

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



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

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
SEPTEMBER 30, 2023

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**COUNTY AUDITOR
CAMERON COUNTY, TEXAS
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(956) 544-0822**

**Lorena Hernandez, CPA
COUNTY AUDITOR**

April 9, 2024

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

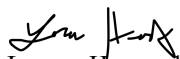
Honorable County Judge and Commissioners:

The Cameron County International Toll Bridge System's Annual Financial Report for the fiscal year ended September 30, 2023 is hereby submitted in compliance with Chapter 114 of the Local Government Code. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosure, rests with the County Auditor, as Chief Finance Officer of the County. To the best of our knowledge, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the Cameron County International Toll Bridge System, including all disclosures necessary to enable the reader to gain an understanding of its financial activities.

The management of the Cameron County International Toll Bridge System is responsible for maintaining an internal control system designed to insure that the assets of the Bridge 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 Bridge 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 the Bridge System's financial statements. County management has made available to the independent auditors direct access to County officers and employees and all of the County's financial records and related data.

Sincerely,



Lorena Hernandez, CPA
County Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court Cameron County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Cameron County, Texas International Toll Bridge System, an enterprise fund of Cameron County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cameron County, Texas International Toll Bridge System, as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cameron County, Texas International Toll Bridge System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Cameron County, Texas 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, 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cameron County, International Toll Bridge System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cameron County, Texas International Toll Bridge's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024, on our consideration of the Cameron County, Texas International Toll Bridge System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cameron County, Texas International Toll Bridge System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron County, Texas International Toll Bridge System's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
April 9, 2024

CAMERON COUNTY
INTERNATIONAL TOLL BRIDGE SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

This discussion and analysis of the Cameron County International Toll Bridge System's ("Bridge System") financial performance provides an overview of the financial activities for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the accompanying basic financial statements and related notes to those financial statements. The Bridge System is an enterprise fund of Cameron County, Texas ("County") and is self-sustaining for all of its operations as well as serving as a valuable funding source for the County.

Financial Highlights

Bridge System total assets and deferred outflows exceeded total liabilities and deferred inflows by \$24,155,406. Of this amount, 6% or \$1,361,187 is restricted debt service and reserve. As required by GASB 34, net position also reflects \$16,687,277 that is net investment in capital assets. With the presentation of the net investment in capital assets, unrestricted net position is \$6,106,942. FY 2023 toll revenue from bridge traffic increased by 19% from FY 2022 and exceeded FY 2019 (pre-COVID 19 travel restrictions) levels.

Overview of the Basic Financial Statements

The Bridge System's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Bridge System's basic financial statements consists of the 1) statement of net position, 2) statement of revenues, expenditures, and changes in net position, 3) the statement of cash flows and 4) notes to the financial statements.

The basic financial statements are designed to provide readers with a broad overview of the Bridge System finances in a manner similar to a private sector business. They present the financial picture of the Bridge System from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Bridge System (including capital assets) as well as all liabilities (including long-term debt).

The statement of net position presents information on all Bridge System assets, liabilities, deferred outflows, and deferred inflows with the difference reported as net position. Increases or decreases in net position serve as a useful indicator of whether the financial position of the Bridge System is improving or deteriorating.

The statement of revenues, expenditures and changes in net position presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statement of cash flows presents information on all Bridge System sources of cash and cash equivalents and the uses of cash and cash equivalents. Specific information about operating cash flows, investing cash flows, and financing cash flows are presented along with information about material non-cash events.

The notes to the basic financial statements present additional information that is essential to a full understanding of the data provided in the basic financial statements.

Condensed Statements of Net Position

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

The Bridge System net position for the fiscal years ended September 30, 2023, and 2022, is summarized as follows:

	<u>FY 2023</u>	<u>FY 2022</u>
Current assets	\$ 27,111,025	\$ 28,865,388
Non-current assets	1,324,998	2,918,239
Capital assets (net of depreciation)	<u>26,056,835</u>	<u>26,106,964</u>
Total Assets	54,492,858	57,890,591
Deferred outflow of resources	1,733,364	1,877,635
Current liabilities	17,118,248	17,041,388
Long term liabilities	<u>12,817,478</u>	<u>13,221,961</u>
Total Liabilities	29,935,726	30,263,349
Deferred inflow of resources	2,135,090	5,238,382
Net position:		
Net investment in capital assets	16,687,277	16,776,431
Restricted	1,361,187	444,600
Unrestricted	<u>6,106,942</u>	<u>7,045,464</u>
Total Net Position	\$ 24,155,406	\$ 24,266,495

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Condensed Statement of Revenues, Expenditures and Changes in Net Position

The below condensed statement of revenues, expenditures, and changes in net position reflect a comparison for FY 2023 and 2022. Changes in revenues and expenses are monitored monthly and compared to budgetary data. Any operating modifications are addressed by the Bridge Manager. The Fiscal Year 2022 prior year period adjustment resulted from the County's implementation of GASB Statement No.87 – Leases.

	FY 2023	FY 2022
Operating Revenues:		
Tolls	\$ 22,452,888	\$ 18,905,562
Rental income	240,717	371,167
Other	13,386	226,124
Total Operating Revenues	22,706,991	19,502,853
Operating Expenses:		
Personnel services	2,976,141	2,999,165
Operations & maintenance	1,565,792	1,191,424
Depreciation	1,347,411	1,394,329
Total Operating Expenses	5,889,344	5,584,918
Operating Income	16,817,647	13,917,935
Non-Operating Revenues (Expenses):		
Interest income	909,048	200,131
Amortization of bond discount	(35,717)	(35,717)
Amortization of bond premium	4,411	3,153
Aid to other governments	(5,578,047)	(3,973,665)
Transfers in(out)	(11,741,877)	(9,528,549)
Interest and fiscal charges	(486,554)	(422,207)
Change in Net Position	(111,089)	161,081
Net Position - beginning	24,266,495	24,075,486
Prior period adjustment	-	29,928
Net position - ending	\$ 24,155,406	\$ 24,266,495

Operating revenues totaled \$22,706,991, an increase of \$3,204,138 or 16% over FY 2022, caused primarily by increases in toll revenues of \$3,547,326. Operating expenses increased by \$304,426 or 5% from FY 2022. GASB 68 and GASB75 require reporting standards for public pension plans and participating employers. Actuarial assumptions for determining the net pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different per GASB 68. Recognition of costs per GASB 68 were allocated to Bridge system based on census data as of the report date. Non-operating costs before transfers increased by \$1,668,729 in comparison to FY 2022 partly due to transfers out and increases in aid to other governments as per interlocal agreements. The FY 2023 total change in net position resulted in \$(111,089).

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Summary of Capital Assets

The Bridge System had \$26,056,835 in capital assets (net of accumulated depreciation). General capital assets include land, buildings, improvements, construction in progress, furniture and fixtures, autos and equipment. The Bridge System's capital assets, net of accumulated depreciation as of September 30, 2023 and 2022 are as follows:

	FY 2023		FY 2022	
Depreciable Capital Assets:				
Toll bridges and approaches	\$	38,944,752	\$	38,944,752
Toll booths and equipment		3,567,374		3,567,374
Buildings		3,986,961		3,986,961
Furniture and fixtures		50,990		50,990
Autos and machinery		656,882		656,882
Less accumulated depreciation		(34,411,084)		(33,063,673)
Net Depreciable Capital Assets		12,795,875		14,143,286
Construction in progress		3,948,238		2,650,956
Land		9,312,722		9,312,722
TOTAL CAPITAL ASSETS, NET	\$	26,056,835	\$	26,106,964

Debt Administration

At September 30, 2023, the Bridge System had certificates of obligation payable of \$11,418,307 of which \$1,111,249 is payable in fiscal year 2024.

At September 30, 2023, the Bridge System had tax notes payable of \$144,086 of which \$29,714 is payable in fiscal year 2024.

REPORT ON BRIDGE SYSTEM OPERATIONS

GATEWAY INTERNATIONAL BRIDGE

Gateway International Bridge links the downtown business districts of Brownsville and Matamoros and is primarily used for local traffic, maquiladora employees, tourists and pedestrian traffic. Eighty percent of the pedestrian traffic in Brownsville uses this bridge to go from downtown Brownsville to Matamoros and vice versa. Gateway International Bridge is the only bridge in the system that is operational twenty-four hours a day and is 100% owned and operated by Cameron County. Several Duty-Free stores operate close to the bridge attracting pedestrians to this bridge. The West/East University Blvd., parallel to Texas Southmost College and the newly created University of Texas Rio Grande Valley (UTRGV), connects Gateway Bridge with the Southmost area in Brownsville, which is one of the fastest growing areas in the County. This road is an excellent connection between Gateway International Bridge and the Veterans International Bridge at Los Tomates. The East Loop Project will be a most viable method of transportation, once completed, for this bridge and the Veterans Bridge. The General Services Administration (GSA) has fully funded the modernization of the Gateway port of entry. GSA will make an \$200 million investment in the modernization of the port. The County is currently working with GSA on design layouts as it will impact the entrance to the County's toll gantries. GSA is scheduled to have construction begin by the second quarter of 2025.

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 as per interlocal agreements. 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.

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, (FTZ) providing the cities of Harlingen and San Benito with an excellent marketing tool. Any activation of the FTZ is done through U.S. Customs.

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 ANAM, 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. Cameron County is working with U.S. Customs and GSA on a DAP project to modernize the Export Lot and allow U.S. Customs to do joint inspection with Mexican Customs.

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 as per interlocal agreements. 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 6,500 vehicles including about 1,100 trucks. Security issues on the Mexican border continue to impact traffic crossings. This bridge has improved the movement of goods and services on NAFTA highway trade routes. The reduction of time delays at this international border has served as an economic stimulus for the Brownsville region and across the U.S. Directly across the border in Matamoros, the bridge is located in a highly commercial and retail area of the community connecting directly into the city's inner and outer loops. Completion of capital improvements in this area have reduced travel time to the Matamoros airport to just fifteen minutes from the Veterans International Bridge at Los Tomates. The City of Matamoros has also completed construction of the last phase of the outer loop that would connect to the west side of Matamoros and connecting to the Monterrey highway; construction of two overpasses on the Manuel Cavazos Periferico that has shifted more traffic to the Veterans International Bridge at Los Tomates. The city of Matamoros constructed a 1,500-foot portion of Accion Civica that goes from Avenida Lauro Villar to Roberto Guerra Street thus reducing daily traffic congestion. Additionally overpass construction over Roberto Guerra Street has allowed users to avoid this busy intersection. Three additional overpass improvements are funded and planned along this main route that will allow for a better flow of traffic.

On the U.S. side the Veterans International Bridge at Los Tomates is the southernmost starting point of Interstate 69E (I69E). TxDot has invested over thirty-five million dollars in highway improvements to connect to the bridge and to provide access. Cameron County has completed construction and is continuing capital improvements projects that will expand the commercial

and vehicle capacity at this bridge and better facilitate needed secondary inspection stations. Through participation in the Donations Acceptance Program (DAP), a commercial expansion project has been completed that has increased commercial inspection lanes from two to six. Two (2) X-ray inspection machines were installed on December 2020. Cameron County has partnered with Customs Border Protection and General Services Administration in an MOU for the expansion of the existing Federal Customs and Border Protection Primary and Secondary Vehicle Inspection Stations. Once completed, capacity of northbound vehicular lanes will be doubled. Plans call for this additional canopy to encompass four–station inspection booths for vehicular traffic, an additional bay for secondary vehicular inspection, a separate bus x-ray inspection station and an elevated platform Command Center in the secondary inspection area for passenger vehicles. The Project design phase is complete and construction is expected to be completed in summer of 2024.

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

CAPITAL IMPROVEMENTS

VETERANS INTERNATIONAL BRIDGE PRIMARY LANE EXPANSION PROJECT

Cameron County has partnered with CBP and General Services Administration (GSA) in a 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. The project is about 90% complete and should be completed by summer 2024. Once the additional lanes are operational, the Veterans Bridge will be open 24 hours a day. With the on-going activity at the Port of Brownsville and Space X, we are positioning ourselves to capture the majority of traffic that those facilities are creating. CBP has invested well over \$15 million in technology improvements to make it the most technology advanced bridge on the southwest border between Brownsville, Texas and San Diego, California.

EAST LOOP PROJECT

The East Loop 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. The East Loop project is approximately 10 miles long and will include the construction of a four-lane roadway divided highway from SH4 to the Veterans International Bridge and I69E (US77/83). Construction costs for the East Loop project is estimated at \$215Million. Environmental assessment has been 90% completed and approval is projected for December 2024. Construction is tentatively expected to begin in 2027. The East Loop 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. This project is on Txdot’s UTP and we expect that a large majority of the funding will come from the state.

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 FY23 for this future project. The County is pending the issuance of a Presidential Permit by the U.S. Department of State in June 2024.

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. For FY 2023, collections totaled \$4,153,003 in AVI revenues which represents 18% of the total toll revenues collected. Clients that do not utilize the AVI payment system pay a slightly higher rates as listed below to encourage commercial traffic to utilize the automated payment process as it is more efficient.

TOLL RATES

The following schedule illustrates the toll rates for the fiscal year ended September 30, 2023 and in effect as of October 1, 2023:

Classification	As of 10/1/2023		FY 2022 (Oct 2022-Sep2023)	
	AVI	Non-AVI Rate	AVI	Non-AVI Rate
Pedestrian/Bike	\$1.00	1.00	\$1.00	1.00
Motorcycle	3.75	4.00	3.75	4.00
Auto	3.75	4.00	3.75	4.00
Bus	10.00	10.00	10.00	10.00
Commercial Vehicles:				
Two Axle	9.50	11.00	9.50	11.00
Three Axle	13.50	15.00	13.50	15.00
Four Axle	15.50	17.25	15.50	17.25
Five Axle	19.25	22.00	19.25	22.00
Six Axle	23.25	25.00	23.25	25.00

CROSSINGS

As of the end of September 30, 2023, a total of 5,744,427 vehicles and pedestrians crossed into Mexico through the County’s International Bridges.

Bridge System Crossing Summary				Revenue Summary		
FY	Vehicle & Other	Pedestrian	Total	Vehicle & Other	Pedestrian	Total
2019	3,465,912	2,316,455	5,782,367	\$ 17,951,348	\$ 2,316,455	\$ 20,267,803
2020	2,637,052	1,488,046	4,125,098	\$ 13,838,364	\$ 1,488,046	\$ 15,326,410
2021	2,716,535	944,857	3,661,392	\$ 14,650,524	\$ 944,857	\$ 15,595,381
2022	3,583,955	1,221,624	4,805,579	\$ 17,683,919	\$ 1,221,624	\$ 18,905,543
2023	4,033,392	1,711,035	5,744,427	\$ 20,741,853	\$ 1,711,035	\$ 22,452,888

CROSSINGS BY CATEGORY

	FY 2023	%	FY 2022	%
Autos & Motorcycles	3,570,331	62.2%	3,201,276	66.6%
Commercial Vehicle	276,007	4.8%	250,715	5.2%
Bikes	30,301	.5%	27,853	.6%
Buses	3,892	.1%	3,451	.1%
Transmigrant	40,022	.7%	62,427	1.3%
Misc.	112,839	1.9%	38,233	.8%
Pedestrian	1,711,035	29.8%	1,221,624	25.4%
Total	5,744,427	100.0%	4,805,579	100.0%

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 security concerns. Major developments expected to have a negative impact on the bridge crossings next fiscal year is the continuation of the security issues in Mexico. National security continues to be a number one priority in the U.S. and the Department of Homeland Security's presence is felt at all bridge crossings. Additionally as conflicts continue in the Middle East, we will continue to experience thorough inspections from the Department of Homeland Security, thus increasing the long crossing wait times for tourists and commercial traffic. Due to the drug cartel violence, the Mexican military's presence continues along the U.S./Mexico border.

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

Competition

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

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

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

CONCLUSION

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

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

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current Assets - Unrestricted:	
Cash & cash equivalents	\$ 22,594,526
Accounts receivable	163,692
Leases receivable	219,719
Due from other funds	203,021
Prepays	128,287
Total Current Assets - Unrestricted	23,309,245
Current Assets - Restricted:	
Gateway Bridge Debt Service :	
Cash & cash equivalents	251,255
Gateway Bridge Operating Reserve:	
Cash & cash equivalents	250,000
Free Trade Bridge Debt Reserve:	
Cash & cash equivalents	161,673
Free Trade Bridge Debt Service:	
Cash & cash equivalents	171,315
Free Trade Bridge Construction Fund:	
Cash & cash equivalents	884,069
Veterans International Toll Bridge Debt Reserve:	
Cash & cash equivalents	282,927
Veterans International Toll Bridge Debt Service:	
Cash & cash equivalents	494,017
Veterans International Toll Bridge Construction Fund:	
Cash & cash equivalents	1,056,524
Veterans International Toll Bridge Operating Reserve:	
Cash & cash equivalents	250,000
Total Current Assets - Restricted	3,801,780
Non-Current Assets:	
Depreciable Assets:	
Toll bridges and approaches	38,944,752
Toll booths and equipment	3,567,374
Buildings	3,986,961
Furniture and fixtures	50,990
Autos and machinery	656,882
Less: accumulated depreciation	(34,411,084)
Net Depreciable Capital Assets	12,795,875
Construction in progress	3,948,238
Land	9,312,722
Total Capital Assets, net	26,056,835
Lease receivable, non-current	1,324,998
TOTAL ASSETS	54,492,858
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred charges on refunding	264,904
Deferred outflow of resources-Pension	1,221,644
Deferred outflow of resources-OPEB	246,816
TOTAL DEFERRED OUTFLOW OF RESOURCES	1,733,364
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 56,226,222

(continued)

See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$	117,807
Wages & fringe payable		63,686
Due to other agencies		1,449,596
Due to other funds		13,467,682
Unearned revenue		410,118
Compensated absences payable		37,197
Accrued interest payable		54,632
Tax notes, current		29,714
Bonds, current		1,111,249
Net pension liability		309,484
OPEB liability		67,083
Total Current Liabilities		17,118,248

Long-Term Liabilities:

Compensated absences payable		14,554
Leasehold deposits		18,750
Tax notes, non-current		127,034
Bonds, non-current		10,307,058
Net pension liability		742,265
OPEB liability		1,607,817
Total Long-Term Liabilities		12,817,478

TOTAL LIABILITIES		29,935,726
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DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources-Leases		1,482,475
Deferred inflows of resources-Pension		203,696
Deferred inflows of resources-OPEB		448,919
TOTAL DEFERRED INFLOW OF RESOURCES		2,135,090

TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		32,070,816
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NET POSITION

Net investment in capital assets		16,687,277
Restricted For:		
Bond debt service		916,587
Bond debt reserve		444,600
Unrestricted		6,106,942
TOTAL NET POSITION		24,155,406

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	56,226,222
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See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

<u>OPERATING REVENUES</u>	
Tolls	\$ 22,452,888
Rental income	240,717
Other	13,386
TOTAL OPERATING REVENUES	22,706,991
 <u>OPERATING EXPENSES</u>	
Salaries and wages	2,165,555
Fringe benefits & payroll taxes	1,075,829
Supplies	110,411
Uniforms	21,321
Auditing	19,941
Pension	(37,751)
OPEB	(227,492)
Professional services	90,000
Repairs and maintenance	190,066
Utilities	164,386
Advertising	26,553
Insurance	138,668
Contractual	705,662
Depreciation	1,347,411
Other	98,784
TOTAL OPERATING EXPENSES	5,889,344
OPERATING INCOME (LOSS)	16,817,647
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Aid from(to) other governments	(5,578,047)
Interest income	909,048
Interest and fiscal charges	(486,554)
Amortization of bond discount	(35,717)
Amortization of bond premium	4,411
TOTAL NON-OPERATING REVENUES (EXPENSES)	(5,186,859)
INCOME BEFORE TRANSFERS	11,630,788
Transfer in	167,162
Transfer (out)	(11,909,039)
CHANGE IN NET POSITION	(111,089)
Net Position - beginning	24,266,495
Net Position - ending	\$ 24,155,406

See accompanying notes to the financial statements.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows From Operating Activities:	
Cash received from customers	\$ 22,451,421
Cash received from other operating activities	263,055
Cash payments for goods and services	(2,428,636)
Cash payments to employees	(3,290,544)
Net Cash Provided by Operating Activities	<u>16,995,296</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers in	167,162
Transfers (out)	(11,909,039)
Interfund loan repayments	(192,822)
Net Cash Used for Non-Capital Financing Activities	<u>(11,934,699)</u>
Cash Flows From Capital and Related Financing Activities:	
Intergovernmental agreements	(4,893,804)
Payments for capital acquisitions	(1,297,282)
Principal payments on long-term debt	(1,052,963)
Interest and fiscal agent fees	(516,794)
Net Cash Used for Capital and Related Financing Activities	<u>(7,760,843)</u>
Cash Flows From Investing Activities:	
Receipts of interest	<u>909,048</u>
Net Cash Provided by Investing Activities	<u>909,048</u>
Net increase (decrease) in cash and cash equivalents	(1,791,198)
Cash and cash equivalents at beginning of year	<u>28,187,504</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 26,396,306</u>
Displayed as:	
Unrestricted cash and cash equivalents	22,594,526
Restricted cash and cash equivalents	<u>3,801,780</u>
	<u>\$ 26,396,306</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 16,817,647
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	1,347,411
Post employment benefits	(227,492)
Pension	(37,751)
(Increase) decrease in accounts receivable	8,951
(Increase) decrease in prepaids and other assets	(18,942)
Increase (decrease) in accounts payable	(843,903)
Increase (decrease) in wages and fringe payable	5,154
Increase (decrease) in compensated absences payable	(54,314)
Increase (decrease) in customer deposits	(1,465)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 16,995,296</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies

The financial statements of Cameron County International Toll Bridge System (the “Bridge System”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the Bridge System are described in the following notes to the financial statements.

A. Reporting Entity

Cameron County, Texas, (“County”), a public corporation and a political subdivision of the State of Texas, through its Bridge 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 is located 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 Bridge System is an enterprise fund of County and is self-sustaining for all of its operations as well as a valuable funding tool for the County. The accompanying financial statements have been prepared on the “economic resources” measurement focus using the accrual basis of accounting. The Bridge System reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods and services. The Bridge System applies GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* (GASB 34) as amended by GASB Statement 37. This Statement established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposed into the following net position categories:

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

Restricted: Net position whose use by the Bridge System is subject to externally imposed stipulations that can be fulfilled by actions of the Bridge System pursuant to those stipulations or that expire by the passage of time.

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

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (continued)

GASB Statement No. 87, *Leases* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

C. Cash and Cash Equivalents

The Bridge System considers cash on hand and deposits at banks as well as all highly liquid investments purchased with a maturity of three (3) months or less or with no stated maturity to be cash equivalents. The Bridge System records investments at fair value in accordance with provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools as superseded by GASB Statement No. 72, Fair Value Measurement and Application. All investment income is recognized as revenue in the statement of revenues, expenditures and changes in net position.

D. Receivables

Reimbursements and billable services are recorded as receivables and revenues when they are earned in the Bridge System statements.

Lending or borrowing between County funds is reflected as "due to or from".

E. Inventories and Prepaid items

Inventory and prepaids consists of expendable supplies held for consumption. Inventory is valued at average cost. The cost is recorded as expenditure at the time the inventory and prepaid items are used.

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Leases

Leases are defined as contractual agreements that conveys control of the right-to-use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right-to-use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessor, the Bridge System recognizes a lease receivable and a corresponding deferred inflow of resources is measured at the present value of lease payments expected to be received during the lease term discounted at either the explicit interest rate or the Bridge's System estimated rate of return on investment. Under the lease agreements, the Bridge System may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

G. Capital Assets

Capital assets are defined as assets with a cost value of \$5,000 or more and a useful life greater than a reporting period. The costs of normal maintenance and repairs that do not add value or materially extend assets lives are not capitalized. Constructed or purchased assets are recorded at historical cost. Depreciation is provided over the estimated useful lives on a straight-line basis over the following estimated useful lives:

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

H. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Bridge System deferred outflows consist of deferred costs on refunding debt obligations that are applicable to future period(s). In reporting advance refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as deferred charges on refunding and reported as a deferred outflow of resources. These costs are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt. For the fiscal year ended September 30, 2023, deferred outflow of resources due to refunding debt was recognized under the Bridges System statements of \$264,904.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Deferred Outflows/Inflows of Resources (continued)

The Bridge System reports changes in Net OPEB Liability as OPEB expense or reported as deferred outflows/inflows of resources depending on the nature of the change. The OPEB expense totaled \$113,061 for the fiscal year ended September 30, 2023.

The Bridge System reports deferred outflows/inflows of resources related to its pension. For the fiscal year ended September 30, 2023 pension expense/(income) totaled \$401,232 and deferred outflows/inflows were as follows:

- Pension contributions after the measurement date – these contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension costs – investment (gains)/losses are recognized in pension expense over a period of five years.
- Difference in expected and actual pension experience – economic/demographic (gains)/losses and assumption changes or inputs are recognized over the rounded average remaining service life for all active, inactive, and retired members.

I. Compensated Absences

A liability for unused vacation and compensatory time for all full time employees is calculated and reported in the Bridge System statements. For financial reporting, the following criteria must be met to be considered compensated absences;

- a. leave or compensation is attributable to services already rendered
- b. leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the Bridges System statements.

The Bridge's System permanent, full-time employees accrue vacation leave at 3.08 hours per biweekly pay period from date of employment to five years of service, 4.62 hours per pay period from 5 years to 15 years of service and 6.16 hours per pay period in excess of 15 years of continuous employment. The maximum accrual is two, three or four weeks of vacation for the respective accrual categories specified. Upon termination from Bridge System employment, an employee shall be entitled to payment for total accrued but unused hours of vacation.

J. Unemployment and Workers' Compensation Benefits

The Bridges System is a reimbursing employer for unemployment compensation benefits. The Bridge System processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources.

K. Long-Term Obligations

In the Bridge System financial statements, long-term debt and other long-term obligations are reported as liabilities under the statement of net position. Bond/Tax Note premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bond/tax note. Issuance costs are recognized as an expense in the period incurred.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

L. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Subsequent Events

Management has evaluated subsequent events through April 9, 2024, the date the financial statements were available to be issued.

Note 2 – Deposits, Including Certificates of Deposit

The Bridge System considers account balances in demand deposit accounts and certificates of deposit with a maturity of less than three months to be cash equivalents. It is the Cameron County’s policy for cash to be 105% secured by collateral valued at market or par, whichever is lower, less the amount insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2023, the Bridge System cash, cash equivalents and restricted cash totaled \$26,396,306. Demand deposits were insured by the County’s depository institution at \$250,000 through FDIC and collateralized for amounts above the FDIC limits by pledged securities in the Cameron County’s name. Collateral that is pledged to Cameron County complies with the depository contract requirements, County Investment Policy and Procedures Section 9.01 and Government Code Title 10, Chapters 2256 and 2257.

GASB 72, *Fair Value Measurement and Application* requires disclosures regarding investments that calculate net asset value per share (or its equivalent). It addresses accounting and financial reporting issues related to fair value measurements by providing guidance for determining fair value for financial reporting purposes. All investments of the Bridge System have a determining fair value for financial reporting purposes.

GASB 79, *Certain External Investment Pools and Pool Participation* certain disclosures for an external investment pool to measure investments at amortized cost for financial reporting purposes. Cameron County’s participation in investment pools does not meet the reporting criteria of this statement.

As of September 30, 2023, the Bridge System’s carrying amount of deposits and investments are illustrated below:

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and cash equivalents	\$22,594,526
<u>Restricted Assets:</u>	
Construction Fund	
Cash and cash equivalents	1,940,593
Bond Debt Reserve Fund	
Cash and cash equivalents	444,600
Bond Debt Service Fund	
Cash and cash equivalents	916,587
Operating Reserve Fund	
Cash and cash equivalents	<u>500,000</u>
TOTAL	<u>\$26,396,306</u>

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 3 – Investments

Investments are under the custody of the Cameron County Treasurer. Investing is performed in accordance with investment policies complying with State Statutes (Texas Government Code, Title 10, Chapter 2256 V.T.C.A GOVT Sec. 2256, as amended by Act 1995, 74th Legislature, Chapter 402, Section 1, effective September 1, 1995). This law requires the government entity to maintain safety of principal, maintenance of adequate liquidity, desired diversification to maximize rate of return with the previous considerations and have portfolio maturities structured to achieve the highest rate of return of interest consistent with liquidity requirements of the cash needs. The County’s Investment Policy and Funds Strategy is consistent with this law and states that it will be the objective of Cameron County to earn the maximum rate of return on its investments within the policies imposed by its safety and liquidity objectives and state and federal law governing investment of public funds.

Custodial Credit Risk – In accordance with the County’s investment policy, the County shall require monthly reports with market values of pledged securities from all financial institutions with which the County has collateralized deposits. The Investment Officer will monitor adequacy of collateralization levels to verify market values and total collateral positions.

Credit Risk - The County identifies and manages credit risk by following the Investment Policy. The Investment Officer implements its investment strategy, establishes and monitors compliance with investment policies and procedures and consistently monitors prudent risk controls. The Cameron County seeks to control its risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act.

The County specifically addresses credit risk in stating that all county funds are fully collateralized or insured consistent with federal and state law in one or more of the following manners:

- FDIC insurance coverage
- United States Government Bonds, Notes and Bills,
- Securities of federally sponsored U. S. Agencies and instrumentality’s of the United States Government and/or obligations, including Letters of credit, of the United States or its agencies and instrumentalities,
- Letters of credit of the United States or its agencies and instrumentalities,
- No Collateralized Mortgage Obligations are acceptable.

Concentration of Credit Risk – In accordance with the Investment Policy, the County will manage its credit risk exposure through diversification and limiting its investments in each government-sponsored security to eliminate the risk of loss resulting from over concentration of liquid assets with a specific maturity, a specific issuer or a specific class of investments.

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 mutual funds, U.S. Treasury Bonds, T-bills, government agency securities and repurchase agreements allowed under the Public Funds Investment Act as described by V.T.C.A., Title 10, Government Code, Section 2256. Investments are stated at fair value, which approximates fair value. Lone Star’s portfolio has low market risk due to restrictions on weighted average maturity and maximum maturity of any one investment and is rated AAA by Standard & Poor. Lone Star’s investment portfolio is required to maintain a stable \$1 net asset value. The Lone Star Investment Pool is governed by a Board of Trustees (Board) who is devoted to running an investment pool with superior level of safety and protection of investments.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 4 – Interfund Receivables and Payables

The Bridge System operates three international toll bridges: 1) Veteran’s International Toll Bridge at Los Tomates (Veterans), 2) Free Trade Bridge at Los Indios (Free Trade); and 3) Gateway International Toll Bridge (Gateway). Intra-system transfers are reflected in the individual bridge statements; however, the intra-system transfers, receivable and payables are not reflected in the System-wide statements of this report.

Fund	Interfund Receivable	Interfund Payable
Veterans Bridge	\$ 3,831,956	\$ 4,976,253
Free Trade Bridge	3,056,291	2,220,101
Gateway Bridge	308,743	636
Total	\$ 7,196,990	\$ 7,196,990

Note 5 – Lease Receivable

The Bridge System has entered into agreements to lease certain assets as a lessor. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Land agreement effective July 1, 2020 requires 120 monthly payments of \$20,000. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2023, the Bridge System recognized \$210,124 of lease revenue and \$48,840 of interest revenue under the lease.

Land agreement effective June 19, 2022 requires 60 monthly payments of \$1,560. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2023, the Bridge System recognized \$17,493 of lease revenue and \$2,008 of interest revenue under the lease.

The net present value of the future minimum less lease payments to be received as of September 30, 2023 are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>September 30,</u>			
2024	\$ 219,719	\$ 39,002	\$ 258,721
2025	225,725	32,995	258,720
2026	231,895	26,825	258,720
2027	231,974	20,507	252,481
Thereafter	635,404	24,596	660,000
TOTAL	\$ 1,544,717	\$143,925	\$ 1,688,642

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 6 – Capital Assets

Capital assets consisted of the following at September 30, 2023:

	<u>Beginning Balance 9/30/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 9/30/2023</u>
Depreciable Assets:				
Toll bridges and approaches	\$ 38,944,752	\$ -	\$ -	\$ 38,944,752
Toll booths and equipment	3,567,374	-	-	3,567,374
Buildings	3,986,961	-	-	3,986,961
Furniture and fixtures	50,990	-	-	50,990
Autos and machinery	656,882	-	-	656,882
Less: accumulated depreciation	(33,063,673)	(1,347,411)	-	(34,411,084)
Net Depreciable Assets	14,143,286	(1,347,411)	-	12,795,875
Non-Depreciable Assets:				
Construction work in progress	2,650,956	1,297,282	-	3,948,238
Land	9,312,722	-	-	9,312,722
TOTAL CAPITAL ASSETS, NET	\$ 26,106,964	\$ (50,129)	\$ -	\$ 26,056,835

Depreciation expense totaled \$1,347,411 for the fiscal year ended September 30, 2023.

Note 7 - Long-Term Debt

A. Tax Notes

Tax Notes are issued pursuant to the general laws of the State of Texas, Chapters 1371 and 1431, Texas Government Code 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.

Cameron County issued \$6,850,000 Cameron County, Texas Tax Notes, Series 2022 dated May 5, 2022 for the purpose of purchasing equipment, and the paying costs of issuance. Payments are due semiannually on February 15th and August 15th, maturing on February 15, 2029 with interest rates of 5.00%. Proceeds received were \$6,973,342 with premium costs of \$693,342 and bond issuance cost of \$33,757. Cameron County Bridge System received proceeds of \$99,500 from this issuance. As of September 30, 2023, principal balance of \$89,840 is attributable to the International Bridge System.

Cameron County issued \$5,570,000 Cameron County, Texas Tax Notes, Series 2020 dated February 1, 2020 for the purpose of providing for the payment of contractual obligations to be incurred in connection with the purchase of equipment, technology upgrades for County departments, vehicles, HVAC and cooling system improvements to County buildings, costs of issuing the Notes and payment of contractual obligations for professional services rendered in connection therewith. Payments are due semiannually on February 15th and August 15th, maturing on February 15, 2025 with interest rates of 5.00%. Proceeds received were \$6,096,346 with premium costs of \$646,858 and issuance costs of \$120,512. Cameron County International Toll Bridge System received proceeds of \$137,793 from this issuance. As of September 30, 2023, principal balance of \$54,246 is attributable to the International Bridge System.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 7 - Long-Term Debt (Continued)

B. Tax Notes (continued)

The annual requirements to amortize the amounts outstanding attributable to Bridges System as of September 30, 2023, including estimated interest payments of \$19,460 are as follows:

Fiscal Year Ending			
September 30,	Principal	Interest	Total
2024	\$ 29,714	\$ 6,462	\$ 36,176
2025	35,208	4,838	40,046
2026	18,375	3,499	21,874
2027	19,246	2,558	21,804
2028	20,263	1,571	21,834
2029	21,280	532	21,812
	<u>144,086</u>	<u>19,460</u>	<u>163,546</u>
Unamortized premium	12,662	-	12,662
TOTAL	<u><u>\$156,748</u></u>	<u><u>\$ 19,460</u></u>	<u><u>\$ 176,208</u></u>

C. Certificates of Obligation

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

Cameron County issued \$6,050,000 International Toll Bridge System Revenue Bonds, Taxable Series 2022 dated June 9, 2022 to pay for the purpose of making improvements to the Veterans International Toll Bridge, funding a reserve fund, and payment of the costs of issuance. The Bonds are secured by and payable from a pledge of and lien on the Net Revenues of the County's Toll Bridge System. The annual interest rate is 4.0%. Interest accrues semiannually and the bonds mature in fiscal year 2042. As of September 30, 2023, principal balance totaled \$5,890,000.

Cameron County issued \$17,865,000 Limited Tax Refunding Bonds, Taxable Series 2019 dated October 1, 2019 for the purpose of refunding current outstanding obligations to achieve debt service savings; and to pay costs related to the issuance of the Bonds; interest rates range from 1.831% to 2.893%. The proceeds were used to refund \$15,115,000 Certificates of Obligation Series 2011 and Limited Tax Refunding Bond, Series 2011, \$1,660,000 with interest rates ranging from 4.0% to 5.0%. The Refunded Bonds were sold at par \$17,769,127 less underwriters discount of \$95,873; costs of issuance incurred were \$171,267. Net proceeds from the Refunding Obligations were deposited with Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent,") pursuant to Escrow Agreement between the Issuer and the Escrow Agent. The "Order" provides that proceeds of the sale of the Refunding Bonds and available funds of the Issuer will be sufficient to the discharge and final payment of the Refunded Obligations. The Escrow Fund is irrevocably pledged to the payment of principal and interest on the Refunded Obligations. The mathematical accuracy of payment schedules have been vetted by "Verification Agent". By the deposit of the Governmental Obligations and cash with the Escrow Agent pursuant to the Escrow Agreement, the Issuer has entered into a firm banking and financial arrangement for the final payment and discharge of the Refunded Obligations pursuant to the terms of the Order and the Refunded Obligations are deemed to be no longer outstanding, except for the purpose of being paid from the funds held in such Escrow Fund. As of September 30, 2023, principal balance of \$2,417,807 is attributable to the International Toll Bridge System.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 7 - Long-Term Debt (Continued)

C. Certificates of Obligation (continued)

On February 12, 2015 Cameron County issued \$18,100,000 Limited Tax Refunding Bonds, Series 2015 with interest rates ranging from 3.0% to 5.0%. The proceeds were used to refund \$525,000 Unlimited Tax Road Bonds, Series 2005, \$5,645,000 Certificates of Obligation, Series 2007, \$10,490,000 Certificates of Obligation, Series 2008 and \$1,675,000 Unlimited Tax Road Bonds, Series 2008 with interest rates ranging from 4.00% to 6.125%. The 2014 Limited Tax Refunding Bonds carried an initial principal amount of \$18,335,000 but were sold at a net premium of \$2,338,519. Cameron County cash contribution of \$177,529 and incurred issuance cost, insurance premium and underwriting fees of \$283,639 the net proceeds were \$20,332,410. The net proceeds from the issuance of the Limited Tax Refunding Bonds, Series 2015 were deposited in the Escrow Fund to refund the Refunding Obligations. The accuracy and sufficiency of such deposits to make payments has been confirmed by the Financial Advisor and such amounts will be held in an escrow fund under an Escrow Agreement dated March 1, 2015 between the Issuer and the Escrow Agent. Funds held by the Escrow Agent are irrevocably pledged to the payment of principal and interest on the Refunded Obligations and will be used to purchase certain United States obligations and obligations of agencies or instrumentalities of the United States. The advance refunding by Cameron County has effected the defeasance of the Refunded Obligations in accordance with Law. The Refunded Obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the Federal Securities and funds as provided for in the Escrow Agreement. The purpose of this Refunding was to restructure debt service payments, to obtain net present value savings of \$1,587,781 and for the payment of related Refunding Bond issuance costs. As of September 30, 2023, principal balance of \$3,110,500 is attributable to the International Bridge System.

The annual requirements to amortize the amounts outstanding attributable to Bridges System as of September 30, 2023, including estimated interest payments of \$3,069,502 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 1,111,249	\$ 406,953	\$ 1,518,203
2025	1,159,580	359,942	1,519,521
2026	1,179,584	311,221	1,490,806
2027	1,225,534	267,778	1,493,312
2028	1,036,572	232,770	1,269,342
2029-2033	2,365,788	853,638	3,219,426
2034-2038	1,705,000	503,100	2,208,100
2039-2042	1,635,000	134,100	1,769,100
TOTAL	\$11,418,307	\$3,069,502	\$14,487,808

Interest expense on long-term debt totaled \$486,554 for the Bridge System's fiscal year ended September 30, 2023.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 8 – Commitments

A. Free Trade Bridge at Los Indios

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

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

The results of operations for the Free Trade Bridge at Los Indios for the fiscal year ended September 30, 2023 produced a \$727,784 surplus as defined by the interlocal agreement between the entities and the County. The County's share of the interlocal agreement proceeds is \$363,892. Each participating entity is entitled to a combined total of \$363,892 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 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.

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 8 – Commitments (Continued)

B. Veteran’s International Toll Bridge at Los Tomates (continued)

The City of Brownsville does not retain an equity interest in the project, which is considered a cooperative arrangement between the governments rather than a joint venture. The results of operations for the Veterans Bridge at Lost Tomates for the fiscal year ended September 30, 2023 produced a \$9,618,718 surplus as defined by the interlocal agreement between the entities and the County. In accordance with the interlocal agreement between Cameron County and the City of Brownsville, each entity was allocated \$4,809,359.

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

Year Ended <u>September 30.</u>	<u>Cameron County</u>	<u>City of Brownsville</u>	<u>Total Surplus (Deficiency)</u>
2023	\$4,809,359	\$4,809,359	\$9,618,718
2022	3,362,213	3,362,213	6,724,426
2021	2,805,450	2,805,450	5,610,900
2020	2,342,865	2,342,865	4,685,730
2019	3,097,696	3,097,696	6,195,392
2018	2,664,756	2,664,756	5,329,512
2017	2,552,857	2,552,857	5,105,714
2016	2,411,486	2,411,486	4,822,972
2015	1,876,662	1,876,662	3,753,324
2014	1,825,714	1,825,714	3,651,428

Note 9 – Retirement Plan

Plan Description

The Cameron County provides retirement, disability and death benefits, for all of its full-time employees through a nontraditional defined benefit pension plan administered by the statewide, public employee Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 800 counties and districts pension plans.

TCDRS issues an aggregate annual comprehensive financial report on a calendar year basis. The ACFR is available on the TCDRS website at www.TCDRS.org or upon request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

The plan’s provisions are adopted by the governing body of the employer, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 9 – Retirement Plan (Continued)

Plan Description (continued)

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer’s contribution is determined using an actuarially determined rate of 10.50% for the months of the calendar year in 2021 and 12.20% for the months of the calendar year in 2022. As of December 31, 2022, the Summary Valuation for the County’s TCDRS plan recognized an investment loss. In cases where there are deferred actuarial gains in the prior years, any current year actuarial loss is offset against the oldest actuarial gain. If any current year actuarial loss remains after the initial offset, the remainder is offset against the next oldest gain and so on.

The contribution rate payable by the employee members for the calendar years 2021 and 2022 is the rate of 7.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. For the Cameron County’s fiscal year ended September 30, 2023, the actual employer contributions were \$8,779,640, and were equal to the required contribution.

County Pension Plan Provisions

Employee Deposit Rate	7 %
Employee Matching	200 %
Prior Service Credit	160 %

Retirement Eligibility

Age 60 (vesting)	8 years of services
Rule of	75 years total age + service
At any age	30 years of service

Optional Benefits

Partial Lump-Sum Payment at Retirement	Yes
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Governmental Accounting Standards Board (GASB), Statement No. 68 provides accounting and financial reporting standards for public pension plan obligations for employers. GASB 68 requires the Net Pension Liability (NPL) or Net Pension Asset (NPA) to be recognized on the balance sheets of participating employers. The allocated Net Pension Liability (NPL) for the Bridge System totaled \$1,051,749, and the recognized pension expense (income) of \$401,232 for fiscal year ended September 30, 2023.

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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 10 – OTHER POST EMPLOYMENT BENEFITS

Post- Retirement Medical Benefits:

Texas Local Government Code, Chapter 175 requires counties make available continued health benefit 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, County discontinued medical coverage after age 65. The County may incur a debt obligation to pay for OPEB cost 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. Information and amounts presented in the County’s Annual Comprehensive Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 75) and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits. Cameron County has not incurred a legal debt obligation for OPEB nor has it levied a tax for the same. The County does not have a separate audited GAAP basis postemployment benefit plan report available for defined benefit plans. 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.

Cameron County administers a single-employer defined health benefit plan that covers employees, retirees and their spouses. Benefits provided by the 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. 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 coverage while retiree is alive but they must pay for dependent coverage. Participants under disability are eligible for continued medical coverage under COBRA but must pay the full premium.

After COBRA expires, there is no additional medical coverage for disabled participants. Cameron County does not offer dental, vision or hearing medical benefits to retirees. Transactions are recorded using the accrual basis of accounting. Plan member and employer contributions are recognized in the period for which the contributions are due. Benefits and refunds are recognized when due and payable. Cameron County does not pre-fund benefits. Benefits are paid directly from general assets on a pay-as-go basis and there is no trust for accumulating plan assets. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioner’s Court.

Monthly medical contributions required by retirees are as follows:

	<u>Retiree</u>	<u>Retiree & Spouse</u>	<u>Retiree & 1 Child</u>	<u>Retiree & Children</u>	<u>Retiree & Family</u>
Medical/TX	\$ 275.86	\$ 633.58	\$ 551.08	\$ 585.45	\$ 722.95

Cameron County’s membership in the plan at 10/1/21, the date of the latest actuarial valuation, consists of the following:

Active Members	1,531
Retirees and beneficiaries receiving benefits:	52
Spouses of Retirees	<u>17</u>
Total	<u><u>1,600</u></u>

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. The Plan: Health Insurance Benefit

The valuation date of GASB75 for Cameron County is October 1, 2021, the date as of which the actuarial valuation was performed. Measurement date is September 30, 2023, the entity's fiscal year end. The OPEB liability was determined as of September 30, 2023 which is the reporting date. There have been no significant changes between the valuation date and the fiscal year end.

Valuation Date	October 1, 2021
Measurement Date	September 30, 2023
Actuarial Cost Method	Entry Age Normal

Discount Rate	September 30, 2022	4.02%
	September 30, 2023	4.09%

The discount rate is based on the Bond Buyer's 20 year General Obligation Index immediately prior to or coincident with the measurement date.

Inflation	2.50% per annum
<i>Price inflation from December 31, 2022 actuarial report from TCDRS.</i>	

Medical OPEB Liability	<u>September 30, 2022</u>	<u>September 30, 2023</u>
Bridge System OPEB Liability	\$ 1,302,863	\$ 1,436,114
Covered Payroll	2,079,109	2,184,312
OPEB Liability a % of covered payroll	62.66%	65.75%
OPEB Liability a % of Total OPEB Liability	4.83%	4.86%

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

Changes in Cameron County's NET - OPEB Liability - Medical	<u>Incr(Decr)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Changes in Total OPEB Liability	\$ 26,979,152
Balance as of September 30, 2021	
Changes for the year:	
Service Cost	1,650,656
Interest on total OPEB Liability	1,129,180
Effect on assumptions changes or inputs	1,080,895
Expected benefit payments	(1,092,239)
Other	<u>(177,806)</u>
Balance as of September 30, 2022	<u>\$ 29,569,838</u>

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
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. The Plan: Health Insurance Benefit (continued)

The following presents the total OPEB liability of Cameron County, calculated using the 4.092%, as well as what County’s total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.09%) or 1% point higher (5.09%) than the current rate.

1% Decrease	Discount Rate	1% Increase
3.09%	4.09%	5.09%

Total OPEB liability	\$ 32,201,174	\$ 29,569,838	\$ 27,136,888
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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	\$ 27,707,230	\$ 29,569,838	\$ 34,200,453
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B. OPEB – Multiple Employer Defined 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 employer’s actual retiree GTL contributions for the year.

Information presented is inclusive for the local government of Cameron County:

	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Total OPEB Liability	\$ 4,337,807	\$ 3,236,489

The total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Discount Rate:	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Discount rate (1)	2.06 %	3.72 %
Long-term expected rate of return, net of investment expenses	Does not apply	Does not apply
Municipal bond rate	2.06 %	3.72 %

(1)The OPEB plan has been determined to be an unfunded OPEB plan: therefore only the municipal bond rate applies

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Note 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. OPEB – Multiple Employer Defined Group Term Plan Group Term Life Fund (continued)

Key Actuarial Assumptions:

All actuarial assumptions that determined the total OPEB liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB75.

	<u>Beginning Date</u>	<u>Ending Date</u>
Valuation date	December 31, 2021	December 31, 2022
Measurement date	December 31, 2021	December 31, 2022
Employer's fiscal year	October 1, 2022	September 30, 2023

Changes in Cameron County's Net - OPEB Liability - GTL

	Incr(Decr) Total OPEB Liability
Balance as of December 31, 2021	\$ 4,337,807
Changes for the year:	
Service Cost	153,438
Interest on total OPEB Liability	91,669
Effect on economic/demographic experience	(19,450)
Effect on assumptions changes or inputs	(1,244,008)
Expected benefit payments	(82,967)
Balance as of December 31, 2021	\$ 3,236,489

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

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.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Burton, McCumber, & Longoria LLP

Brownsville, Texas
April 9, 2024

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2023

INSURER	POLICY	COVERAGE	AMOUNT OF COVERAGE	POLICY EXPIRATION DATE	ASSETS COVERED	DEDUCTIBLE
Zurich American Insurance Company	Gateway Bridge Property Damage	Structure	\$15,000,000	7/1/2023	Bridge Physical Damage	\$500,000/ Named Storm/ \$100,000/ Flood/ \$50,000/ All other Perils & Terrorism/ Included
	Gateway Bridge Use and Occupancy Coverage	Business Income/Extra Expense	\$7,119,740		Loss of Business Income	14 Day waiting period
	Gateway Bridge Aggregate		\$64,145,751			Aggregate annually in any one occurrence
Zurich American Insurance Company	Veteran's Bridge Property Damage	Structure	\$15,000,000	7/1/2023	Bridge Physical Damage	\$500,000/ Named Storm/ \$100,000/ Flood/ \$50,000/ All other Perils & Terrorism, Included
	Veteran's Bridge Use and Occupancy Coverage	Business Income/Extra Expense	\$9,581,765		Loss of Business Income	14 Day waiting period
	Veteran's Bridge Aggregate		\$64,145,751			Aggregate annually in any one occurrence
Zurich American Insurance Company	Free Trade Bridge Property Damage	Structure	\$15,000,000	7/1/2023	Bridge Physical Damage	\$500,000/ Named Storm/ \$250,000/ Flood/ \$50,000/ All other Perils & Terrorism/ Included
	Free Trade Bridge Use and Occupancy	Business Income/Extra Expense	\$2,444,246		Loss of Business Income	14 Day waiting period
	Free Trade Bridge Aggregate		\$64,145,751			Aggregate annually in any one occurrence
		Property Damage	Free Trade Bridge -			10,000
		Ammonia Contamination	\$780,150/			10,000
		Consequential Loss	\$80,400 /			10,000
		Data and Media	\$73,000 /			10,000
		Hazardous Substance	Veteran's Bridge -			10,000
		Water Damage	\$2,166,250/			10,000
Liberty Mutual Fire Ins. Co	Equipment Breakdown Per the Liberty Mutual Power Pro Select Policy, does not include mobile equipment	Fungus, Wet Rot and Dry Rot	\$192,000/	7/1/2023	Contents / EDP	-
		Expediting Expenses	\$170,000/			-
		Business Income	Gateway Bridge -			24 hours
		Spoilage	\$423,000/			Included in Property Damage
		Utility Interruption	\$60,000 /			-
		Newly Acquired Premises	\$48,000 /			-
		Ordinance or Law				-
			Free Trade Bridge -			
			\$780,150/			Property Damage - \$25,000/ per occurrence
			\$80,400 /			Flood - \$100,000 / per occurrence
			\$73,000 /			Earthquake - \$25,000/ per occurrence
			Veteran's Bridge -		Building/	Wind/Hail - \$100,000 / per occurrence
National Fire & Marine Insurance Co	Commercial Property	All risks of direct physical loss or damage including Flood and Earthquake excluding earthquake sprinkler leakage, Equipment Breakdown, Terrorism and as further discussed in the policy.	\$2,166,250/	7/1/2023	Contents /	Wind Driven Precipitation - 2% per unit of insurance subject to a minimum of \$100,000 per occurrence
		Real Property, Personal Property, Business Income/Extra Expense and as further discussed in the policy.	\$192,000/		EDP/	Named Storm - 2% per unit of insurance subject to a minimum of \$100,000 per occurrence, except 10% per unit of insurance subject to a minimum of \$1,000,000 as respects to the locations listed in the policy.
			\$170,000/			
StarStone Specialty Insurance Co.			Gateway Bridge -			
			\$423,000/			
			\$60,000 /			
			\$48,000 /			
			Free Trade Bridge -			
			\$780,150/			
			\$80,400/			
			\$73,000/			
			Veteran's Bridge -		Building/	
Arch Specialty Insurance Co	Commercial Property	All risks of direct physical loss or damage including Earthquake excluding Flood, Earthquake Sprinkler leakage, Equipment Breakdown, Terrorism and as further discussed in the policy.	\$2,166,250/	7/1/2023	Contents /	Excess of underlying limits and deductibles
		Real Property, Personal Property, Business Income/Extra Expense and as further discussed in the policy.	\$192,000/		EDP/	
			\$170,000/			
			Gateway Bridge -			
			\$423,000/			
			\$60,000/			
			\$48,000/			
			Public Employee Theft - Per Loss			\$7,500 per loss
			\$500,000			
			Forgery or Alteration			\$5,000
			\$250,000			
			Onsite Security/Theft of Money & Sec.			\$1,500
			\$175,000			
			Onsite Security/Money Theft	7/1/2023		\$1,500
			\$150,000			
			Outside Premises			\$1,500
			\$150,000			
			Computer and Funds Transfer Fraud			\$7,500
			\$500,000			
			Money Orders/Counterfeit Paper Currency			\$5,000
			\$500,000			
Underwriter's At Lloyd's	Terrorism Policy	Terrorism, only	\$100,000,000 Aggregate	7/1/2023	Not Blanket, Per Schedule, Bldg & Contents - All Locations	Nil
			Bodily Injury per person/per occurrence			\$1,000
			\$100,000/ \$300,000			
Texas Association of Counties	Automobile Liability	Property Damage	\$100,000	7/1/2023		\$1,000
		Personal injury protection	\$5,000			No Deductible
Texas Association of Counties	Auto Physical Damage- Vehicles	Comprehensive/Collision	Lesser of the actual Cash value at the time of loss or cost of repair with like kind and quality	7/1/2023		\$5,000
			Bodily Injury per person/per occurrence			\$5,000
			\$100,000/ \$300,000			
			Property damage per occurrence/aggregate			\$5,000
			\$100,000			
Texas Association of Counties	General Liability	Person & Advertising Injury Liability/Aggregate	\$100,000/ \$300,000	7/1/2023		\$5,000
		Crisis Management	\$100,000			\$5,000
		Employee Benefits Liability	\$500,000 / \$500,000			\$1,000
		Garage Keepers Liability	\$50,000			\$1,000

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
September 30, 2023

ASSETS

Current Assets - Unrestricted:

Cash & cash equivalents	\$	12,485,274
Accounts receivable		163,692
Lease receivable		219,719
Prepays		44,189
Due from other funds		353,743
Total Current Assets - Unrestricted		13,266,617

Current Assets - Restricted:

Bond Debt Service:		
Cash & cash equivalents		251,255
Operating reserve:		
Cash & cash equivalents		250,000
Total Current Assets - Restricted		501,255

Non-Current Assets:

Depreciable Assets:		
Toll bridges and approaches		4,765,888
Toll booths and equipment		1,479,522
Buildings		437,137
Furniture and fixtures		24,971
Autos and machinery		136,794
Less: accumulated depreciation		(5,837,516)
Net Depreciable Capital Assets		1,006,796
Construction in progress		141,061
Land		7,823,926
Total Capital Assets, net		8,971,783
Lease receivable		1,324,998

TOTAL ASSETS 24,064,653

DEFERRED OUTFLOW OF RESOURCES

Deferred charges on refunding	117,750
Deferred outflow of resources-Pension	476,234
Deferred outflow of resources-OPEB	96,216

TOTAL DEFERRED OUTFLOW OF RESOURCES 690,200

TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$ 24,754,853

(continued)

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
September 30, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$	32,980
Wages and fringe payable		21,046
Due to other funds		6,282,233
Compensated absences payable		6,634
Accrued interest payable		7,448
Tax notes, current		8,905
Bonds, current		266,593
Net pension liability		120,647
OPEB liability		26,151
Total Current Liabilities		6,772,637

Long-Term Liabilities:

Compensated absences payable		2,596
Leasehold deposits		18,750
Tax notes, non-current		25,334
Bonds, non-current		1,523,454
Net pension liability		289,357
OPEB liability		425,350
Total Long-Term Liabilities		2,284,841

TOTAL LIABILITIES		9,057,478
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DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources-Pensions		79,407
Deferred inflows of resources-Leases		1,482,475
Deferred inflows of resources-OPEB		175,002
		1,736,884

TOTAL DEFERRED INFLOW OF RESOURCES		1,736,884
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TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		10,794,362
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NET POSITION

Net investment in capital assets		7,265,247
Restricted For:		
Bond Debt Service		251,255
Unrestricted		6,443,989
		13,960,491

TOTAL NET POSITION		13,960,491
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	24,754,853
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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
GATEWAY INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023

OPERATING REVENUES

Tolls	\$ 7,083,121
Rental income	227,737
TOTAL OPERATING REVENUES	7,310,858

OPERATING EXPENSES

Salaries and wages	693,944
Fringe benefits & payroll taxes	355,158
Supplies	19,619
Uniforms	6,817
Auditing	6,647
Pension	(14,717)
OPEB	(88,683)
Professional service	90,000
Repairs and maintenance	39,146
Utilities	38,765
Advertising	11,853
Insurance	40,956
Contractual	218,014
Depreciation	282,836
Other	11,198
TOTAL OPERATING EXPENSES	1,711,553

OPERATING INCOME (LOSS)	5,599,305
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NON-OPERATING REVENUES (EXPENSES)

Interest income	413,095
Interest and fiscal charges	(63,263)
Amortization of bond discount	(15,876)
Amortization of bond premium	1,172
TOTAL NON-OPERATING REVENUES (EXPENSES)	335,128

INCOME BEFORE TRANSFERS	5,934,433
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Transfer in	39,498
Transfer (out)	(5,950,633)
CHANGE IN NET POSITION	23,298

Net Position - beginning	13,937,193
Net Position - ending	\$ 13,960,491

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
September 30, 2023

ASSETS

Current Assets - Unrestricted:	
Cash & cash equivalents	\$ 267,733
Due from other funds	3,110,626
Prepays	36,141
Total Current Assets - Unrestricted	3,414,500
Current Assets - Restricted:	
Construction fund:	
Cash & cash equivalents	884,069
Bond debt reserve:	
Cash & cash equivalents	161,673
Bond debt service:	
Cash & cash equivalents	171,315
Total Current Asses - Restricted	1,217,057
Non-Current Assets:	
Depreciable Assets:	
Toll bridges and approaches	6,625,233
Toll booths and equipment	788,635
Buildings	853,645
Furniture and fixtures	13,511
Autos and machinery	176,504
Less: accumulated depreciation	(7,649,931)
Net depreciable assets	807,597
Construction in Progress	1,225,701
Land	911,393
Total Capital Assets, net	2,944,691
TOTAL ASSETS	7,576,248
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred outflow of resources-Pensions	103,530
Deferred outflow of resources-OPEB	20,917
TOTAL DEFERRED OUTFLOW OF RESOURCES	124,447
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,700,695

(continued)

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$	59,279
Wages and fringe payable		6,995
Due to other governments		572,742
Due to other funds		3,292,194
Unearned revenue		2,067
Compensated absences payable		3,105
Accrued interest payable		11,692
Tax notes, current		5,811
Bonds, current		107,602
Net pension liability		26,227
OPEB liability		5,685
Total Current Liabilities		4,093,399

Long-Term Liabilities:

Compensated absences payable		1,215
Tax notes, non-current		21,588
Bonds, non-current		2,189,741
Net pension liability		62,904
OPEB liability		360,239
Total Long-Term Liabilities		2,635,687

TOTAL LIABILITIES		6,729,086
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DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources-Pensions		17,262
Deferred inflows of resources-OPEB		38,044
		55,306

TOTAL DEFERRED INFLOW OF RESOURCES		55,306
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		6,784,392
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NET POSITION

Net investment in capital assets		1,504,018
Restricted For:		
Bond debt service		171,315
Bond debt reserve		161,673
Unrestricted		(920,703)
		916,303

TOTAL NET POSITION		916,303
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		\$ 7,700,695
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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
FREE TRADE BRIDGE AT LOS INDIOS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

<u>OPERATING REVENUES</u>	
Tolls	\$ 2,669,894
Rental Income	980.00
TOTAL OPERATING REVENUES	2,670,874
 <u>OPERATING EXPENSES</u>	
Salaries and wages	297,945
Fringe benefits and payroll taxes	167,770
Supplies	12,006
Uniforms	3,271
Auditing	6,647
Pension	(3,200)
OPEB	(19,279)
Repairs and maintenance	86,694
Utilities	59,782
Insurance	42,992
Contractual	219,249
Depreciation	84,226
Other	33,635
TOTAL OPERATING EXPENSES	991,738
OPERATING INCOME (LOSS)	1,679,136
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Intergovernmental agreement-Hgn. & San Benito	(738,350)
Interest income	66,399
Interest and fiscal charges	(107,168)
Amortization of bond premium	825
TOTAL NON-OPERATING REVENUES (EXPENSES)	(778,294)
INCOME BEFORE TRANSFERS	900,842
Transfer in	51,828
Transfer (out)	(863,230)
CHANGE IN NET POSITION	89,440
Net Position - beginning	826,863
Net Position - ending	\$ 916,303

CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current Assets - Unrestricted:

Cash and cash equivalents	\$ 9,841,519
Due from other funds	3,935,642
Prepays	47,957
Total Current Assets - Unrestricted	13,825,118

Current Assets - Restricted:

Construction fund:	
Cash and cash equivalents	1,056,524
Bond debt reserve:	
Cash and cash equivalents	282,927
Bond debt service:	
Cash and cash equivalents	494,017
Operating reserve:	
Cash and cash equivalents	250,000
Total Current Assets - Restricted	2,083,468

Non-Current Assets:

Depreciable Assets:	
Toll bridges and approaches, and toll booths	27,553,631
Toll booths and equipment	1,299,217
Buildings	2,696,179
Furniture and fixtures	12,508
Autos and machinery	343,584
Less: accumulated depreciation	(20,923,637)
Net Depreciable Capital Assets	10,981,482
Construction in progress	2,581,476
Land	577,403
Total Capital Assets, net	14,140,361

TOTAL ASSETS	30,048,947
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DEFERRED OUTFLOW OF RESOURCES

Deferred charges on refunding	147,154
Deferred outflow of resources-Pensions	641,880
Deferred outflow of resources-OPEB	129,683
Total Deferred Outflow of Resources	918,717

TOTAL DEFERRED OUTFLOW OF RESOURCES	918,717
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TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 30,967,664
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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$	25,548
Wages & fringe payable		35,645
Unearned revenue		408,051
Due to other governments		876,854
Due to other funds		11,090,245
Compensated absences payable		27,458
Accrued interest payable		35,492
Tax Notes, current		14,998
Bonds, current		737,054
Net pension liability		162,610
OPEB liability		35,247
Total Current Liabilities		13,449,202

Long-Term Liabilities:

Compensated absences payable		10,743
Tax notes, non-current		80,112
Bonds, non-current		6,593,863
Net pension liability		390,004
OPEB liability		822,228
Total Long-Term Liabilities		7,896,950

TOTAL LIABILITIES		21,346,152
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DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources-Pensions		107,027
Deferred inflow of resources-OPEB		235,873

TOTAL DEFERRED INFLOW OF RESOURCES		342,900
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TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		21,689,052
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NET POSITION

Net investment in capital assets		7,918,012
Restricted For:		
Bond debt service		494,017
Bond debt reserve		282,927
Unrestricted		583,656

TOTAL NET POSITION		9,278,612
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		\$ 30,967,664
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CAMERON COUNTY, TEXAS
INTERNATIONAL TOLL BRIDGE SYSTEM
VETERANS INTERNATIONAL TOLL BRIDGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

OPERATING REVENUES

Tolls	\$	12,699,873
Rental income		12,000
Other		13,386
TOTAL OPERATING REVENUES		12,725,259

OPERATING EXPENSES

Salaries and wages		1,173,666
Fringe benefits & payroll taxes		552,901
Supplies		78,786
Uniforms		11,233
Auditing		6,647
Pension		(19,834)
OPEB		(119,530)
Repairs and maintenance		64,226
Utilities		65,839
Advertising		14,700
Insurance		54,720
Contractual		268,399
Depreciation		980,349
Other		53,951
TOTAL OPERATING EXPENSES		3,186,053

OPERATING INCOME (LOSS)		9,539,206
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NON-OPERATING REVENUES (EXPENSES)

Intergovernmental agreement-City of Brownsville		(4,839,697)
Interest income		429,554
Amortization of debt discount		(19,841)
Amortization of debt premium		2,414
Interest and fiscal charges		(316,123)
TOTAL NON-OPERATING REVENUES (EXPENSES)		(4,743,693)

INCOME BEFORE TRANSFERS		4,795,513
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Transfer in		75,836
Transfer (out)		(5,095,176)

CHANGE IN NET POSITION		(223,827)
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Net Position - beginning		9,502,439
Net Position - ending	\$	9,278,612

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 Cameron County, Texas International Toll Bridge System, as of and for the year ended September 30, 2023, and the related notes to the financial, and have issued our report thereon dated April 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cameron County, Texas International Toll Bridge System’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cameron County, Texas International Toll Bridge System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Camron County, Texas 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

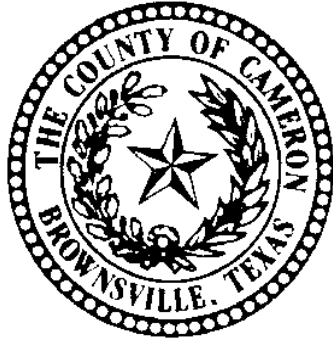
As part of obtaining reasonable assurance about whether the Cameron County, Texas International Toll Bridge System’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
April 9, 2024



For additional information regarding the
Cameron County International Toll Bridge System

Please contact:

Erika Garcia
Cameron County Bridge Manager
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Brownsville, Texas 78521
(956) 574-8771