbound land crossings from Canada and Mexico to “essential travel.” Non-essential travel from Mexico are those individuals visiting and leisure travel. These limitations were imposed as of March 2020 due to Coronavirus 19 Pandemic in efforts to contain the transmission of this disease. Presently we are unaware when this mandate will be lifted. Although traffic flow is constant, it is at a much reduced rate. Current traffic trends indicate a downward flow of traffic as commercial demands are impacted by these conditions.

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. It is expected that the Cameron County construction of a \$500,000 cold storage facility on GSA property at the Free Trade Bridge will attract shippers and carriers moving their product into the United States. This cold storage facility allows northbound commercial trucks storage of their product pending their final customs inspection to enter the United States.

Cameron County and the Cameron County Regional Mobility Authority have completed 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 we continue to look for ways and measures to reduce the waiting time for our international bridge customers. New trade routes between Mazatlan and Matamoros provide excellent opportunities for our 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 and the State of Tamaulipas have commitments for long term infrastructure planning that will allow our bridge system to keep up with the fast paced growth and the economic base that Brownsville and Matamoros share. Cameron County is an excellent conduit to cross goods and products through its bridges and by having easily accessible highways that connect our 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 for persons or entities interested in this area. Questions concerning information on this report or finances should be directed to Cameron County Auditor, 1100 E. Monroe, Brownsville, Texas 78520.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 STATEMENT OF NET POSITION
 September 30, 2020

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 8,240,327
Accounts receivable - trade	10,000
Prepaid expenses	103,531
Due from other Funds	4,224
TOTAL CURRENT ASSETS	8,358,082

RESTRICTED ASSETS

Gateway Debt Service Fund:	
Cash & cash equivalents	394,402
Gateway Bond Debt Reserve:	
Cash & cash equivalents	441,916
Gateway Capital Improvements Fund	
Cash & cash equivalents	17,352
Free Trade Bridge Debt Reserve:	
Cash\Cash Equivalents	259,156
Free Trade Bridge Debt Service	
Cash\Cash Equivalents	230,243
Free Trade Bridge Capital Improvements Fund	
Cash\Cash Equivalents	27,559
Veteran's International Toll Bridge Debt Service Fund:	
Cash & cash equivalents	946,873
Veteran's International Toll Bridge Debt Reserve:	
Cash & cash equivalents	1,259,820
Capital Improvements Fund:	
Cash and cash equivalents	-
Operating Cash Reserve	250,000
TOTAL RESTRICTED ASSETS	3,827,321

CAPITAL ASSETS

Depreciable Assets:	
Toll bridges and approaches	38,944,752
Toll booths and equipment	2,199,322
Administration building	4,014,384
Furniture, fixtures and equipment	1,325,470
Vehicles	656,882
	47,140,810
Less: accumulated depreciation	(30,238,236)
Net depreciable assets	16,902,574
Land	9,312,723
Construction in Progress	116,061
TOTAL CAPITAL ASSETS	26,331,358

DEFERRED OUTFLOW OF RESOURCES

Deferred Charges on Refunding	372,056
Deferred outflow of resources for pensions	344,755
Deferred outflow of resources- OPEB	219,213
TOTAL DEFERRED OUTFLOW OF RESOURCES	936,024

TOTAL ASSETS	\$ 39,452,785
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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF NET POSITION
September 30, 2020

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities (payable from Current Assets):

Accounts payable	\$ 138,157
Wages & Fringes Payable	42,985
Accrued Uncompensated Absences	65,596
Deposits	271,149
Due to Other Funds	2,251,514
Due to Other Governments	255,541
Total Current Liabilities (payable from Current Assets)	<u>3,024,942</u>

Current Liabilities (payable from Restricted Assets):

Leasehold deposits	22,317
Reserve	75,689
Current maturities of Tax Notes	22,715
Current maturities of Certificates of Obligation	800,539
Current Maturities of Capital Lease Payable	143,076
Total Current Liabilities (payable from Restricted Assets)	<u>1,064,336</u>

Long-term Liabilities:

Tax Notes	103,181
Certificates of Obligation	7,488,138
Unamortized Premium Costs	18,114
Capital Lease Payable	100,224
Unfunded Actuarial Accrued Liability	1,662,563
Pension Liability	597,389
Total Long-term Liabilities	<u>9,969,609</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources for pension	532,036
Deferred inflows of resources-OPEB	322,870

TOTAL DEFERRED INFLOW OF RESOURCES 854,906

TOTAL LIABILITIES \$ 14,913,793

NET POSITION

Net investment in capital assets \$ 18,072,338

Restricted For:

Capital Improvements Equipment	44,911
Revenue Bond Debt Service	1,571,518
Revenue Bond Debt Reserve	1,960,892
Operating Reserve	250,000
Unrestricted	<u>2,639,333</u>

TOTAL NET POSITION \$ 24,538,992

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

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended September 30, 2020

<u>OPERATING REVENUES</u>	
Tolls	\$ 15,326,271
Rental Income	185,951
Miscellaneous	1,400
TOTAL OPERATING REVENUES	<u>15,513,622</u>
<u>OPERATING EXPENSES</u>	
Salaries	2,682,672
Employee benefits	1,158,655
Supplies	93,792
Uniforms	25,618
Audit and legal	19,941
Other Pension Costs	266,985
Other professional services	21,380
Repairs and maintenance	104,377
Travel	5,205
Utilities	169,284
Advertising	19,325
Insurance	83,015
Contractual	397,072
Depreciation	1,566,791
Other	62,405
TOTAL OPERATING EXPENSES	<u>6,676,517</u>
OPERATING INCOME (LOSS)	<u>8,837,105</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Intergovernmental agreement	(2,683,229)
Interest on investments and receivables	156,284
Interest and fiscal fees on revenue bonds	(397,303)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,924,248)</u>
INCOME BEFORE TRANSFERS	5,912,857
Transfer Out - General Fund	(5,079,886)
Transfer Out - I & S Fund	(922,601)
Transfer Out - Operating	<u>-</u>
CHANGE IN NET POSITION	(89,630)
Net Position - beginning	24,628,622
Prior Period Adjustment	<u>-</u>
Net Position - ending	<u>\$ 24,538,992</u>

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

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
Year Ended September 30, 2020

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows From Operating Activities:

Cash received from customers	\$ 15,294,203
Cash received from other operating activities	187,351
Cash payments for goods and services	(103,675)
Cash payments to employees	(3,908,107)
Net Cash Provided by Operating Activities	<u>11,469,772</u>

Cash Flows From Non-Capital Financing Activities:

Operating transfers out	(6,002,487)
Net Cash Used for Non-Capital Financing Activities	<u>(6,002,487)</u>

Cash Flows From Capital and Related Financing Activities:

Intergovernmental agreement	(2,683,229)
Payments for capital acquisitions	(399,714)
Principal payments	(612,160)
Debt Issuance	(137,793)
Interest and fiscal agent fees paid	(397,303)
Net Cash Used for Capital and Related Financing Activities	<u>(4,230,199)</u>

Cash Flows From Investing Activities:

Receipts of interest	156,284
Net Cash Provided by Investing Activities	<u>156,284</u>

Net increase (decrease) in cash and cash equivalents

1,393,370

Cash and cash equivalents at beginning of year

10,674,278

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 12,067,648

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income	\$ 8,837,105
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Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Depreciation	1,566,791
Post employment benefit expense	186,855
Pension Expense	80,130

Changes in Current Assets and Liabilities:

(Increase) decrease in accounts receivable	2,626
(Increase) decrease in prepaids and other assets	(27,019)
(Increase) decrease in due from other Funds	426,178
Increase (decrease) in accounts payable	52,002
Increase (decrease) in wages and fringe payable	(104,506)
Increase (decrease) in compensated absences payable	37,726
Increase (decrease) in retainage payable	(3,305)
Increase (decrease) in deposits payable	4,000
Increase (decrease) in due to other funds	415,559
Increase (decrease) in due to other governments	<u>(4,370)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 11,469,772

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

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 - Summary of Accounting Policies

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

A. Operations

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, as prescribed by the Government Accounting Standards Board (GASB). The International Toll Bridge System of Cameron County, Texas 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 four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable - - Net assets subject to externally imposed stipulations that the International Toll Bridge System maintains them permanently. For the fiscal year ended 2020, the International Toll Bridge System does not have nonexpendable net assets.
 - Expendable - - Net position whose use by the International Toll Bridge System is subject to externally imposed stipulations that can be fulfilled by actions of the International Toll Bridge System pursuant to those stipulations or that expire by the passage of time. Such assets include the International Toll Bridge System's bond debt service reserves on hand.
- Unrestricted: Net position not subject to externally imposed stipulations.

The provisions of GASB Statement No. 34 have been applied to the years presented. The accompanying financial statements have been prepared on the accrual basis. The International Toll 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.

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.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1 - Summary of Accounting Policies (continued)

C. 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	30
Furniture and Fixtures	5
General Equipment	5
Trucks	6
Computer Hardware	5
Infrastructure	20

Depreciation expense for all activities totaled \$1,566,791.

D. Retirement Plan

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 10.81%, (10.74% 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. Retirement plan expense totaled \$285,701 for the year ended September 30, 2020.

E. 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.

F. 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.

G. 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. The International Toll Bridge System's restricted assets are expendable. All other net position is unrestricted.

H. Subsequent Events

Management has evaluated subsequent events through March 29, 2021, the date the financial statements were available to be issued.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

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 page 21.

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 4 - Long-Term Debt

A. Certificates of Obligation Bonds

\$3,333,778 Limited Tax Refunding Series 2019; due in annual principal installments of \$526,883 to \$40,266 through February 2031; plus interest at rates of 1.831% to 2.893% \$ 3,256,673

\$6,031,072 Refunding Series 2015; due in principal installments of \$688,075 to \$138,281 through February 2028; plus interest at rates of 3.00% to 5.00% 4,809,863

\$4,494,300 Certificate of Obligation Series 2011; due in annual principal installments of \$345,291 to \$28,638 through February 2031; plus interest at the rates ranging from 2.0% to 5.0% 222,141

TOTAL LONG-TERM BONDS PAYABLE	8,288,677
Unamortized Premium Costs	4,984
	8,293,661
Less Current Portion	(800,539)
TOTAL LONG-TERM BONDS PAYABLE	\$ 7,493,122

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 all revenue bonds outstanding as of September 30, 2020 including interest payments of \$1,288,451 are illustrated below:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>AMOUNT</u>
2021	800,539	280,556	1,081,095
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
2026-2030	3,356,650	235,821	3,592,471
2031	330,828	4,785	335,613
<u>TOTAL</u>	<u>\$ 8,288,677</u>	<u>\$ 1,288,451</u>	<u>\$ 9,577,128</u>

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 4 - Long-Term Debt (continued)
B. Advance Refunding

Cameron County issued \$17,685,000 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 have been 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. Series 2019 principal balance as of September 30, 2020 is \$3,256,673.

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 have been 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. Series 2015 principal balance as of September 30, 2020 is \$4,809,863 attributable to the International Bridge System.

C. Certificates of Obligation

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;

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 4 - Long-Term Debt (continued)

C. Certificates of Obligation (continued)

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 has a principal balance of \$222,141 remaining.

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 bond 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

\$125,896 Tax Notes Series 2020; due in annual principal	
installments of \$22,715 to \$27,801 through February 2025; plus	
interest at rates of 5.00%	
	\$ 125,896
Unamortized Premium Costs	13,130
TOTAL TAX NOTE PAYABLE	139,026
Less Current Portion	(22,715)
TOTAL LONG TERM TAX NOTE PAYABLE	\$ 116,311

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 5 - 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 period ending September 30, 2020 produced a \$680,729 surplus as defined by the interlocal agreement between the entities and the County. The County's share of the interlocal agreement proceeds is \$340,364. Each participating entity has received a combined total of \$340,364 for their share of the year's operations as defined under the interlocal agreement.

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 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. In accordance with the interlocal agreement between Cameron County and the City of Brownsville, each entity was allocated \$2,342,865 in surplus from operations through September 30, 2020 as defined by their governing interlocal agreement.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 5 – Commitments (continued)

B. Veteran's International Toll Bridge at Los Tomates

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>
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
2010	1,468,453	1,468,453	2,936,906
2009	1,243,111	1,243,111	2,486,222
2008	2,004,538	2,004,538	4,009,076
 Totals	 <u>\$25,860,454</u>	 <u>\$25,860,454</u>	 <u>\$51,720,908</u>

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.

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 \$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 payments of \$49,038.33 due on September 2019, through September 2021. Interest to be paid during the term of the lease totals \$7,923.

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.

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 employees compensated liabilities at September 30, 2020 were \$65,596.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 7 – Deposits and Investments
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.

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. State Street Bank and Trust serves as custodian and valuation services and settles trades for Lone Star, securing and valuing its assets daily. Lone Star's investments maintain weighted average maturity of the portfolio at sixty days or less, with no security exceeding thirteen months in maturity. Lone Star's investment portfolio is required to maintain a stable \$1.00 net asset value.

As of September 30, 2020 the International Bridge System's carrying amount of deposits and investments was \$12,067,648 and the bank balance was \$11,893,833.

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and cash equivalents	\$8,240,327
<u>Restricted Assets:</u>	
Revenue Bond Debt Service Fund	
Cash and cash equivalents	1,571,518
Revenue Bond Debt Reserve Fund	
Cash and cash equivalents	1,960,892
Capital Improvements - Equipment	
Cash and cash equivalents	44,911
Operating Reserve Fund	
Cash and cash equivalents	250,000
TOTAL	<u>\$12,067,648</u>

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 8 – Capital Assets

Capital assets consisted of the following at September 30, 2020:

	<u>Beginning</u>	<u>Increases</u>	<u>Reclassification</u>	<u>Ending</u>
Assets being depreciated				
Toll bridges and approaches	\$ 36,891,783	\$ 2,052,969	\$ -	\$ 38,944,752
Toll booths and equipment	2,199,322	-	-	2,199,322
Administration building	4,014,384	-	-	4,014,384
Furniture, fixtures and equipment	1,286,981	38,489	-	1,325,470
Vehicles	<u>656,882</u>	<u>-</u>	<u>-</u>	<u>656,882</u>
Total Depreciable Assets	45,049,352	2,091,458	-	47,140,810
Assets not being depreciated				
Land	9,312,723	-	-	9,312,723
Construction Work in Progress	1,807,805	116,061	1,807,805	116,061
Less: accumulated depreciation	<u>(28,671,445)</u>	<u>(1,566,791)</u>	<u>-</u>	<u>(30,238,236)</u>
TOTAL CAPITAL ASSETS	<u>\$ 27,498,435</u>	<u>\$ 640,728</u>	<u>\$ 1,807,805</u>	<u>\$ 26,331,358</u>

Depreciation expense for all activities totaled \$1,566,791

Note 9 – Net Pension Liability

Governmental Accounting Standards Board issued Statement No. 68 which are new reporting standards for public pension plans and participating employers which address specifics of reporting public pension plan obligations for employers. Net pension liability (NPL) for Cameron County was determined on an actuarial valuation as of the valuation date. The International Toll Bridge System recognized pension expense costs of \$80,130 as a result of this implementation.

Note 10 – Other Post Employment Benefits -Medical

Governmental Accounting Standards Board (GASB) issued Statement No. 74 & 75 in 2016 to improve accounting and financial reporting by state and local governments. These Statements substantially revised the accounting requirements previously mandated under GASB 43 and 45. In compliance with Statement 75, Cameron County has implemented these requirements during fiscal year 2018. GASB75 requires employers to recognize a liability for OPEB obligations, Net OPEB Liability, (Total OPEB Liability for unfunded plans) on the balance sheet financial statements. 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. This benefit is not available after retiree reaches the age of 65. Cameron County administers a single-employer defined benefit variety that covers employees, retirees and their spouses. The plan provisions allow members to retire upon attaining age 60 with 8 or more years of service or when the sum of their age and years of service equals 75 or more. 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.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 10 – Other Post Employment Benefits –Medical (continued)

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	\$ 250.78	\$575.98	\$500.98	\$532.23	\$657.23

Membership in the plan at 10/1/19, the date of the latest actuarial valuation, consists of the following:

Active Members:	76 members
Retirees and beneficiaries receiving benefits:	0 members

The valuation date of GASB75 for Cameron County is October 1, 2019, the date as of which the actuarial valuation was performed. Measurement date is September 30, 2019, the entity's fiscal year end. The OPEB liability was determined as of September 30, 2020 which is the reporting 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, 2020
Actuarial Cost Method	Entry Age Normal
Inflation:	2.75%
Discount Rate	September 30, 2019: 4.18% September 30, 2020: 2.21%

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

OPEB LIABILITY	September 30, 2019	September 30, 2020
Bridge OPEB Liability	\$ 1,274,695	\$ 1,416,638
Covered Payroll	2,432,469	2,504,225
OPEB Liability as a % of covered payroll	52.40%	56.57%
OPEB Liability as a % of Total OPEB Liability	4.80%	5.30%

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 10 – Other Post Employment Benefits (continued)

Total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB75.

Discount Rate	4.18%	2.21%
20 Year Tax-Exempt Municipal Bond Yield	4.18%	2.21%

Changes in Total OPEB Liability	
	<u>Incr(Decrease)</u>
Changes in Total OPEB Liability	<u>Total OPEB</u>
	<u>Liability</u>
Balance as of September 30, 2019	\$ 26,558,213
Changes for the year:	
Service Cost	1,579,672
Interest on total OPEB Liability	1,163,188
Effect on plan changes	0
Effect on economic/demographic gains or losses	(5,386,434)
Effect of assumptions changes or inputs	3,452,852
Benefit Payments	<u>(627,242)</u>
Balance as of September 30, 2020	\$ 26,740,249

Information presented as CHANGES IN TOTAL OPEB LIABILITY is inclusive for the local government of Cameron County.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 10 – Other Post Employment Benefits (continued)

The following presents the total OPEB liability of CAMERON COUNTY, calculated using the 2.21%, as well as what County's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.21%) or 1 % point higher (3.21%) than the current rate.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 29,061,996	\$ 26,740,249	\$ 24,520,242

The following represents the total OPEB liability of Cameron County, calculated using the current healthcare cost trend rates as well as what the County's total OPEB liability would be if it were calculated using trend rates that are 1% point lower or 1% point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 22,911,154	\$ 26,740,249	\$ 31,404,231

**OPEB - MULTIPLE EMPLOYER DEFINED BENEFIT GROUP TERM PLAN
 GROUP TERM LIFE FUND**

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 Fund (GTLF). The GTLF 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 GASB75, because the assets of GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB75 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.

Information listed for OPEB Liability-GTL is inclusive for Cameron County.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

Note 10 – Other Post Employment Benefits (continued)

Changes in Total OPEB Liability-GTL

	Incr(Decrease) Total OPEB Liability
Balance as of December 31, 2018	\$ 2,569,964
Changes for the year:	
Service Cost	79,388
Interest on total OPEB Liability ¹	107,170
Effect on benefit terms	0
Effect on economic/demographic experience	22,295
Effect of assumptions changes or inputs	786,048
Benefit Payments	(71,612)
Other	0
Balance as of December 31, 2019	\$ 3,493,253

⁽¹⁾ Reflects change in liability due to time value of money

⁽²⁾ No plan changes valued

⁽³⁾ Reflects change in discount rate.

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.

GASB 75 was implemented during fiscal year 2018. Information and amounts presented in the County's Comprehensive Annual 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.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 (V.I.T.B), 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 and loans are not reflected in the System-wide statements provided on pages 1 through 4 in this report.

Interfund Fund	Interfund Receivable	Interfund Payable
Veterans Bridge	\$ -	\$ 272,227
Free Trade Bridge	130,008	-
Gateway Bridge	142,219	-
Total	<u>\$ 272,227</u>	<u>\$ 272,227</u>

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 LLP

Brownsville, Texas
March 29, 2021

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 SCHEDULE OF INSURANCE COVERAGE
 SEPTEMBER 30, 2020

INSURER	COVERAGE	AMOUNT OF COVERAGE	POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Zurich American Insurance Company Zurich American Insurance Company	Gateway Bridge property damage Gateway Bridge use and occupancy coverage Maximum per occurrence by earthquake, flood, storm	\$ 15,000,000 7,119,740 64,145,751	7/15/2020 7/1/2020	Bridge physical damage Lost business income	17,150 8,227	\$25,000 all covered losses incl. covered property surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included 14 Day waiting period Aggregate annually in any one occurrence \$25,000 all covered losses incl. covered property surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included 14 Day waiting period
Zurich American Insurance Company Zurich American Insurance Company	Free Trade Bridge property damage Free Trade Bridge use and occupancy Maximum per occurrence by earthquake, flood, storm	\$ 15,000,000 2,444,246 64,145,751	7/1/2020 7/1/2020	Bridge physical damage Lost business income	17,150 8,227	Aggregate annually in any one occurrence \$25,000 all covered losses incl. covered property surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included 14 Day waiting period
Zurich American Insurance Company Zurich American Insurance Company	Veterans Int. Bridge property damage Veterans Int. Bridge use and occupancy Maximum per occurrence by earthquake, flood, storm	\$ 15,000,000 9,581,765 64,145,751	7/1/2020 7/1/2020	Bridge physical damage Lost business income	17,150 8,227	Aggregate annually in any one occurrence \$25,000 all covered losses incl. covered property surveillance eqpt and earthquake, \$10.0M Flood, & Earth Movement, \$250,000 named storm, terrorism included 14 Day waiting period
Massachusetts Bay Insurance Company				Public Employees Theft Forgery or Alteration Onsite Security/Money Theft Outside Premises Computer Fraud Money Orders/Coincident Curr Fund Transfer	7,786 5,000 1,500 1,500 7,500 7,500/5000 7,500	Aggregate annually in any one occurrence 7,500 per loss 5,000 1,500 1,500 7,500 7,500/5000 7,500
Colony Specialty	Excess Property Coverage	5.0M/20.0M	7/1/2020	Building, BPP, BI/Rentals/Other	55,625	10,000 all occurrences
Lloyds of London Velocity Risk Underwriters Carriers Thompson Health & Bond Limited	Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood	582,027 53,608 119,000	7/1/2020 7/1/2020 7/1/2020	Building Contents EDP	5,814	10,000 each occurrence combined for all- repair/replacement cost as listed above as listed above
Lloyds of London Velocity Risk Underwriters Carriers Thompson Health & Bond Limited	Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood	1,735,002 45,784 270,000	7/1/2020 7/1/2020 7/1/2020	Building Contents EDP	8,624	10,000 each occurrence combined for all- repair/replacement cost as listed above as listed above
Lloyds of London Velocity Risk Underwriters Carriers Thompson Health & Bond Limited	Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood Buildings, Ext Coverage, Malicious Mischief, Flood	399,500 25,000 94,000	7/1/2020 7/1/2020 7/1/2020	Building Contents EDP	2,486	10,000 each occurrence combined for all- repair/replacement cost as listed above as listed above
Texas Association of Counties	Automobile Liability - International Toll Bridge System	100,000/300,000 100,000	7/1/2020	Bodily Injury per person/per occurrence Property Damage		Deductible \$1,000
Texas Association of Counties	Auto physical damage, comprehensive/collision	Cash value or cost of repair	7/1/2020	Vehicles		Deductible \$5,000
Texas Association of Counties	General Liability	100,000/300,000 100,000 50,000 500,000 500,000 Per Endorsement	7/1/2020	Bodily Injury per person/per occurrence Property damage per occurrence/aggregate Garage Keepers Liability Employee Benefits Liability Person & Advertising Injury Liability/Aggregate Unmanned Aircraft		Deductible \$5,000 Deductible \$5,000 Deductible \$5,000 Deductible \$1,000 Deductible \$5,000 Deductible \$5,000
Texas Association of Counties	Workers Compensation - self insured	1,000,000 1,000,000 2,000,000	1/1/2018	Death by accident per accident Death by disease each Claimant Aggregate per coverage period	287,527	\$100,000/\$1,000,000 \$100,000/\$1,000,000 \$100,000/\$1,000,000



CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
Year Ended September 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 6,606,365
Accounts Receivable	10,000
Prepaid expenses	31,528
Due from other funds	143,328
Due from other Governments	-

TOTAL CURRENT ASSETS	6,791,221
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RESTRICTED ASSETS

Revenue Bond Debt Service Fund:	
Cash & cash equivalents	394,402
Revenue Bond Operating Reserve Fund:	
Cash & cash equivalents	441,916
Capital Improvements Fund:	
Cash & Cash Equivalents	17,352

TOTAL RESTRICTED ASSETS	853,670
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CAPITAL ASSETS

Depreciable Assets:	
Toll bridges and approaches	4,765,888
Toll booths and equipment	1,446,356
Administration building	437,137
Furniture, fixtures, and equipment	24,972
Vehicles	136,794

Less: accumulated depreciation	(4,980,927)
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Net depreciable assets	1,830,220
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Land	7,823,927
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Construction in Process	116,061
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TOTAL CAPITAL ASSETS	9,770,208
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DEFERRED OUTFLOW OF RESOURCES

Deferred charges on refunding	165,379
Deferred outflow of resources for pensions	127,240
Deferred outflow of resources- OPEB	83,178

TOTAL DEFERRED OUTFLOW OF RESOURCES	375,797
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TOTAL ASSETS	\$ 17,790,896
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CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
Year Ended September 30, 2020

LIABILITIES

LIABILITIES

Current Liabilities (payable from Current Assets):

Accounts payable	\$ 48,665
Wages and fringe benefits payable	13,990
Accrued Uncompensated Absences	6,281
Due to Other Governments	-
Due to Funds	26,557
Total Current Liabilities (payable from Current Assets)	<u>95,493</u>

Current Liabilities (payable from Restricted Assets):

Deposits	20,250
Tax Notes	7,308
Current maturities of Certificates of Obligation	240,415
Capital Lease Payable	41,600
Total Current Liabilities (payable from Restricted Assets)	<u>309,573</u>

Long-Term Liabilities:

Tax Notes	32,601
Certificates of Obligation	2,411,133
Unamortized Premium Costs	6,261
Capital Lease Payable	32,998
Unfunded Actuarial Accrued Liability	611,622
Pension Liability	222,409
Total Long-Term Liabilities	<u>3,317,024</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources for pension	198,935
Deferred inflows of resources-OPEB	121,883
TOTAL DEFERRED INFLOW OF RESOURCES	<u>320,818</u>

TOTAL LIABILITIES	<u>4,042,908</u>
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NET POSITION

Net investment in capital assets	7,180,623
Restricted For:	
Capital Improvements Fund	17,352
Revenue Bond Debt Service	394,402
Revenue Bond Debt Reserve	441,916
Revenue Bond Operating Reserve	250,000
Unrestricted	<u>5,463,695</u>
TOTAL NET POSITION	<u>\$ 13,747,988</u>

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

CAMERON COUNTY, TEXAS
International Toll Bridge system
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2020

OPERATING REVENUES

Tolls	\$ 4,973,577
Rental income	181,351
Miscellaneous	-
TOTAL OPERATING REVENUES	<u><u>5,154,928</u></u>

OPERATING EXPENSES

Salaries	877,370
Employee benefits	391,917
Supplies	22,558
Uniforms	7,826
Audit and legal	6,647
Other Pension Costs	101,453
Other Professional Service	155
Repairs and maintenance	14,198
Travel	
Utilities	36,533
Advertising	489
Insurance	24,477
Contractual	116,718
Depreciation	285,807
Other	6,536
TOTAL OPERATING EXPENSES	<u><u>1,892,684</u></u>

OPERATING INCOME (LOSS)	<u><u>3,262,244</u></u>
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NON-OPERATING REVENUES (EXPENSES)

Interest on investments and receivables	83,652
Interest and fiscal fees on revenue bonds	(124,497)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u><u>(40,845)</u></u>
INCOME BEFORE TRANSFERS	<u>3,221,399</u>
Transfer In	191,676
Transfer Out General Fund	(2,346,556)
Transfer Out I&S Fund	<u><u>(383,025)</u></u>

CHANGE IN NET POSITION	683,494
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Net Position - beginning	13,064,494
Prior Period Adjustment	
Net Position - ending	<u><u>\$ 13,747,988</u></u>

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

CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
Year Ended September 30, 2020

ASSETS

CURRENT ASSETS

Cash & cash equivalents	\$ 317,354
Prepaid expenses	28,861
Due from other funds	<u>130,008</u>
TOTAL CURRENT ASSETS	<u>476,223</u>

RESTRICTED ASSETS

Revenue Bond Debt Service Fund:	
Cash & Cash Equivalents	230,243
Revenue Bond Debt Reserve Fund:	
Cash & Cash Equivalents	259,156
Capital Improvements Fund:	
Cash & Cash Equivalents	<u>27,559</u>
TOTAL RESTRICTED ASSETS	<u>516,958</u>

CAPITAL 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	<u>176,504</u>
	8,449,282
Less: accumulated depreciation	<u>(7,282,008)</u>
Net depreciable assets	1,167,274
Land	911,393
Construction in Progress	<u>-</u>
TOTAL CAPITAL ASSETS	<u>2,078,667</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred outflow of resources for pensions	62,822
Deferred outflow of resources- OPEB	<u>50,184</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>113,006</u>

TOTAL ASSETS	<u>\$ 3,184,854</u>
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CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
Year Ended September 30, 2020

LIABILITIES

LIABILITIES

Current Liabilities (payable from current assets)	
Accounts payable	\$ 51,760
Wages and fringe benefits payable	7,872
Accrued Uncompensated Absences	2,513
Due to other Governments	26,410
Due to other funds	1,411,682
Total Current Liabilities (payable from Current Assets)	<u>1,500,237</u>
Current Liabilities (payable from Restricted Assets):	
Deposits	2,067
Tax notes	4,497
Current Maturities of Certificate of Obligation	26,907
Capital Lease Payable	54,042
Total Current Liabilities (payable from Restricted Assets)	<u>87,513</u>
Long-Term Liabilities:	
Tax Notes	20,682
Certificates of Obligation	207,602
Unamortized discount and issue costs	2,626
Capital Lease Payable	32,999
Unfunded Actuarial Accrued Liability	312,901
Pension Liability	114,891
Total Long-Term Liabilities	<u>691,701</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows of resources for pension	117,290
Deferred inflows of resources-OPEB	72,568
TOTAL DEFERRED INFLOW OF RESOURCES	<u>189,858</u>
TOTAL LIABILITIES	<u>2,469,309</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,756,871
Restricted For:	
Restricted for Capital Improvements	27,559
Restricted for Revenue Bond Debt Service	230,243
Restricted for Revenue Bond Debt Reserve	259,156
Unrestricted	<u>(1,558,284)</u>
TOTAL NET POSITION	<u>\$ 715,545</u>

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

CAMERON COUNTY, TEXAS
International Toll Bridge System
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2020

OPERATING REVENUES

Tolls	\$ 1,919,090
Rental Income	3,600
Miscellaneous	-
TOTAL OPERATING REVENUES	<u>1,922,690</u>

OPERATING EXPENSES

Salaries	464,618
Employee benefits	206,306
Supplies	20,601
Uniforms	4,843
Audit and legal	6,647
Other Pension Costs	61,409
Other Professional Service	8,000
Advertising	8,487
Repairs and maintenance	27,739
Travel and Training	0
Utilities	55,634
Insurance	24,796
Contractual	97,518
Depreciation	208,437
Other	8,791
TOTAL OPERATING EXPENSES	<u>1,203,826</u>

OPERATING INCOME (LOSS)	<u>718,864</u>
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NON-OPERATING REVENUES (EXPENSES)

Intergovernmental agreement-Hgn. & San Benito	(340,364)
Interest on investments and receivables	8,021
Interest on revenue bonds & fiscal fees	<u>(18,561)</u>
TOTAL NON-OPERATING	
REVENUES (EXPENSES)	<u>(350,904)</u>
INCOME BEFORE TRANSFERS	<u>367,960</u>
Transfer Out General Fund	(354,054)
Transfer Out I&S Fund	(143,180)
Transfer In Operating	<u>229,172</u>
CHANGE IN NET POSITION	99,898
Net Position - beginning	615,647
Prior Period Adjustment	<u>-</u>
Net Position - ending	<u>\$ 715,545</u>

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

CAMERON COUNTY, TEXAS
International Toll Birdge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
Year Ended Sptember 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,566,608
Accounts Receivable	-
Prepaid Expenses	43,142
Due from other funds	3,115
	<hr/>
TOTAL CURRENT ASSETS	1,612,865
	<hr/>

RESTRICTED ASSETS

Revenue Bond Debt Service Fund:	
Cash and cash equivalents	946,873
Revenue Bond Debt Reserve Fund:	
Cash and cash equivalents	1,259,820
	<hr/>
TOTAL RESTRICTED ASSETS	2,206,693
	<hr/>

CAPITAL ASSETS

Depreciable Assets:	
Toll bridges and approaches, and toll booths	2,696,179
Administration building	27,553,631
Furniture, fixtures, and equipment	1,286,987
Vehicles	343,584
	<hr/>
	31,880,381
Less: accumulated depreciation	(17,975,301)
Net depreciable assets	<hr/> 13,905,080
Land	577,403
Construction in Progress	-
	<hr/>
TOTAL CAPITAL ASSETS	14,482,483
	<hr/>

DEFERRED OUTFLOW OF RESOURCES

Deferred charges on Refunding	206,677
Differences between projected and actual earnings-Med	154,693
Differences between projected and actual earnings-Ret	85,851
	<hr/>
TOTAL DEFERRED OUTFLOW OF RESOURCES	447,221
	<hr/>
TOTAL ASSETS	\$ 18,749,262
	<hr/>

CAMERON COUNTY, TEXAS
International Toll Bridge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
Year Ended September 30, 2020

LIABILITIES

LIABILITIES

Current Liabilities (payable from Current Assets):

Accounts payable	\$ 37,730
Wages & Fringes Payable	21,123
Accrued Uncompensated Absences	56,802
Deposits	271,149
Due to Other governments	229,131
Due to Other Funds	1,085,504
Total Current Liabilities (payable from Current Assets)	<u>1,701,439</u>

Current Liabilities (payable from Restricted Assets):

Reserve	75,689
Tax Notes	10,910
Current Maturities of Revenue & CO Bonds	533,217
Capital Lease Payable	47,434

Total Current Liabilities (payable from Restricted Assets)	<u>667,250</u>
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Long-Term Liabilities:

Tax Notes	49,898
Certificates of Obligation	4,869,403
Unamortized Premium Costs	9,227
Capital Lease Payable	34,227
Unfunded Actuarial Accrued Liability	738,040
Pension Liability	260,089
Total Long-Term Liabilities	<u>5,960,884</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources for pensions	215,812
Deferred inflow of resources-OPEB	128,419

TOTAL DEFERRED INFLOW OF RESOURCES	<u>344,231</u>
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TOTAL LIABILITIES	<u>8,673,804</u>
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NET POSITION

Net investment in capital assets	9,134,844
Restricted For:	
Revenue Bond Debt Service	946,873
Revenue Bond Debt Reserve	1,259,820
Unrestricted	<u>(1,266,079)</u>

TOTAL NET POSITION	<u>\$ 10,075,458</u>
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The notes to the financial statements are an integral part of this statement.

International Toll Bridge System
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2020

OPERATING REVENUES

Tolls	\$ 8,433,604
Rental Income	1,000
Miscellaneous	1,400
TOTAL OPERATING REVENUES	<u>8,436,004</u>

OPERATING EXPENSES

Salaries	1,340,684
Employee benefits	560,432
Supplies	50,633
Uniforms	12,949
Audit and legal	6,647
Other Pension Costs	104,123
Other professional services	13,225
Repairs and maintenance	62,440
Travel and Training	5,205
Utilities	77,117
Advertising	10,349
Insurance	33,742
Contractual	182,836
Depreciation	1,072,547
Other	47,078
TOTAL OPERATING EXPENSES	<u>3,580,007</u>

OPERATING INCOME (LOSS)

4,855,997

NON-OPERATING REVENUES (EXPENSES)

Intergovernmental agreement-City of Brownsville	(2,342,865)
Interest on investments and receivables	64,611
Interest on revenue bonds & fiscal fees	<u>(254,245)</u>

TOTAL NON-OPERATING REVENUES (EXPENSES)

(2,532,499)

INCOME BEFORE TRANSFERS

2,323,498

Transfer Out General Fund	(2,379,277)
Transfer Out I&S Fund	(396,396)
Transfer (Operating)	<u>(420,848)</u>

CHANGE IN NET POSITION

(873,023)

Net Position - beginning	10,948,481
Prior Period Adjustment	<u>-</u>
Net Position - ending	<u>\$ 10,075,458</u>

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



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

<u>DUE</u>	<u>Principal February/November</u>	<u>Interest February/November</u>	<u>Interest August/November</u>	<u>Fiscal Year Requirements</u>
2021	800,539	149,431	131,125	1,081,095
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	38,703	1,047,005
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	322,247	9,286	4,785	336,318
2031	330,828	4,785	-	335,613
TOTAL	<u>\$ 8,288,677</u>	<u>\$ 720,663</u>	<u>\$ 567,788</u>	<u>\$ 9,577,128</u>

Cameron County, Texas
\$4,494,300 Certificates of Obligation, Series 2011

	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2021	222,141	4,443	-	226,584
TOTAL	<u>\$ 222,141</u>	<u>\$ 4,443</u>	<u>\$ -</u>	<u>\$ 226,584</u>

Cameron County, Texas
\$6,031,072 Limited Tax Refunding Bonds, Series 2015

	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2021	538,132	108,551	95,098	741,781
2022	566,454	95,098	80,936	742,488
2023	594,777	80,936	66,067	741,780
2024	624,766	66,067	50,448	741,281
2025	656,421	50,448	34,037	740,906
2026	659,753	34,037	17,543	711,333
2027	688,075	17,543	7,222	712,840
2028	481,485	7,223		488,708
TOTAL	<u>\$ 4,809,863</u>	<u>\$ 459,903</u>	<u>\$ 351,351</u>	<u>\$ 5,621,117</u>

Cameron County, Texas
\$3,333,778 Limited Tax Refunding Bonds Series 2019

	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2021	40,266	36,437	36,027	112,730
2022	526,883	36,027	30,513	593,423
2023	271,717	33,956	31,061	336,734
2024	276,484	31,061	27,977	335,522
2025	283,158	27,977	24,680	335,815
2026	289,832	24,680	21,160	335,672
2027	297,459	21,160	17,452	336,071
2028	305,086	17,452	13,496	336,034
2029	312,713	13,496	9,286	335,495
2030	322,247	9,286	4,785	336,318
2031	330,828	4,785		335,613
TOTAL	<u>\$ 3,256,673</u>	<u>\$ 256,317</u>	<u>\$ 216,437</u>	<u>\$ 3,729,427</u>

Cameron County, Texas
\$125,896 Tax Notes , Series 2020

TOTAL

**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, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2021.

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 29, 2021