



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

ANNUAL FINANCIAL REPORT

20
23

For the Fiscal Year Ended June 30, 2023

Central Texas Regional Mobility Authority

Basic Financial Statements
June 30, 2023

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Independent Auditor's Report

RSM US LLP

Board of Directors
Central Texas Regional Mobility Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Central Texas Regional Mobility Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2023, and the respective changes in financial position and, where applicable, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 GAAS 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 GAAS, 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information—pension plan, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The indenture cash flow and debt service coverage is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the indenture cash flow and debt service coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Austin, Texas
November 16, 2023

Central Texas Regional Mobility Authority

Management's Discussion and Analysis June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Central Texas Regional Mobility Authority (the Authority) presents the following discussion and analysis of the Authority's financial activities during the fiscal year that ended June 30, 2023. This section is intended to be read in conjunction with the Authority's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: management's discussion and analysis, the basic financial statements, the notes to the financial statements and the required supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic financial statements: The financial statements are designed to provide readers with an overview of the Authority's finances in a manner similar to private-sector business.

The *Statement of Net Position* present information on all of the Authority's assets and deferred outflows, as well as the Authority's liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statements of Net Position can be found on pages 10-11 of this report.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal year ended June 30, 2023. 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. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of the Authority's current year operations on its financial position. The Statements of Revenues, Expenses and Changes in Net Position can be found on page 12 of this report.

The *Statement of Cash Flows* summarize all of the Authority's cash flows into three categories as applicable: 1) cash flows from operating activities, 2) cash flows from capital and related financing activities and 3) cash flows from investing activities. The Statement of Cash Flows can be found on page 13 of this report. The Statements of Cash Flows, along with the related notes and information in other financial statements, can be useful in assessing the following:

- The Authority's ability to generate future cash flows
- The Authority's ability to pay its debt as the debt matures
- Reasons for the difference between the Authority's operating cash flows and operating income
- The impact of the Authority's financial position of cash and noncash transactions from investing, capital and financing activities

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2023

Fiduciary Funds are used to account for resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs. The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position reports the assets, liability and related activity of the Nationwide Retirement Solutions Governmental Profit Sharing Plan and Trust Defined Contribution Plan and custodial funds held in trust for construction projects of other local governments. The fiduciary funds are reported using the economic resources measurement focus and are prepared on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles. Contributions and income are recorded when earned and benefits and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. The Authority is reporting fiduciary fund financial statements in the following two fund categories:

Other Employee Benefit Trust Funds are used to report fiduciary activities that are other employee benefit plans for which resources are held in trust that meet the criteria outlined by the Governmental Accounting Standards Board (GASB).

Custodial funds are used to report fiduciary activities for resources that are held in trust that meet the criteria outlined by GASB and that are not required to be reported in pension trust funds, investment trust fund or private purpose trust funds.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found starting on page 16 of this report.

FINANCIAL HIGHLIGHTS—Business type activities

- Total operating revenue increased to \$225.7 million in 2023 from \$175.0 million in 2022 or a 29% increase.
- Total operating expenses were approximately \$106.3 million and \$105.4 million in 2023 and 2022, respectively.
- Total construction in progress was approximately \$351.8 million and \$265.7 million as of June 30, 2023 and 2022, respectively. Construction in progress increased from June 30, 2022 by approximately \$86 million due to the continued construction of the 183 North Project which is nine miles of two variably-priced express lanes in each direction in the existing median along US 183 in northwest Austin. Additionally, the 183A Phase III project is also under construction which will add six miles of two toll lanes in each direction.
- Total restricted cash and cash equivalents decreased from \$745.2 million in 2022 to \$692.6 million in 2023. The overall decrease in restricted cash and cash equivalents was largely due to spending on ongoing projects and debt service on long term debt.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2023

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position: As noted above, net position may serve over time as a useful indicator of the Authority's financial position. The net position reflects an un-expendable and expendable portion of net position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$685.4 million and \$620.9 million as of June 30, 2023 and 2022, respectively (see Table A-1). As of June 30, 2023 and 2022, the largest portion of the Authority's net position is reflected its investment in capital assets (the Tolling System infrastructure and related assets) net of any outstanding debt used to acquire those assets. The restricted portion of net position, as of June 30, 2023 and 2022, is proceeds restricted for debt service or construction expenditures. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
Condensed Schedules of Net Position Information
(In Thousands of Dollars)

	2023	2022
Current assets	\$ 391,784	\$ 327,427
Restricted assets	721,380	827,966
Pension asset	1,046	2,549
Capital assets	2,203,299	2,136,294
Total assets	3,317,509	3,294,236
Deferred outflows of resources	170,252	180,258
Total assets and deferred outflows of resources	\$ 3,487,761	\$ 3,474,494
Total liabilities	2,802,262	2,851,754
Deferred inflows of resources	79	1,817
Total liabilities and deferred inflows of resources	2,802,341	2,853,571
Net position:		
Invested in capital assets	206,821	269,891
Restricted for other purposes	179,426	78,396
Unrestricted	299,173	272,636
Total net position	\$ 685,420	\$ 620,923

For fiscal year 2023, the restricted asset decrease is mainly attributable to ongoing projects which include the 183 North Project and 183A Phase III in addition to the servicing of long term debt. For fiscal year 2022, the restricted asset decrease is mainly attributable to ongoing projects which include the 183 North Project and 183A Phase III.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued)

June 30, 2023

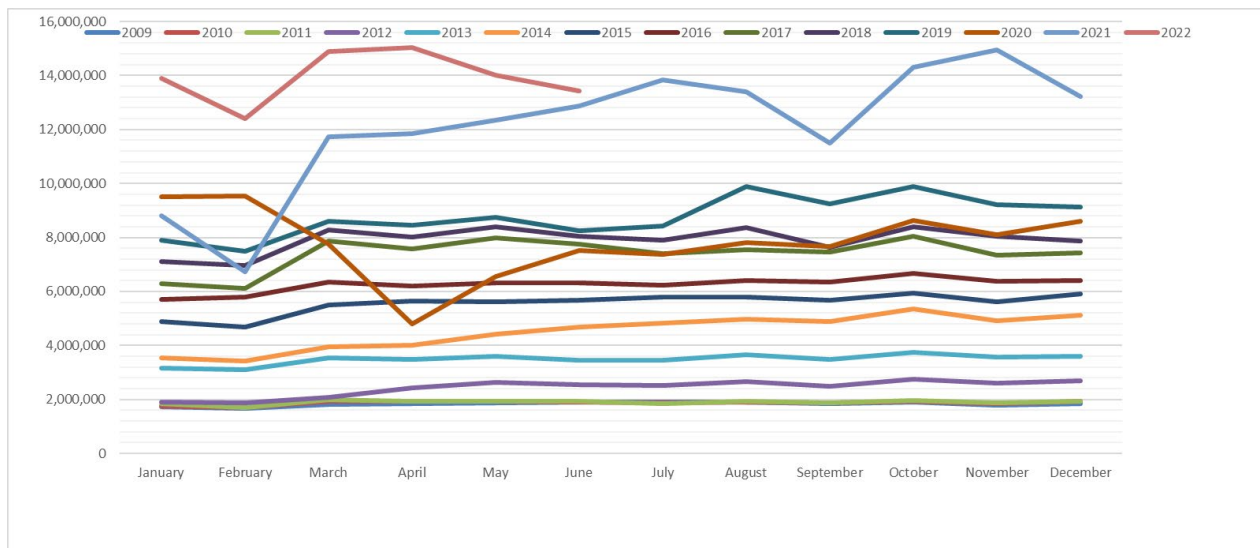
For fiscal years 2023 and 2022, excluding accumulated depreciation, depreciable capital assets remained about the same at \$2.18 billion, as a result of the ongoing construction and current period additions of approximately \$2.1 million in fiscal year 2023.

Changes in net position: The operating revenues increased in 2023 compared to 2022. For 2023, the tolling activity increased significantly which increased tolling revenue by \$50.6 million or 29%. For both 2023 and 2022, the tolling activity includes the 183A Turnpike Project (Phases I and II), the 290E Project (Phases I, II and III), the SH 71 Express Project, SH 45 Southwest Project and 183 South Project. The average daily Tolling System transactions increased to approximately 529.9 thousand per day in 2023 from approximately 481.3 thousand per day in 2022 or from an annual transaction total of approximately 175.6 million to 193.4 million from 2022 to 2023. The total revenue increase in 2023 is attributable to the traffic rebounding above pre-pandemic level in 2023 compared to 2022.

Activity in the MoPac Improvement Project is not reflected in the total Tolling System transactions above and is not included in the Authority's Tolling System established by the bond indenture securing the Authority's toll revenue obligations. For fiscal year 2023 and 2022, activity of the MoPac Improvement Project consisted of approximately 10.2 million and 10.6 million transactions, respectively, and approximately \$14.8 million and \$9.7 million in revenue, respectively.

The chart below includes transactions for the completed projects of the Authority's Tolling System for the period ending June 30, 2023 (which as of June 30, 2023, includes the 183A Turnpike Project (Phases I and II), the 290E Project (Phases I, II and III), the SH 71 Express Project, the SH 45 Southwest Project and 183 South Project).

Total Monthly Tolling System Transactions



Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2023

As noted at Table A-2, operating expenses increased by \$1.0 million from 2022 to 2023. The increases from 2022 to 2023 are related to the increase in the number of tolling transactions which result in additional expenses for license plate imaging and tag collection fees.

The nonoperating expenses (net) decreased from \$86.1 million in fiscal year 2022 to \$55.1 million in fiscal year 2023. The decrease is related to additional interest income in 2023 compared to 2022 offset by increase in interest expenses.

The change in net position before capital grants and contributions is a gain of \$64.1 million in 2023 and a loss of \$16.4 million in fiscal year 2022. See Table A-2.

Table A-2
Condensed Schedules of Revenue, Expenses and Changes in Net Position Information
(In Thousands of Dollars)

	2023	2022
Revenues:		
Toll revenue	\$ 225,664	\$ 174,812
Other operating	20	227
Total revenues	<u>225,684</u>	<u>175,039</u>
Expenses:		
Administrative expenses	9,277	8,338
Operations and maintenance	32,517	30,681
Other operating expenses	7,504	7,514
Depreciation and amortization	57,091	58,885
Total expenses	<u>106,389</u>	<u>105,418</u>
Operating income	119,295	69,621
Total net nonoperating revenue (expenses)	<u>(55,143)</u>	<u>(86,101)</u>
Change in net position—before capital grants and contributions	64,152	(16,480)
Capital grants and contributions, net	345	923
Change in net position	<u>64,497</u>	<u>(15,557)</u>
Total net position at beginning of year	620,923	636,480
Total net position at end of year	<u>\$ 685,420</u>	<u>\$ 620,923</u>

FINANCIAL ANALYSIS OF THE AUTHORITY—FIDUCIARY ACTIVITIES

- Total assets in the pension trust fund decreased in 2023 compared to 2022. Total assets were approximately \$792 thousand in 2023 and 1.5 million in 2022. The decrease is related to the investment decrease from market decline.
- Total assets in the custodial fund decreased from \$5.8 million in 2022 to \$4.3 million in 2023. The decrease is the result of the ongoing county construction projects.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: As of June 30, 2023 and 2022, the Authority had invested approximately \$351.7 million and \$265.7 million, respectively, in construction in progress. Of the total \$351.7 million in FY 2023, the 183 North Project and the 183A Phase III Project were primary contributors to the additions. Of the \$265.7 million in FY 2022, the 183A Phase III and 183 North Project projects continued to incur Project costs. See Table A-3 and Note 3.

Table A-3
Capital Assets Information
(Net of Depreciation, in Thousands of Dollars)

	2023	2022
Property and equipment	\$ 9,429	\$ 7,740
Toll road	2,206,619	2,170,658
Accumulated depreciation	(364,536)	(307,813)
Construction in progress	351,786	265,709
Net capital assets	<u>\$ 2,203,298</u>	<u>\$ 2,136,294</u>

Long-term debt: As of June 30, 2023, and 2022, the Authority had total debt outstanding of approximately \$2.72 billion, and \$2.75 billion, respectively. See Table A-4.

Table A-4
Long Term Debt Information
(In Thousands of Dollars)

	2023	2022
Long-term debt:		
Total bonds and other obligations	\$ 2,716,101	\$ 2,750,132
Long term debt outstanding	<u>\$ 2,716,101</u>	<u>\$ 2,750,132</u>
Debt service payments:		
Principal payments	\$ 27,820	\$ 27,211
Interest payments	83,143	77,720

Excluding the TxDOT Reimbursement Amount obligation related to the SH 71 Express Project, the total debt obligations include the current portion of the obligations, which totaled \$32.4 million and \$26.2 million, for 2023, and 2022, respectively.

Additional information on the Authority's long-term debt can be found in Note 4 of this report.

On May 11, 2023, S&P Global Ratings has upgraded the Authority's senior lien revenue bonds and the subordinate lien TIFIA bonds to A from A- and the Authority's remaining subordinate lien revenue bonds to A- from BBB+.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued)

June 30, 2023

Economic Factors and Next Year's Budget

The FY 2024 Operating Budget reflects a return-to-normal budget as compared to the prior year conservative budget. Revenue recovery from the impact of the pandemic occurred more quickly than anticipated and economic growth has continued to expand, resulting in transaction and revenue growth. Interest earnings recorded were much higher than what was forecasted when the FY23 budget was crafted and interest rates continue to hold steady, in part due to the actions of the Federal Reserve. The FY 2024 revenue estimate of \$257.2 million, which consists primarily of toll revenues and interest earnings, is an approximate 39% increase from the FY 2023 budget. The revenues were projected using the most recent System Traffic and Revenue estimates and historic data, including a conservative approach on interest earnings which can vary quickly. Expense estimates for FY 2024 are \$168.7 million, representing an increase of 19.7% as compared to the FY 2023 budget. The FY 2024 reflects an approach to meet the service level needs resulting from an active local economy and addressing escalating debt service schedule while maintaining more than sufficient debt service coverage than is prescribed in the CTRMA indenture covenants. Inflation increases contained in certain contractual arrangements, as well as in materials and labor, have had an impact on maintenance, operating, and capital costs for the organization.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Texas Regional Mobility Authority, 3300 North IH 35, Suite 300, Austin, 78705.

Central Texas Regional Mobility Authority

**Statement of Net Position
June 30, 2023**

	2023
Current assets:	
Cash and cash equivalents (Note 2)	\$ 174,834,983
Investments (Note 2)	84,860,730
Due from other governments and accounts receivable (net of allowance) (Note 8)	21,584,006
Accrued interest receivable	693,342
Prepaid expenses and other assets	147,093
Total unrestricted	<u>282,120,154</u>
Restricted:	
Cash and cash equivalents (Note 2)	<u>109,664,549</u>
Total restricted	<u>109,664,549</u>
Total current assets	<u>391,784,703</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (Note 2)	582,940,848
Investments (Note 2)	138,438,658
Total restricted assets	<u>721,379,506</u>
Net pension asset (Note 7)	1,046,634
Total capital assets, net (Note 3)	<u>2,203,298,809</u>
Total assets	<u>3,317,509,652</u>
Total deferred outflows of resources (Notes 5 and 7)	<u>170,252,050</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,487,761,702</u></u>

See notes to financial statements.

Central Texas Regional Mobility Authority

Statement of Net Position (Continued)
June 30, 2023

2023

Current liabilities:	
Payable from current assets:	
Accounts payable	\$ 2,968,176
Due to other governments	4,238,615
Lease liability	336,977
Accrued expenses	389,840
Total payable from current assets	<u>7,933,608</u>
Payable from restricted current assets:	
Construction accounts payable	36,499,356
Accrued interest payable	40,778,717
Bonds, notes payable and other obligations, current portion (Note 4)	<u>32,386,476</u>
Total payable from restricted current assets	<u>109,664,549</u>
Total current liabilities	<u>117,598,157</u>
Noncurrent liabilities:	
Lease liability	949,903
Bonds, notes payable and other obligations, net of current portion (Note 4)	<u>2,683,714,350</u>
Total noncurrent liabilities	<u>2,684,664,253</u>
Total liabilities	2,802,262,410
Total deferred inflows of resources (Notes 5 and 7)	<u>79,232</u>
Total liabilities and deferred inflows of resources	<u>2,802,341,642</u>
Net position:	
Net investment in capital assets	206,821,387
Restricted for net pension asset	2,405,721
Restricted for debt service	177,019,531
Unrestricted	<u>299,173,421</u>
Total net position	<u>\$ 685,420,060</u>

See notes to financial statements.

Central Texas Regional Mobility Authority

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	2023
Operating revenues:	
Tolls	\$ 225,664,426
Other operating	20,356
Total operating revenues	<u>225,684,782</u>
Operating expenses:	
Administrative expenses	9,277,281
Operations and maintenance	32,517,452
Other operating expenses	7,504,510
Depreciation and amortization	57,090,620
Total operating expenses	<u>106,389,863</u>
Operating income	<u>119,294,919</u>
Nonoperating revenues (expenses):	
Interest income	36,275,753
Undeveloped project loss	(2,148,142)
Financing expense	(32,000)
Interest expense	(89,238,160)
Total nonoperating revenues (expenses), net	<u>(55,142,549)</u>
Change in net position before capital grants and contributions	64,152,370
TxDOT capital grants and contributions	344,737
Change in net position	<u>64,497,107</u>
Total net position at beginning of year,	<u>620,922,953</u>
Total net position at end of year	<u>\$ 685,420,060</u>

See notes to financial statements.

Central Texas Regional Mobility Authority

Statement of Cash Flows Years Ended June 30, 2023

2023

Cash flows from operating activities:	
Receipts from toll fees	\$ 222,519,790
Receipts from other income	20,356
Payments to vendors	(44,035,987)
Payments to employees	(5,740,777)
Net cash flows provided by operating activities	172,763,382
Cash flows from capital and related financing activities:	
Contributions on refunded obligations	-
Payments on interest	(87,911,113)
Payments on obligations	(30,186,640)
Payments for capital assets	(8,171,615)
Payments for construction in progress	(128,264,538)
Proceeds from capital grants	344,737
Net cash flows used in capital and related financing activities	(254,189,169)
Cash flows from investing activities:	
Interest income	36,277,772
Purchase of investments	(305,761,522)
Proceeds from sale or maturity of investments	383,044,448
Net cash flows provided by investing activities	113,560,698
Net increase in cash and cash equivalents	32,134,911
Cash and cash equivalents at beginning of year	835,305,469
Cash and cash equivalents at end of year	\$ 867,440,380
Reconciliation of change in net position to net cash provided by operating activities:	
Operating income	\$ 119,294,919
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation and amortization	57,090,620
Changes in assets and liabilities:	
Decrease in due from other governments	(3,144,636)
Decrease in prepaid expenses and other assets	(19,030)
Decrease in accounts payable	(498,286)
Increase in accrued expenses	744,266
Increase in pension asset	1,503,184
Increase in deferred outflow of resources	(2,007,357)
Decrease in deferred inflow of resources	(200,298)
Total adjustments	53,468,463
Net cash flows provided by operating activities	\$ 172,763,382
Reconciliation of cash and cash equivalents:	
Unrestricted cash and cash equivalents	\$ 174,834,983
Restricted cash and cash equivalents:	
Current	109,664,549
Noncurrent	582,940,848
Total	\$ 867,440,380

See notes to financial statements.

Central Texas Regional Mobility Authority

**Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2023**

	2023	
	Pension Trust Fund	Custodial Fund
Assets:		
Restricted:		
Cash and cash equivalents (Note 2)	\$ -	\$ 4,304,883
Investments (Note 2):		
Collective Investment Fund	792,373	-
Total assets	<u>792,373</u>	<u>4,304,883</u>
Payable:		
Account payable	-	113,000
	<u>-</u>	<u>113,000</u>
Net position:		
Restricted:		
Other governments	-	4,191,883
Pension	792,373	-
Total net position	<u>\$ 792,373</u>	<u>\$ 4,191,883</u>

See notes to financial statements.

Central Texas Regional Mobility Authority

**Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2023**

	2023	
	Pension Trust Fund	Custodial Fund
Additions:		
Contributions:		
Employer	\$ 122,954	\$ -
Total contributions	<u>122,954</u>	<u>-</u>
Investment earnings:		
Net (decrease) in fair value of investments	(359,676)	-
Interest and dividends	-	175,507
Other additions		
Deposits from other governments	-	102,000
Total additions	<u>(236,722)</u>	<u>277,507</u>
Deductions:		
Benefits paid to participants and beneficiaries	497,703	-
Construction withdrawals other governments	-	1,354,698
Total deductions	<u>497,703</u>	<u>1,354,698</u>
Net decrease in fiduciary net position	(734,425)	(1,077,191)
Net position, beginning	<u>1,526,798</u>	<u>5,269,074</u>
Net position, ending	<u><u>\$ 792,373</u></u>	<u><u>\$ 4,191,883</u></u>

See notes to financial statements.

Central Texas Regional Mobility Authority

Notes to Financial Statements

June 30, 2023

Note 1. Organization and Summary of Significant Accounting Policies

The financial statements of the Central Texas Regional Mobility Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

A. Reporting entity: The Authority was authorized by the State of Texas in 2002. The Authority is authorized to construct, maintain, repair and operate turnpike projects at locations authorized by the Legislature of the State of Texas and approved by the Texas Department of Transportation (TxDOT). The Authority receives its revenues from tolls, fees and reimbursement grants from the operation of turnpike projects and reimbursement grants for the construction of toll projects. The Authority may issue revenue bonds for the purpose of paying the costs of turnpike projects.

The Authority was formed through the joint efforts of Travis and Williamson Counties (the Counties). Their efforts began in September 2002, following the enactment of provisions by the 77th Texas Legislature authorizing the formation of regional mobility authorities (RMAs). The petition to form the Authority was filed by the Counties, and the Texas Transportation Commission granted approval for its formation in October 2002. The initial meeting of the Board of Directors (the Board) of the Authority was held in January 2003. Each County appoints three directors and the Governor appoints the presiding officer. The members are appointed in belief that the composition of the Board and the common interest in the region shared by all Board members will result in adequate representation of all political subdivisions within the geographic area of the RMA and the members will serve without pay for terms of two years. The Authority has full control over all operations, but must comply with certain bond indentures and trust agreements. The Authority employs an Executive Director who manages the day-to-day operations.

In evaluating how to define the Authority for financial reporting purposes, management has determined there are no entities over which the Authority exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Authority. Since the Authority does not exercise significant influence or accountability over other entities, it has no component units.

In accordance with the provisions of GASB Statement No. 84, *Fiduciary Activities*, the Authority determined that reporting a statement of fiduciary net position and a statement of changes in fiduciary net position in the fiduciary fund financial statements of the basic financial statements would be appropriate for the following funds that meet the outlined criteria:

Other Employee Benefit Trust Funds are used to report fiduciary activities, on a calendar year basis or December 31, for which resources are held in trusts that meet the criteria outlined by GASB. The Other Employee Benefit Trust Fund is administered by Nationwide Retirement Solutions 401(a) Governmental Profit-Sharing Plan and Trust as a Defined Contribution Plan. The Authority offers discretionary contributions to its employees and all contributions made are vested immediately. For the Plan year ending December 31, 2022, the Authority made \$122,000 in discretionary employer contributions.

Custodial funds are used to report fiduciary activities for resources that are held in trust that meet the criteria outlined by GASB and that are not required to be reported in pension trust funds, investment trust funds or private purpose trust funds.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

B. Basis of accounting: The operations of the Authority are accounted for within a single proprietary (enterprise) fund through which all non-fiduciary financial activities are recorded. The measurement focus for an enterprise fund is the flow of economic resources. An enterprise fund follows the accrual basis of accounting. With this measurement focus, all assets, liabilities and deferred inflows and outflows of resources associated with the operations are included on the Statements of Net Position. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) is segregated into amounts of net investment in capital assets, amounts restricted for capital activity and debt service pursuant to the bond indenture and amounts which are unrestricted. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which the liability is incurred regardless of the timing of related cash flows, and depreciation of capital assets is recognized. Revenue from grants and contracts specifying allowable costs to be incurred are recognized as revenue when all eligibility requirements imposed by the provider are met and qualifying expenditures have been incurred.

The fiduciary fund financial statements of the Pension Plan and the Custodial Fund are reported using the economic resources measurement focus and are prepared on the accrual basis of accounting in conformity with U.S. GAAP. Contributions and income are recorded when earned and benefits and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

C. Pledged revenue: In accordance with the bond indenture, as amended, between the Authority and the trustee named therein, the Authority has designated the following projects as part of the “CTRMA Turnpike System” (the Tolling System) as of June 30, 2023: the 183A Turnpike Project, the 290E Project, the 183 South Project, the SH 71 Express Project and the SH 45 Southwest Project. The trust estate established by the bond indenture is pledged to secure certain outstanding obligations of the Authority, and such trust estate includes the revenues from the Tolling System. The Tolling System may also include any future projects and other roads, bridges or other toll facilities for which the Authority has operational responsibility that the Authority designates as part of the Tolling System by official action of its Board of Directors.

D. Cash, cash equivalents and investments: Cash and cash equivalents include cash on hand, demand deposits, investments in the money market mutual fund and short-term investments with original maturities of 12 months or less from the date of acquisition. Bank deposits are fully collateralized or covered by federal depository insurance. Investments in debt securities are reported at fair value based on pricing service modeling for fixed income securities. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants. Investment in local government investment pools is reported at amortized cost. The net change in fair value of investments is recorded on the Statements of Revenues, Expenses and Changes in Net Position and includes the unrealized and realized gains and losses on investments. The Authority’s investment practices for the enterprise fund and the custodial fund are governed by State statutes, the Authority’s own investment policy and bond indentures and the Texas Public Funds Investment Act. The Pension Trust Fund investments are restricted by investment options provided in the Collective Investment Fund.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

E. Compensated absences: Full-time regular employees are eligible for vacation, which accrues monthly. The maximum paid accrual is from 180 hours for one to two years of service and up to 336 hours for 10 plus years of service. Vested vacation leave is recorded as an expense and a liability as the benefits accrue to employees. Except for executive level benefits which allows for vesting, there are no accumulating sick leave benefits that vest for which any liability must be recognized. Accrued vacation leave is \$240,954 and is part of the total accrued expenses of \$389,840 on the Statements of Net Position as of June 30, 2023.

F. Capital assets: Capital assets, which include property and equipment, right of way and toll roads, are reported at cost. Capital assets acquired through contributions, such as those from developers or other governments, are recorded at estimated acquisition value at the date of donation. Capital assets are defined as assets with initial, individual costs exceeding \$5,000 to \$20,000, depending on the asset category. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Roads and bridges	40 years
Improvements	5-20 years
Buildings	20-30 years
Equipment	3-10 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, the cost and accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

The Authority evaluates for impairment of capital assets when significant unexpected decline in service utility occurs. There were no asset impairments in fiscal year 2023.

G. Grants and contributions: Revenues from grants and contributions are cash and noncash which include the following: (1) Capital grants and contributions which are restricted revenues whose resources may only be spent to purchase, build or use capital assets for specified programs or (2) Operating grants and contributions which are restricted in the way they may be spent for operations of a particular program.

The Authority has entered into several construction contracts with TxDOT for the construction of roadways using Highway Planning and Construction federal funding and certain state funding for transportation improvements. During the years ended June 30, 2023, the Authority recognized capital grants and contributions of \$344,736 from TxDOT. Revenues from federal and state cost reimbursement grants and contracts are recognized as earned when all eligibility requirements, including incurring allowable expenditures, have been met.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

H. Restricted assets: Certain assets of the Authority are classified as restricted assets in the Statement of Net Position because their use is limited by applicable bond covenants or TxDOT construction contracts. When the proceeds are restricted for the acquisition or construction of noncurrent assets or are restricted for liquidation of long-term debt, they are further classified as noncurrent restricted assets. The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. In the financial statements, restricted net position is reported for amounts that are externally restricted by creditors (e.g., bond covenants), grantors, contributors or laws and regulations of other governments or law through constitutional provision or enabling legislation.

I. Income taxes: The Authority is an instrumentality of the state of Texas. As such, income earned in the exercise of its essential government functions is exempt from federal income taxes.

J. Pensions: The net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Authority's participation in the Texas County and District Retirement System (TCDRS), an Agent Plan, and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCDRS net pension liability calculations when due and payable in accordance with the benefit terms. The investments are stated at fair value.

K. Deferred outflows and inflows of resources: The Authority has classified as deferred inflows of resources items that represent acquisition of net position that applies to future periods and will not be recognized as a revenue until then. The Authority has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then. Bond issuance cost, other than prepaid insurance, is expensed as incurred, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Deferred gains/losses on refunding (the difference between the reacquisition price and the carrying value of the existing debt) are recorded as deferred outflows of resources and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

L. Leases: The Authority follows GASB Statement No. 87, *Leases*, which defines the Authority's leasing arrangement as the right to use an underlying asset as a lessor or lessee.

As lessee, the Authority recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. The right-of-use lease assets are measured based on the net present value of the future lease payments at inception using the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Authority calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. As a lessee, the Authority does not consider variable lease payments in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

For lease contracts that are short-term, the Authority recognizes short-term lease payments as outflows of resources (expenses) based on the payment provisions of the lease contract.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

M. Long-term obligations: Long-term obligations are reported as liabilities in the statement of net position and consist of notes and bonds payable and related premiums and discounts. The Authority amortizes premiums and discounts over the estimated life of the bonds as an adjustment to interest expense using the effective interest method.

N. Classification of operating and nonoperating revenue and expenses: The Authority defines operating revenues and expenses as those revenues and expenses generated by the Authority's Tolling System and non-System Project (the MoPac Improvement Project). It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities. This definition is consistent with the Codification of Governmental Accounting and Financial Reporting Standards, which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, noncapital financing or investing activities. All revenues and expense not meeting this definition are reported as nonoperating revenue and expenses.

O. Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

P. Noncash disclosures for statements of cash flows: The Authority's outstanding 2021A TIFIA Bonds and the capital appreciation bonds Series 2010 and 2011 included accreted interest of \$7.7 million and \$7.9 million, respectively for the period ended June 30, 2023. The Authority added a right to use asset for a long term lease in the amount of \$1.2 million as of June 30, 2023.

Q. Issued but not yet effective pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The Authority is evaluating the impact that adoption of this Statement will have on its financial position, results of operations and cash flows.

R. Implemented pronouncement: Effective July 1, 2022, the Authority implemented GASB Statement No. 96 Subscription Based Information Technology Arrangements. The implementation of the standard resulted in no impact for the period ending June 30, 2023.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 2. Cash and Investments

The Authority's Board has adopted an Investment Policy to set forth the factors involved in the management of investment assets for the Authority. The Authority seeks to mitigate risk by investing in compliance with the investment policy, state statutes and bond indenture provisions by qualifying the broker or financial institution with whom the Authority will transact business, maintaining sufficient collateralization, portfolio diversification and limiting maturities.

TexSTAR Investment Pool and Goldman Sachs Fund balances are carried at amortized cost, which does not require categorization under GASB Statement No. 72, *Fair Value Measurements and Application*.

The Authority's enterprise fund had the following investments as of June 30:

Summary of Investments by Type	2023
Cash and cash equivalents:	
Cash	\$ 299,596
Goldman Sachs Financial Square Government Fund	860,313,355
TexSTAR Investment Pool	6,827,429
U.S. government sponsored enterprises and treasury notes	223,299,388
Total cash and investments	<u>\$ 1,090,739,768</u>
Unrestricted cash and cash equivalents	\$ 174,834,983
Unrestricted investments	84,860,730
Restricted cash and cash equivalents:	
Current	109,664,549
Noncurrent	582,940,848
Restricted noncurrent investments	<u>138,438,658</u>
Total cash and cash equivalent and investment, as reported on the Statement of Net Position	<u>\$ 1,090,739,768</u>

The Authority utilizes various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Authority has the ability to access.

Level 2: Inputs are observable other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3: Inputs are unobservable for the asset or liability, to the extent relevant observable inputs are not available, representing the Authority's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 2. Cash and Investments (Continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments measured at net asset value do not have significant terms or conditions for redemption or commitment for additional funding. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables summarize the inputs used as of June 30, 2023, for the Authority's investments measured at fair value:

Investment Type	Fair Value Hierarchy at June 30, 2023			Balance
	Level 1	Level 2	Level 3	
Farmer MAC	\$ -	\$ 39,846,400	\$ -	\$ 39,846,400
Federal HOME Loan Bank	-	19,913,600	-	19,913,600
Total U.S. government sponsored enterprise securities and treasury notes	\$ -	\$ 59,760,000	\$ -	59,760,000
US Treasury Note and Farmer MAC at cost				163,539,388
Investments at net asset value (NAV) based on amortized cost:				
Goldman Sachs Financial Square Government Fund				860,313,355
TexSTAR Investment Pool				6,827,429
Total				\$ 1,090,440,172

Custodial credit risk—deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. The Authority has a formal policy specific to custodial credit risk, which requires bank deposit accounts to be collateralized with pledged securities equal to 105% of the carrying value.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2023**

Note 2. Cash and Investments (Continued)

The Authority was fully collateralized with pledged securities held in the name of the pledging financial institution for amounts in excess of the Federal Deposit Insurance Corporation limit as of June 30, 2023. Cash deposits as of June 30, 2023, was \$299,596.

Custodial credit risk—investments: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Authority and are held by the counterparty, its trust or agent, but not in the Authority’s name. The Authority’s investment securities are not exposed to custodial credit risk because all securities are held by the Authority’s custodial bank in the Authority’s name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority’s investment in a single issuer. The Authority is authorized to invest funds in accordance with its investment policy, bond indentures and the Texas Public Funds Investment Act. Authorized investments include, but are not limited to: United States Treasury and federal agency issues, certificates of deposit issued by a state or national bank domiciled in the state of Texas, repurchase agreements collateralized by United States Treasury or federal agency securities, guaranteed investment contracts (GICs), obligations of states and municipalities, Securities and Exchange Commission (SEC) registered no-load money market mutual funds and local government investment pools. The Authority does not have a specific investment policy related to concentration of credit risk. The Authority does have a policy related to portfolio diversification.

With regards to investment composition, the Authority’s investment policy currently states that local government investment pools may not exceed 80% of the total investment portfolio less bond funds. Bond funds may be invested at 100% of total investment portfolio. No other parameters for investment composition are stated in the approved investment policy.

The Authority’s portfolio consisted of the following as of June 30 and includes investments in Federal Agricultural Mortgage Corp. (Farmer MAC) which represents 8% of the total portfolio:

	2023	
TexSTAR Investment Pool	\$ 6,827,429	0.6%
Goldman Sachs Financial Square Government Fund	860,313,355	78.9%
U.S government sponsored enterprises and treasury notes	223,299,388	20.5%
Total	\$ 1,090,440,172	

Interest rate risk: Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Interest rate risk may be mitigated by investing operating funds primarily in shorter term securities, money market funds or similar investment pools and limiting the average maturity of the portfolio.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 2. Cash and Investments (Continued)

The Authority's investment policy notes that with regard to maximum maturities, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest operating or general funds in securities maturing more than 16 months from the date of purchase, unless approved by the Authority's Board. Investment of bond proceeds shall not exceed the projected expenditure schedule of the related project. Reserve funds may be invested in securities exceeding 12 months if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

As of June 30, 2023, the Authority's investments in debt securities mature as follows:

Investment Type	Investment Maturities (in Days)—2023				Carrying Value
	90 Days or Less	91 to 180 Days	191 to 365 Days	Greater Than 365 Days	
U.S. Treasury Notes	\$ -	\$ 73,575,451	\$ 44,963,937	\$ -	\$ 118,539,388
Farmer MAC	-	-	45,000,000	39,846,400	84,846,400
Federal HOME Loan Bank	-	-	-	19,913,600	19,913,600
Total U.S. government sponsored enterprise securities and treasury notes	\$ -	\$ 73,575,451	\$ 89,963,937	\$ 59,760,000	\$ 223,299,388

Local Government Investment Pool: The Texas Short-Term Asset Reserve Fund (TexSTAR) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. TexSTAR is managed by a five-member board of trustees who has contracted with JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. to administer the operations of the fund. TexSTAR is rated AAA by Standard & Poor's and maintains a weighted average maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The amounts can be withdrawn with limited notice.

The Authority has investments of \$6.83 million in TexSTAR as of June 30, 2023.

Money market mutual fund: The Goldman Sachs Financial Square Government Fund is a government money market fund. The fund values its securities using net asset value and is rated Aaa-mf by Moody's and AAAM by Standard & Poor's Rating Group. The fund has a balance of \$860.3 million as of June 30, 2023. The redemption frequency is one day and there are no unfunded commitments.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 2. Cash and Investments (Continued)

Credit risk: Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. To help mitigate credit risk, credit quality guidelines are incorporated into the investment policy, as follows:

- Limiting investments to the safest types of securities, as listed above under the concentration of credit risk section
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Authority will do business

The Authority's investments had the following credit risk structure as of June 30, 2023, based on Standard & Poor's ratings:

Standard & Poor's		
U.S. Government Sponsored Enterprise	Investment Grade Rating	2023
Federal HOME Loan Bank	AA+	\$ 19,913,600
US Treasury Note	Aaa	118,539,388
Farmer MAC	Not Rated	84,846,400
Total		<u>\$ 223,299,388</u>

Fiduciary Fund Investments

As of June 30, 2023, the investments in the Pension Trust Fund totaled \$792,373. The investments are held in Nationwide Collective Investment Fund and are reported at fair value. The investments are level 2 investments in that the Collective Investment Fund uses observable market data for the underlying investments that support the Collective Investment Fund to determine the fair value net of applicable contract fees.

As of June 30, 2023, the Custodial Fund investment in Goldman Sachs totaled \$4,304,833. The Goldman Sachs Financial Square Government Fund is a government money market fund. The fund values its securities using net asset value. The fund is rated Aaa-mf by Moody's and AAAM by Standard & Poor's Rating Group as of June 30, 2023. The redemption frequency is one day and there are no unfunded commitments.

The following address interest rate risk exposure by investment type, concentration of credit risk, credit risk and foreign currency risk. Investments held by the Plan are recorded at fair value. All assets held by the Plan are held in irrevocable trusts. The Pension Trust Fund investments are restricted by investment options provided in the Collective Investment Fund.

The Custodial Fund assets are invested in accordance with the investment policy of the Authority. Accordingly, the interest rate risk exposure by investment type, concentration of credit risk, credit risk and foreign currency risk are addressed with the Authority's disclosure for amount held in Goldman Sachs.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 2. Cash and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. The Plan does not have an interest rate risk policy. However, the investments held in the Plan are not exposed to interest rate risk as of June 30, 2023.

Credit risk: Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan does not have a credit risk policy. However, the investments held in the Plan are not exposed to credit risk as of June 30, 2023.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan does not have a concentration of credit risk policy. However, the Plan does not have concentration of credit risk as of June 30, 2023.

Foreign currency risk: The Plan does not have a foreign currency risk policy. There were no nondollar foreign investments held directly as of June 30, 2023.

Note 3. Capital Assets

The following schedule summarizes the capital assets of the Authority as of June 30, 2023:

	2022	Additions	Disposals/ Adjustments	Transfers	2023
Nondepreciable assets:					
Construction in progress	\$ 265,708,973	\$ 124,652,186	\$ -	\$ (38,575,132)	\$ 351,786,027
Right of way	88,149,606	-	-	-	88,149,606
Total nondepreciable assets	353,858,579	124,652,186	-	(38,575,132)	439,935,633
Depreciable assets:					
Property and equipment	7,739,990	-	-	1,689,140	9,429,130
Toll road:					
Building and toll facilities	7,062,332	10,893	-	-	7,073,225
Highways and bridges	1,996,970,603	-	-	36,656,360	2,033,626,963
Toll equipment	45,500,040	-	(1,803,036)	229,632	43,926,636
Signs	18,731,544	-	(419,387)	-	18,312,157
Land improvements	14,243,759	-	-	-	14,243,759
Right to use—leased equipment	-	1,286,881	-	-	1,286,881
Total depreciable assets	2,090,248,268	1,297,774	(2,222,423)	38,575,132	2,127,898,751
Accumulated depreciation:					
Property and equipment	(5,711,686)	(1,983,788)	11,739	-	(7,683,735)
Building and toll facilities	(2,645,314)	(187,057)	(10,893)	-	(2,843,264)
Highways and bridges	(260,521,670)	(48,475,755)	353,041	-	(308,644,384)
Toll equipment	(25,284,313)	(3,917,914)	-	-	(29,202,227)
Signs	(5,605,571)	(1,641,173)	303,164	-	(6,943,580)
Land improvements	(8,044,490)	(884,934)	-	-	(8,929,424)
Leased equipment	-	(288,961)	-	-	(288,961)
Total accumulated depreciation	(307,813,044)	(57,379,582)	657,051	-	(364,535,575)
Net property and equipment	\$ 2,136,293,803	\$ 68,570,378	\$ (1,565,372)	\$ -	\$ 2,203,298,809

Construction in progress as of June 30, 2023, consists of the following:

	2022	Additions	Disposals	Transfers	2023
Construction in progress:					
Preliminary and construction costs	\$ 247,556,306	\$ 112,639,582	\$ -	\$ (27,973,730)	\$ 332,222,158
Collection system	12,796,163	12,012,604	-	(10,362,059)	14,446,708
Capitalized interest	5,356,504	-	-	(239,343)	5,117,161
Net construction in progress	\$ 265,708,973	\$ 124,652,186	\$ -	\$ (38,575,132)	\$ 351,786,027

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 3. Capital Assets (Continued)

Including amortization expense, depreciation expense for the years ended June 30, 2023, totaled \$57,379,582.

As of June 30, 2023, the Authority has the following other non-System capital assets (capital assets other than the 183A Turnpike Project, 45SW, the 290E Project, the 183 South Project and the SH 71 Express Project) in operation:

	2023
Capital assets in non-System project:	
Building and toll facilities, net of depreciation	\$ 191,744,795
Toll signs net of depreciation	223,825
Toll equipment, net of depreciation	2,255,092
Total non-System project in operation	<u>\$ 194,223,712</u>

Note 4. Notes and Bonds Payable

The following schedule summarizes total notes and bonds payable for the year ended June 30, 2023:

	2022	Additions/ Accretion	Amortization/ Deductions	2023	Due Within One Year
Series 2010 Obligations (CAB bonds)	\$ 34,999,710	\$ -	\$ -	\$ 34,999,710	\$ -
Series 2010 CAB accretion	52,602,342	6,783,333	-	59,385,675	-
Total 2010 Obligations	<u>87,602,052</u>	<u>6,783,333</u>	<u>-</u>	<u>94,385,385</u>	<u>-</u>
Series 2011 Obligations (CAB Bonds)	9,519,495	-	(1,868,357)	7,651,138	3,346,476
Series 2011 CAB accretion	9,320,439	1,092,404	(1,861,643)	8,551,200	-
Total 2011 Obligations	<u>18,839,934</u>	<u>1,092,404</u>	<u>(3,730,000)</u>	<u>16,202,338</u>	<u>3,346,476</u>
Series 2013 Obligations	6,200,000	-	(6,200,000)	-	-
Series 2015A Bonds	10,000,000	-	-	10,000,000	-
Total 2015 Obligations	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>
Sub Lien Refunding Bonds, Series 2016	72,605,000	-	(1,170,000)	71,435,000	2,380,000
Sr. Lien Refunding Bonds, Series 2016	70,790,000	-	(11,450,000)	59,340,000	12,295,000
Total 2016 Obligations	<u>143,395,000</u>	<u>-</u>	<u>(12,620,000)</u>	<u>130,775,000</u>	<u>14,675,000</u>
Sr. Lien Revenue Bonds, Series 2018	44,345,000	-	-	44,345,000	-
Total 2018 Obligations	<u>44,345,000</u>	<u>-</u>	<u>-</u>	<u>44,345,000</u>	<u>-</u>
Sr. Lien Revenue Bonds, Series 2020	217,425,000	-	-	217,425,000	-
Sub Lien Revenue BANs, Series 2020	110,875,000	-	-	110,875,000	-
Sr. Lien Refunding Bonds, Series 2020	194,035,000	-	(630,000)	193,405,000	5,890,000
Sub Lien Refunding Bonds, Series 2020	160,150,000	-	(1,140,000)	159,010,000	4,010,000
Total 2020 Obligations	<u>682,485,000</u>	<u>-</u>	<u>(1,770,000)</u>	<u>680,715,000</u>	<u>9,900,000</u>
Sub Lien Revenue Bonds, Series 2021A-TIFIA (183S)	311,977,866	6,869,643	-	318,847,509	-
Sub Lien Revenue Bonds Series, 2021A-TIFIA (290E)	39,325,835	870,004	-	40,195,839	-
Sr. Lien Revenue Bonds, Series 2021B	255,075,000	-	-	255,075,000	-
Sub Lien Revenue BANs, Series 2021C	244,185,000	-	-	244,185,000	-
Senior Lien Revenue Bonds, Series 2021E	335,610,000	-	(3,025,000)	332,585,000	3,040,000
Senior Lien Revenue Bonds, Series 2021D	274,625,000	-	(475,000)	274,150,000	500,000
Total 2021 Obligations	<u>1,460,798,701</u>	<u>7,739,647</u>	<u>(3,500,000)</u>	<u>1,465,038,348</u>	<u>3,540,000</u>
71E Toll Project Obligation	55,077,265	-	(3,159,044)	51,918,221	-
2022 MoPac Note	24,990,900	-	(300,000)	24,690,900	925,000
Total Other Obligations	<u>80,068,165</u>	<u>-</u>	<u>(3,459,044)</u>	<u>76,609,121</u>	<u>925,000</u>
Total notes, bonds and other obligations payable	2,533,733,852	15,615,384	(31,279,044)	2,518,070,192	32,386,476
Net premium (discount) on revenue bonds payable	216,398,310	-	(18,367,676)	198,030,634	-
Total notes, bonds and other obligations payable, net	2,750,132,162	\$ 15,615,384	\$ (49,646,720)	2,716,100,826	\$ 32,386,476
Less current maturities of notes and bonds payable	(26,258,357)	-	-	(32,386,476)	-
Total	<u>\$ 2,723,873,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,683,714,350</u>	<u>\$ -</u>

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

The Series 2010 Obligations, the Series 2011 Obligations, the Series 2013 Obligations, the Series 2015 Obligations, the Series 2016 Obligations, the Series 2018 Obligations, the Series 2020 Obligations, and the Series 2021 Obligations each as further described below, were issued or incurred by the Authority pursuant to a bond indenture between the Authority and the trustee named therein, and are secured by and payable from the trust estate established thereby, in the manner described in and subject to the terms and conditions of the bond indenture. The trust estate established by the bond indenture includes the revenues from the Tolling System. The Authority is required to establish and maintain toll rates in connection with the Tolling System as shall be sufficient to satisfy its rate covenant under the bond indenture.

Series 2010 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2010 (Series 2010 Bonds or Series 2010 Obligations) on March 11, 2010. The outstanding Series 2010 Bonds were issued as capital appreciation bonds (CABs).

The proceeds of the Series 2010 Bonds were used to (i) finance a portion of the costs of the 183A Phase II Project; (ii) refund and redeem certain outstanding obligations of the Authority; (iii) pay capitalized interest with respect to the Series 2010 Bonds; (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2010 Bonds.

The Series 2010 Bonds are scheduled to mature in 2025 through 2040 at an aggregated maturity amount of \$176.1 million. The principal amount of \$34.9 million of the Series 2010 Bonds represents the total amount of outstanding principal before the accreted and compounded interest as of June 30, 2023.

Interest on the Series 2010 Bonds will accrete from the date of initial delivery to stated maturity at rates ranging from 7.20% to 7.85% and will compound on each July 1 and January 1, commencing July 1, 2010. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

The amount of accumulated accreted interest on the Series 2010 Bonds as of June 30, 2023, was \$52.6 million. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2010.

Series 2011 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2011 (Series 2011 Bonds or Series 2011 Obligations) on June 29, 2011. The outstanding Series 2011 Bonds were issued as capital appreciation bonds (CABs).

The proceeds of the Series 2011 Obligations were used to (i) prepay and redeem certain outstanding obligations of the Authority; (ii) finance a portion of the costs of the 290E Phase II Project and as otherwise authorized in the Indenture; (iii) pay capitalized interest with respect to the Series 2011 Bonds; (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2011 Bonds.

The Series 2011 Bonds are scheduled to mature in 2023 through 2026 at an aggregated maturity amount of \$22.1 million. The principal amount of \$9.9 million for the Series 2011 Bonds represents the total amount of outstanding principal before the accreted and compounded interest as of June 30, 2023.

Interest on the Series 2011 Bonds will accrete from the date of initial delivery to stated maturity at rates ranging from 5.9% to 6.5% and will compound on each July 1 and January 1, commencing July 1, 2011. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

The amount of accumulated accreted interest on the Series 2011 Bonds as of June 30, 2023 was \$8.5 million. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2011.

Series 2013 Obligations: The Authority issued its Senior Lien Revenue Refunding Bonds, Series 2013A (Series 2013A Senior Lien Bonds), and Subordinate Lien Revenue Refunding Bonds, Series 2013 (Series 2013 Subordinate Lien Bonds), collectively called the Series 2013 Obligations, on May 16, 2013.

The proceeds of the Series 2013 Obligations were used to (i) refund and redeem certain outstanding obligations of the Authority; (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund and (iii) pay certain issuance costs of the Series 2013 Obligations.

The Series 2013A Senior Lien Bonds were issued as current interest bonds and are scheduled to mature in 2023. Interest on the Series 2013A Senior Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at a rate of 5%. Interest on the Series 2013A Senior Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2013. As of June 30, 2023, the bonds were paid back in full.

The Series 2013 Subordinate Lien Bonds were issued as current interest bonds and are scheduled to mature in 2023. Interest on the Series 2013 Subordinate Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at the rate of 5%. Interest on the Series 2013 Subordinate Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2013. As of June 30, 2023, the bonds were paid back in full.

Series 2015 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2015A (Series 2015A Bonds or Series 2015 Obligations) on November 19, 2015.

The proceeds of the Series 2015A Bonds were used to (i) finance and refinance the costs of designing, engineering, developing and constructing the 183 South Project; (ii) refund and redeem certain outstanding obligations of the Authority; (iii) pay capitalized interest with respect to the Series 2015A Bonds; (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2015A Bonds.

The Series 2015A Bonds were issued as current interest bonds and are scheduled to mature in 2025 through 2028. Interest on the Series 2015A Bonds is calculated on the basis of a 360-day year of 12, 30-day months at a rate of 5%. Interest on the Series 2015A Bonds is payable on each July 1 and January 1, commencing January 1, 2016. During fiscal year 2022, \$288.8 million in principal amount of the Series 2015A Bonds was refunded and used to defease the debt with a portion of the proceeds of the Series 2021E Bonds. As of June 30, 2023, the outstanding principal amount of the Series 2015A Bonds was \$10 million.

Series 2016 Obligations: The Authority issued its Senior Lien Revenue Refunding Bonds, Series 2016 (Series 2016 Senior Lien Bonds) on June 1, 2016 and its Subordinate Lien Revenue Refunding Bonds, Series 2016 (Series 2016 Subordinate Lien Bonds) on August 9, 2016, collectively called the Series 2016 Obligations. The proceeds of the Series 2016 Obligations were used to (i) refund and redeem certain outstanding obligations of the Authority; (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund and (iii) pay certain issuance costs of the Series 2016 Obligations.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

The Series 2016 Senior Lien Bonds were issued as current interest bonds and are scheduled to mature in 2023 through 2027 and in 2041. Interest on the Series 2016 Senior Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.375% to 5%. Interest on the Series 2016 Senior Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2016. During fiscal year 2022, \$266.9 million in principal amount of the Series 2016 Senior Lien Bonds was refunded with a portion of the proceeds of the Series 2021D Bonds. As of June 30, 2023, the outstanding principal amount of the Series 2016 Senior Lien Bonds was \$59.3 million.

The Series 2016 Subordinate Lien Bonds were issued as current interest bonds and are scheduled to mature in 2023 through 2036 and in 2041. Interest on the Series 2016 Subordinate Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.125% to 5%. Interest on the Series 2016 Subordinate Lien Bonds is payable on each July 1 and January 1, commencing January 1, 2017. As of June 30, 2023, the outstanding principal amount was \$71.5 million.

Series 2018 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2018 (Series 2018 Senior Lien Bonds) and its Subordinate Lien Revenue Bond Anticipation Notes, Series 2018 (Series 2018 Sub Lien BANs) on November 20, 2018, collectively called the Series 2018 Obligations. The proceeds of the Series 2018 Obligations were used to (i) finance the costs of designing, engineering, developing and constructing the 290 E Phase III Project; (ii) pay capitalized interest with respect to the Series 2018 Senior Lien Bonds and (iii) pay certain issuance costs of the Series 2018 Obligations.

The Series 2018 Senior Lien Bonds were issued as current interest bonds and are scheduled to mature in 2025 through 2039 and in 2043 and 2048. Interest on the Series 2018 Senior Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 5%. Interest on the Series 2018 Senior Lien Bonds is payable on each July 1 and January 1, commencing January 1, 2019. As of June 30, 2023, the outstanding principal amount was \$44.3 million.

The Series 2018 Sub Lien BANs were issued as current interest bonds and were scheduled to mature in 2022. Interest on the Series 2018 Sub Lien BANs is calculated on the basis of a 360-day year of 12, 30-day months at rate of 4%. Interest on the Series 2018 Sub Lien BANs is payable on each July 1 and January 1, commencing January 1, 2019. During fiscal year 2022, the Series 2018 Sub Lien BANs were refunded and redeemed in whole with a portion of the proceeds of the 2021A TIFIA Bonds. As of June 30, 2023, the outstanding principal amount of the Series 2018 Sub Lien BANs was \$0.

Series 2020 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2020A (Series 2020A Bonds) on January 22, 2020. The Authority issued its Senior Lien Revenue Refunding Bonds, Series 2020B (Series 2020B Bonds), its Senior Lien Revenue Refunding Bonds, Taxable Series 2020C (Series 2020C Bonds) and its Subordinate Lien Revenue Refunding Bonds, Taxable Series 2020D (Series 2020D Bonds) on September 23, 2020. The Authority issued its Senior Lien Revenue Bonds, Series 2020E (Series 2020E Bonds), its Subordinate Lien Revenue Bond Anticipation Notes, Series 2020F (Series 2020F BANs) and its Subordinate Lien Revenue Refunding Bonds, Series 2020G (Series 2020G Bonds) on November 19, 2020. The Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, the Series 2020D Bonds, the Series 2020E Bonds, the Series 2020F BANs and the Series 2020G Bonds are collectively referred to as the Series 2020 Obligations.

Series 2020A Bonds: The proceeds of the Series 2020A Bonds were used to (i) prepay certain outstanding obligations of the Authority and (ii) pay certain issuance costs of the Series 2020A Bonds. The Series 2020A Bonds were issued as current interest bonds and are scheduled to mature in 2026 through 2040 and in 2044 and 2049. Interest on the Series 2020A Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 5%. Interest on the Series 2020A Bonds is payable on each January 1 and July 1, commencing July 1, 2020. As of June 30, 2023, the outstanding principal amount was \$50.26 million.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

Series 2020B Bonds: The proceeds of the Series 2020B Bonds were used to (i) refund and redeem certain outstanding obligations of the Authority and (ii) pay certain issuance costs of the Series 2020B Bonds. The Series 2020B Bonds were issued as current interest bonds and are scheduled to mature in 2023 through 2040 and in 2045. Interest on the Series 2020B Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 4% to 5%. Interest on the Series 2020B Bonds is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$54.97 million.

Series 2020C Bonds: The proceeds of the Series 2020C Bonds were used to (i) refund and redeem certain outstanding obligations of the Authority and (ii) pay certain issuance costs of the Series 2020C Bonds. The Series 2020C Bonds were issued as current interest bonds and are scheduled to mature in 2024 through 2035 and in 2042. Interest on the Series 2020C Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 1.345% to 3.293%. Interest on the Series 2020B Bonds is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$138.4 million.

Series 2020D Bonds: The proceeds of the Series 2020D Bonds were used to (i) refund and redeem certain outstanding obligations of the Authority; (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund and (iii) pay certain issuance costs of the Series 2020D Bonds. The Series 2020D Bonds were issued as current interest bonds and are scheduled to mature in 2023 through 2031 and in 2035 and 2042. Interest on the Series 2020D Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 1.486% to 3.593%. Interest on the Series 2020D Bonds is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$97.44 million.

Series 2020E Bonds: The proceeds of the Series 2020E Bonds will be used to (i) finance the costs of various improvements and extensions of the System, including the costs of the 183A Phase III Project, (ii) pay capitalized interest with respect to the Series 2020E Bonds, (iii) make a deposit to the Senior Lien Debt Service Reserve Fund and (iv) pay certain issuance costs of the Series 2020E Bonds. The Series 2020E Bonds were issued as current interest bonds and are scheduled to mature in 2029 through 2040 and in 2045 and 2050. Interest on the Series 2020E Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 4% to 5%. Interest on the Series 2020E Bonds is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$167.1 million.

Series 2020F BANs: The proceeds of the Series 2020F BANs will be used to (i) finance the costs of various improvements and extensions of the System, including the costs of the 183A Phase III Project, and (ii) pay certain issuance costs of the Series 2020F BANs. The Series 2020F BANs were issued as current interest bonds and are scheduled to mature in 2025. Interest on the Series 2020F BANs is calculated on the basis of a 360-day year of 12, 30-day months at rate of 5%. Interest on the Series 2020F BANs is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$110.8 million.

Series 2020G Bonds: The proceeds of the Series 2020G Bonds were used to (i) refund and redeem certain outstanding obligations of the Authority and (ii) pay certain issuance costs of the Series 2020G Bonds. The Series 2020G Bonds were issued as current interest bonds and are scheduled to mature in 2028 through 2040 and in 2045 and 2050. Interest on the Series 2020G Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rate of 4% to 5%. Interest on the Series 2020G Bonds is payable on each January 1 and July 1, commencing January 1, 2021. As of June 30, 2023, the outstanding principal amount was \$61.5 million.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

Series 2021 Obligations: The Authority issued its Subordinate Lien Revenue Bonds, Taxable Series 2021A (2021A TIFIA Bonds) on February 26, 2021. The Authority issued its Senior Lien Revenue Bonds, Series 2021B (Series 2021B Bonds) and its Subordinate Lien Revenue Bond Anticipation Notes, Series 2021C (Series 2021C BANs) on April 14, 2021. The Authority issued its Senior Lien Revenue Refunding Bonds, Series 2021D (Series 2021D Bonds) and its Senior Lien Revenue Refunding Bonds, Taxable Series 2021E (Series 2021E Bonds) on October 26, 2021. The 2021A TIFIA Bonds, the Series 2021B Bonds, the Series 2021C BANs, the Series 2021D Bonds and the Series 2021E Bonds are collectively referred to as the Series 2021 Obligations.

2021A TIFIA Bonds: In February 2021, the Authority entered into a secured loan agreement (the 2021A TIFIA Loan Agreement) with the United States Department of Transportation, pursuant to which the Authority is authorized to borrow an aggregate amount not to exceed \$448,383,623 (the 2021A TIFIA Loan), excluding interest that is capitalized, to pay or reimburse the Authority for eligible project costs of the 183 South Project, the 290E Phase III Project and the 183A Phase III Project. The 2021A TIFIA Loan is comprised of the 183-S Tranche (in an aggregate principal amount not to exceed \$302,980,387 relating to the 183 South Project), the Manor Expressway Tranche (in an aggregate principal amount not to exceed \$38,690,346 relating to the 290E Phase III Project) and the 183A Tranche (in an aggregate principal amount not to exceed \$106,712,890 relating to the 183A Phase III Project).

The Authority's obligations to repay amounts borrowed under the 2021A TIFIA Loan Agreement are evidenced by the Authority's Subordinate Lien Revenue Bonds, Taxable Series 2021A (the 2021A TIFIA Bonds). The 2021A TIFIA Bonds are comprised of the 183-S TIFIA Bond (which evidences the Authority's obligations with respect to the 183-S Tranche of the 2021A TIFIA Loan), the Manor Expressway TIFIA Bond (which evidences the Authority's obligations with respect to the Manor Expressway Tranche of the 2021A TIFIA Loan) and the 183A TIFIA Bond (which evidences the Authority's obligations with respect to the 183A Tranche of the 2021A TIFIA Loan).

The 183-S TIFIA Bond, the Manor Expressway TIFIA Bond and the 183A TIFIA Bond bear interest at 2.19%, 2.20% and 2.20% per annum, respectively. The final maturity date of the 183-S TIFIA Bond is January 1, 2049. The final maturity date of the Manor Expressway TIFIA Bond is January 1, 2054. The final maturity date of the 183A TIFIA Bond will be the earlier of (a) the date that is thirty-five (35) years from the date of substantial completion of the 183A Phase III Project and (b) January 1, 2055.

Payments of principal and interest on the 2021A TIFIA Bonds are payable on each January 1 and July 1, commencing on July 1, 2024 for the 183-S TIFIA Bond, January 1, 2025 for the Manor Expressway TIFIA Bond, and for the 183A TIFIA Bond, the earlier of (i) January 1, 2029 and (ii) the semiannual payment date immediately preceding the fifth anniversary of the date of substantial completion of the 183A Phase III Project.

The Authority has received loan proceeds from the 183-S Tranche and the Manor Expressway Tranche of the 2021A TIFIA Loan of approximately \$282.2 million and \$38.6 million, respectively, through fiscal year 2022, which were used to refinance certain outstanding obligations of the Authority relating to the 183 South Project and the 290E Phase III Project. The Authority has not received any loan proceeds from the 183A Tranche of the 2021A TIFIA Loan. As of June 30, 2023, the Manor Expressway TIFIA Bond had an outstanding balance of \$40.2 million, which included accreted interest of approximately \$1.5 million, as part of the outstanding balance. As of June 30, 2023, the 183-S TIFIA Bond had an outstanding balance of \$318.8 million which included accreted interest of approximately \$35.9 million as part of the outstanding balance.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

Series 2021B Bonds and Series 2021 BANs: A portion of the proceeds of the Series 2021B Bonds and Series 2021C BANs will be used to finance and refinance the costs of designing, engineering, developing and constructing the 183 North Mobility Project. The remaining proceeds of the Series 2021B Bonds and Series 2021C BANs were used to (i) pay capitalized interest with respect to the Series 2021B Bonds and the Series 2021C BANs, (ii) make a deposit to the Senior Lien Debt Service Reserve Fund and (iii) pay certain issuance costs of the Series 2021B Bonds and the Series 2021C BANs.

The Series 2021B Bonds were issued as current interest bonds and are scheduled to mature in 2029 through 2041 and in 2046 and 2051. The Series 2021C BANs were issued as current interest bonds and are scheduled to mature in 2027. Interest on the Series 2021B Bonds and Series 2021C BANs is calculated on the basis of a 360-day year of 12, 30-day months at rates of 4% to 5%. Interest on the Series 2021B Bonds and Series 2021C BANs is payable on each January 1 and July 1, commencing July 1, 2021. As of June 30, 2023, the outstanding principal amount on the Series 2021B Bonds and Series 2021C BANs was \$255.07 million and \$244.18 million, respectively.

Series 2021D and Series 2021E Bonds: The proceeds of the Series 2021D and Series 2021E Bonds were used to advance refund \$288,790,000 of the Series 2015A Bonds and \$266,900,000 of the series 2016 Bonds which had rates of 5% and 3.125% to 5%, respectively. Proceeds of \$660,083,871 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service on the refunded bonds. As a result, \$288,790,000 of the series 2015A Bonds and \$266,900,000 of the series 2016 Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$107,825,767. This amount is reported as deferred inflows of resources and is being amortized over the remaining life of the refunding debt. The Authority advance refunded a portion of the 2015A and 2016 Bonds to reduce its total debt service payments by \$80,473,964 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$50,003,238.

The Authority defeased previously issued debt obligations in the current year by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. As June 30, 2023, \$288,790,000 of defeased bonds remain outstanding.

The Series 2021D Bonds and Series 2021E Bonds were issued as current interest bonds and are scheduled to mature in 2023 through 2041, and in 2044, through 2046. Interest on the Series 2021D Bonds and Series 2021E Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rates of 0.221% to 5%. Interest on the Series 2021D Bonds and Series 2021E Bonds is payable on each January 1 and July 1, commencing January 1, 2022. As of June 30, 2023, the outstanding principal amount on the Series 2021D Bonds was \$274.1 million. As of June 30, 2023, the outstanding principal amount on the Series 2021E Bonds was \$332.6 million.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

183N TIFIA Note: In December 2021, the Authority entered into a secured loan agreement (the 183N TIFIA Loan Agreement) with the United States Department of Transportation, pursuant to which the Authority is authorized to borrow an amount not to exceed \$250,289,625 (excluding interest that is capitalized) to pay eligible project costs of the 183 North Mobility Project. The Authority's obligation to repay amounts borrowed under the 183N TIFIA Loan Agreement is evidenced by a Subordinate Lien Revenue Promissory Note (the 183N TIFIA Note). The 183N TIFIA Note bears interest at 1.89% per annum and the final maturity date thereof will be the earlier of (i) the date that is 35 years from the date of substantial completion of the 183 North Mobility Project and (ii) January 1, 2056. Payments of principal and interest due on the 183N TIFIA Note are payable in the amounts set forth in the 183N TIFIA Loan Agreement on each January 1 and July 1, commencing on the earlier of (i) January 1, 2029 and (ii) the semiannual payment date on (or immediately preceding) the fifth anniversary of the date of substantial completion of the 183 North Mobility Project. The Authority has not received any loan proceeds pursuant to the 183N TIFIA Loan Agreement. As of June 30, 2023, the outstanding principal amount of the 183N TIFIA Note was \$0.

71E Toll Project Obligation to TxDOT: The Authority, the Capitol Area Metropolitan Planning Organization (CAMPO) and TxDOT approved the execution of a Project Agreement (the SH 71 Agreement) for the development of toll lanes on SH 71 extending from Presidential Boulevard to just east of SH 130, including the realignment of FM 973 where that road intersects with SH 71, which is referred to as the SH 71 Express Project.

Pursuant to a resolution adopted by the Authority's Board, the Authority waived and declined to exercise its option to develop, finance, and construct the SH 71 Express Project, and retained (and did not waive) its option to operate any potential toll lanes on the SH 71 Express Project and to retain the revenues generated therefrom. Upon completion of the SH 71 Express Project, the SH 71 Agreement obligates the Authority to operate and maintain the toll lanes and related infrastructure of the SH 71 Express Project developed, financed and constructed by TxDOT. The Authority will retain the revenues generated from the SH 71 Express Project, which will be used to pay operation and maintenance costs of the toll lanes, toll facilities and related equipment. After payment of such operation and maintenance costs, one-half of the remaining revenues from the SH 71 Express Project must be used to reimburse TxDOT for up to \$65.0 million of the costs of the SH 71 Express Project (the TxDOT Reimbursement Amount), plus interest thereon at 3.62% per annum.

The SH 71 Agreement obligates the Authority to repay the TxDOT Reimbursement Amount solely from one-half of the net revenues of the SH 71 Express Project over a 35-year term. The first payment was due on the first anniversary of substantial completion of the SH 71 Express Project and continues every year thereafter for a total of 35 years or until the TxDOT Reimbursement Amount and all accrued interest is paid. The SH 71 Express Project was substantially completed on March 8, 2017, and, accordingly, the first payment payable by the Authority to TxDOT under the SH 71 Agreement was due on March 8, 2018. In the event any annual payment is not sufficient to pay for all accrued interest due, the unpaid amount of accrued interest is added to the TxDOT Reimbursement Amount. Under the SH 71 Agreement, TxDOT is obligated to operate and maintain all other aspects of the SH 71 Express Project, including but not limited to, the general purpose lanes and the FM 973 realigned intersection with SH 71.

As of June 30, 2017, the toll lanes of the SH 71 Express Project were operational and the Authority recorded a capital contribution of \$96.0 million and a note payable to TxDOT of \$65.0 million; however, payments made by the Authority in respect of the TxDOT Reimbursement Amount are paid as, and constitute, Operating Expenses under the terms of the Authority's bond indenture securing its outstanding toll revenue obligations. During fiscal year 2023, the Authority made principal payments on the TxDOT Reimbursement Amount of approximately \$3.2 million. As of June 30, 2023, the outstanding TxDOT Reimbursement Amount was approximately \$51.1 million.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2023**

Note 4. Notes and Bonds Payable (Continued)

2022 MoPac Note (Private Placement): On May 10, 2022, the Authority borrowed \$24,990,900 pursuant to a secured loan agreement entered into between the Authority and a bank, which is evidenced by a promissory note (the 2022 MoPac Note). The proceeds of the 2022 MoPac Note were used to prepay the 2017 MoPac Note in full. No additional amounts may be borrowed pursuant to the 2022 MoPac Note. Interest on the 2022 MoPac Note is payable on each January 1 and July 1, commencing July 1, 2022. The 2022 MoPac Note bears interest at a fixed rate of 3.18%, which is subject to adjustment in accordance with the terms thereof. The principal amount of the 2022 MoPac Note is payable in annual installments, which vary in amount, on each July 1, beginning on July 1, 2022 and continuing through July 1, 2027.

The 2022 MoPac Note includes an event of default with finance-related consequences. An event of default is considered to occur if the Authority fails to make debt service payments on the 2022 MoPac Note, defaults on other Authority debt obligations, or another creditor of the Authority obtains, or seeks to obtain possession of the net revenues from the MoPac Improvement Project. In the event of default, the 2022 MoPac Note will become immediately payable and the interest rate will be increased by 4%.

The net revenues from the MoPac Improvement Project have been pledged as collateral for the 2022 MoPac Note. As of June 30, 2023, the outstanding principal amount was \$24,690,900.

Future payments on debt obligations: Future payments of principal and interest on the Authority's bonds and notes described in this Note 4 (based on the scheduled payments) as of June 30, 2023, are as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 28,115,000	\$ 80,460,527	\$ 3,346,476	\$ 3,878,525	\$ 925,000	\$ 755,756
2025	133,697,585	87,211,597	6,341,742	10,113,258	1,275,000	715,211
2026	28,696,593	81,339,127	4,636,952	9,118,048	1,400,000	670,691
2027	277,480,060	80,259,089	3,264,322	7,805,678	21,090,900	622,991
2028	36,238,839	66,112,938	3,171,378	8,553,622	-	-
2029-2033	357,664,584	304,794,860	11,974,257	45,080,743	-	-
2034-2038	434,945,820	235,675,539	7,621,437	46,858,563	-	-
2039-2043	503,495,808	151,485,147	2,294,284	19,575,715	-	-
2044-2048	421,447,472	59,752,208	-	-	-	-
2049-2053	108,938,908	7,500,578	-	-	-	-
2054-2058	152,680	34,283	-	-	-	-
	<u>\$ 2,330,873,349</u>	<u>\$ 1,154,625,893</u>	<u>\$ 42,650,848</u>	<u>\$ 150,984,152</u>	<u>\$ 24,690,900</u>	<u>\$ 2,764,649</u>

Central Texas Regional Mobility Authority

Notes to Financial Statements
June 30, 2023

Note 4. Notes and Bonds Payable (Continued)

	Total Debt Service	
	Principal	Interest
2024	\$ 32,386,476	\$ 85,094,808
2025	141,314,327	98,040,066
2026	34,733,545	91,127,866
2027	301,835,282	88,687,758
2028	39,410,217	74,666,560
2029-2033	369,638,841	349,875,603
2034-2038	442,567,257	282,534,102
2039-2043	505,790,092	171,060,862
2044-2048	421,447,472	59,752,208
2049-2053	108,938,908	7,500,578
2054-2058	152,680	34,283
Total	<u>2,398,215,097</u>	<u>\$ 1,308,374,694</u>
SH 71E Obligation	51,918,220	
Accreted interest—CABs	67,936,875	
	<u>119,855,095</u>	
	<u>\$ 2,518,070,192</u>	

As described above, the Series 2010 Bonds and the Series 2011 Bonds were issued as capital appreciation bonds. The accreted interest on the Series 2010 Bonds and Series 2011 Bonds are reflected on the Statement of Net Position as additional principal and is reflected in the interest column in this table in the amount of \$67,936,875. Additionally, the 2021A TIFIA Bonds also included accreted interest reflected on the Statement of Net Position as additional principal and is reflected in the interest column in this table.

Note 5. Deferred Outflow and Inflow of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, the Authority has classified the difference between the reacquisition price and the net carrying amount of the defeased debt as a deferred outflow of resources. The deferred outflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. The Authority has also deferred outflows and inflows of resources for certain pension related items in accordance with applicable pension standards as noted under Note 7.

The Authority's deferred outflow of resources balance as of June 30 is composed of the following:

	2023
Deferred outflows from bond refundings	\$ 168,813,731
Pension-related amounts:	
Employer pension contribution	367,959
Net difference in pension investment experience	456,341
Experience changes	129,804
Assumption changes	484,215
	<u>\$ 170,252,050</u>

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 5. Deferred Outflow and Inflow of Resources (Continued)

The Authority's deferred inflow of resources balance as of June 30 is composed of the following:

	2023
Pension-related amounts:	
Experience changes	\$ 79,232
Net difference in pension investment experience	-
	<u>\$ 79,232</u>

Note 6. Risk Management

In conjunction with its normal operations, the Authority is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences; tort/liability claims; errors and omissions claims; and professional liability claims. As a result of these exposures, the Authority carries insurance with a governmental risk pool under an "all risks" policy. All categories of insurance coverage in place were either maintained at current levels or increased as to overall limits of coverage and reduction of self-retained risk so as to reduce the overall exposure of risk to the Authority. There were no settlements in excess of insurance coverage during fiscal years 2023.

Note 7. Employee Retirement Plan

Plan description: The Authority participates in Texas County and District Retirement System (TCDRS). TCDRS is a statewide, agent multiple-employer, public employee retirement system. TCDRS is a nonprofit public trust providing pension, disability and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCDRS administration. TCDRS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That annual report may be downloaded at <http://www.tcdrs.com>.

Benefits provided: Effective the date of participation, the Authority provides retirement, disability and death benefits. A percentage of each employee's paycheck is deposited into his or her TCDRS account. That percentage has been set by the Authority at 7% and has elected a matching rate of \$2 to \$1. The employee's savings grow at a rate of 7%, compounded annually. At retirement, the employee's account balance is combined with the Authority's matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month that they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the employer matching contribution, at age 60 or older.

The Authority adopted a five year/Age 60 Retirement Eligibility described in Section 844.207 of the TCDRS Act, under which: (a) any TCDRS member who has 5 or more years of service credit with the District and other subdivisions that have adopted the provisions of Section 844.207 or 844.210, is a vested member and shall have the right to retire and receive a service retirement annuity after attaining age 60. In addition, employees may retire before age 60 if they meet one of the following requirements: vested employees may retire if their age plus years or service time add up to at least 75 or employees are allowed to retire at any age when they have at least 30 years of service time.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2023**

Note 7. Employee Retirement Plan (Continued)

Any TCDRS member who is a vested member may terminate employment with all participating subdivisions prior to attaining age 60 and remain eligible to retire and receive a service retirement annuity after attaining age 60 provided his or her membership is not terminated other than by retirement.

Any TCDRS member who is a vested member under Section 844.207(d) may retire and receive a disability retirement annuity if he or she is certified as disabled, as defined by the plan.

Any TCDRS member who has four or more years of service credit with the District and other subdivisions is eligible for purposes of the Survivor Annuity Death Benefit.

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options. Prior service gives employees monetary credit for time worked for an eligible organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump sum payments at retirement allow employees to withdraw part of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit. In addition, the Authority may choose to adopt a cost-of-living adjustment (COLA) for its retirees. This adjusts retiree benefits to restore purchasing power lost due to the effects of inflation.

Employees covered by benefit terms: The following employees were covered by the benefit terms as of the valuation date December 31:

	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to, but not yet receiving benefits	17
Active employees	<u>27</u>
Total	<u><u>54</u></u>

Contributions: Plan members and the Authority are required to contribute at a rate set by statute. The contribution requirements of plan members and the Authority are established and may be amended. For 2022, the contribution rate for the plan members was 7% of gross pay. The Authority pays a matching portion to the pension plan totaling 18% of gross pay for 2022, which totaled \$902,280.

Net pension asset: The Authority's net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial assumptions: The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2022</u>
Inflation	2.00%
Salary increases (excluding inflation—varies by age and service—average over career)	1% to 5.25%
Investment rate of return	7.6%

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 7. Employee Retirement Plan (Continued)

Mortality rates were based on the following:

Depositing members: For the December 31, 2022, valuation, 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP- 2021 Ultimate scale after 2010. For the December 31, 2021, valuation, 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and nondepositing members: For the December 31, 2022, valuation, 135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. For the December 31, 2021 valuation, 135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees: For the December 31, 2022, valuations, 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-term rate of return on assets: The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and the most recent analysis was performed in 2021.

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on December 31, 2022, information for a seven- to 10-year time horizon.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.95%
Global Equities	MSCI World (net) Index	2.5%	4.95%
International Equities—Developed	MSCI World Ex USA (net)	5.0%	4.95%
International Equities—Emerging	MSCI EM Standard (net) index	6.0%	4.95%
Investment—Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.0%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.0%	6.95%
Distressed Debt	Cambridge Associates Distressed Index (3)	4.0%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global Real Estate Index	2.0%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.0%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.0%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index (5)	25.0%	7.95%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	6.0%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.0%	0.20%

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 7. Employee Retirement Plan (Continued)

- (1) Target asset allocation adopted at the March 2023 TCDRS Board meetings.
- (2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount rate: The discount rate used to measure the total pension liability was 7.6% for December 31, 2022. In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- (1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability shall be amortized as a level percent of pay over 20-year closed layered periods.
- (2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- (3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- (4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Changes in net pension liability (asset): Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB Statement No. 68 purposes. Therefore, the system has used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2023**

Note 7. Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Asset)	Changes in Net Pension Liability (Asset) 2023		
	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2021	\$ 13,238,991	\$ 15,788,809	\$ (2,549,818)
Changes for the year:			
Service cost	660,031	-	660,031
Interest on total pension liability (1)	1,033,125	-	1,033,125
Effect of plan changes (2)	-	-	-
Effect of economic/demographic (gains) or losses	83,464	-	83,464
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(7,265)	(7,265)	-
Benefit payments	(614,663)	(614,663)	-
Administrative expenses	-	(9,048)	9,048
Member contributions	-	262,445	(262,445)
Net investment income	-	(971,853)	971,853
Employer contributions	-	902,280	(902,280)
Other (3)	-	89,612	(89,612)
Balances as of December 31, 2022	\$ 14,393,683	\$ 15,440,317	\$ (1,046,634)

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

Sensitivity analysis: The following presents the net pension asset/liability of the Authority as of December 31, 2022, calculated using the discount rate of 7.6%, as well as what the net pension asset/liability would be if it were calculated using a discount rate that is percentage point lower (6.6%) or one percentage point higher (8.6%) than the current rate.

	December 31, 2022		
	1.0% Decrease	Current	1.0% Increase
	6.6%	Discount Rate 7.6%	8.6%
Total pension liability	\$ 16,272,531	\$ 14,393,683	\$ 12,816,059
Fiduciary net position	15,440,317	15,440,317	15,440,317
Net pension liability (asset)	832,214	(1,046,634)	(2,624,258)

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2023**

Note 7. Employee Retirement Plan (Continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separate issued TCDRS report.

Pension expense: the Authority recognized the following pension related expense for the periods ending December 31:

Pension Expense (Income)	2022
Service cost	\$ 660,031
Interest on total pension liability (1)	1,033,125
Effect of plan changes	-
Administrative expenses	9,048
Member contributions	(262,445)
Expected investment return net of investment expenses	(1,223,203)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/ demographic gains or losses	(13,840)
Recognition of assumption changes or inputs	93,107
Recognition of investment gains or losses	62,024
Other (2)	(89,616)
Pension expense	<u>\$ 268,231</u>

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

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

Deferred inflows and outflows of resources: the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,804	\$ 79,232
Changes of assumptions	484,215	-
Net difference between projected and actual earnings	456,341	-
Contributions made subsequent to measurement date	367,959	-
	<u>\$ 1,438,319</u>	<u>\$ 79,232</u>

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 7. Employee Retirement Plan (Continued)

Contributions made subsequent to the measurement date are eligible employer contributions made from January 1, 2023 through June 30, 2023. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Years ending December 31:	
2023	\$ (14,743)
2024	127,130
2025	184,011
2026	538,297
2027	82,596
Thereafter	73,837
	<u>\$ 991,128</u>

Note 8. Disaggregation of Receivable and Payable Balances

Due from other agencies are comprised of current intergovernmental receivables and amounts due from other entities related to toll tag transactions on the Authority's toll roads. The Authority does not issue toll tags; however, the Authority has contracted with TxDOT and other tolling entities located both within and outside the State of Texas to handle customer service and operations related to the toll tag transactions at June 30, 2023 and 2022. Accounts payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2023.

As of June 30, 2023, the receivable from TxDOT comprises 59.2%. The total balances are as follows:

	<u>June 30</u>
	<u>2023</u>
TxDOT	\$ 12,772,274
Gross billed tolls net of allowance (allowance of \$28.1 million)	4,979,871
Other governments	3,831,861
Total	<u>\$ 21,584,006</u>

Note 9. Commitments and Contingent Liabilities

Commitments: The Authority has a capital improvement program for roadway construction projects extending into future years. As of June 30, 2023, the Authority has the 183 North Project and the 183A PH III Project which are significant ongoing toll projects with capital budgets of approximately \$612 million and \$259 million, respectively. The Authority's construction commitments related to its 183 North and 183A PH III toll projects are approximately \$315.8 million and \$85.9 million, respectively as of June 30, 2023. All contracts contain a termination for convenience clause in which such contracts may be terminated, in whole or in part, for the convenience of the Authority.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2023

Note 9. Commitments and Contingent Liabilities (Continued)

CAMPO Interlocal Agreement: Capital Area Metropolitan Planning Organization (CAMPO) is the designated metropolitan planning organization for Central Texas. As part of the designated planning organization, CAMPO received approximately \$136 million in grant funds of which \$130 million was allocated to the MoPac Improvement Project. The funding received was made available for transportation projects in the Austin area. As part of the construction of the MoPac Improvement Project, the Authority executed an agreement with CAMPO. The executed agreement calls for the sharing of surplus revenue generated from the MoPac Improvement Project by setting up a Regional Infrastructure Fund (RIF) account. The RIF account was created upon execution of the agreement with CAMPO. The Authority funded deposits into the RIF account from the surplus revenue from the MoPac Improvement Project. The amounts placed in the RIF account in accordance with the agreement are to be used to fund other CAMPO identified transportation projects in the region. As of June 30, 2023, the Authority has funded inception to date amounts of \$21,206,000, which is deposited in the RIF account. The commitment to the RIF account is dependent upon there being surplus revenue of the MoPac Improvement Project in the future such that the remaining amount payable to the RIF account pursuant to the CAMPO agreement of \$230 million, may be paid through fiscal year 2041. The Authority's funding into the RFI is done annually on September 1 and such funding resulted in RIF expense of \$5.0 million for fiscal year ended June 30, 2023.

Leases: The Authority has obtained office space with fixed periodic payments over a lease term of three years. The Right to use asset is reported as part of property and equipment net of accumulated amortization. As of June 30, 2023, lease payments consistent of the following:

	Principal		Interest
2024	\$ 336,977	\$	28,533
2025	539,329		26,465
2026	410,575		6,196
	<u>\$ 1,286,881</u>	<u>\$</u>	<u>61,194</u>

Litigation: As of June 30, 2023, the Authority is involved in various contract disputes on its construction projects. Based on the status of the claims and the information available, the Authority believes that a liability has not been incurred as of the date of the financial statements. The Authority believes it has substantial defenses against these claims and the resolution of these matters will not have a material adverse effect on its financial statements.

Note 10. Authority's Tolling System Disclosure

During fiscal years 2023, the Authority had non-System assets generating revenue (the MoPac Improvement Project). For fiscal years 2023, activity of the MoPac Improvement Project consisted of approximately 10.2 million, transactions, and approximately \$14.8 million in revenue.

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for defined activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity reported as or within an enterprise fund or other stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments outstanding with a revenue pledge to support that debt. In addition, the activities, revenue, expenses, gains and losses, assets and liabilities are required to be accounted for separately.

Central Texas Regional Mobility Authority

Notes to Financial Statements
June 30, 2023

Note 10. Authority's Tolling System Disclosure (Continued)

The requirement for separate accounting for the Authority's Tolling System is also imposed by the bond indenture. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified.

The following is condensed financial information for the Authority's Tolling System activities:

Statement of Net Position

Assets and Deferred Outflows	June 30 2023
Current assets	\$ 374,398,156
Restricted assets	721,389,506
Pension asset	1,046,634
Capital assets	2,000,132,595
Total assets	3,096,966,891
Deferred outflows of resources	170,289,615
Total assets and deferred outflows of resources	\$ 3,267,256,506
Liabilities and Deferred Inflows	
Current liabilities	\$ 116,150,015
Noncurrent liabilities	2,660,310,331
Total liabilities	2,776,460,346
Deferred inflows of resources	116,797
Total liabilities and deferred inflows of resources	2,776,577,143
Net position:	
Total net position	490,679,363
Total liabilities, deferred inflows of resources and net position	\$ 3,267,256,506

Statements of Revenues, Expenses and Changes in Net Position

	June 30 2023
Operating revenues	\$ 210,863,261
Operating expenses, including depreciation and amortization	97,032,488
Operating income	113,830,773
Total net nonoperating revenues (expenses)	(48,739,298)
Change in net position	65,091,475
Total net position at beginning of year	425,587,888
Total net position at end of year	\$ 490,679,363

Central Texas Regional Mobility Authority

Notes to Financial Statements
June 30, 2023

Note 10. Authority's Tolling System Disclosure (Continued)

Statement of Cash Flows	June 30
	2023
Net cash flows provided by operating activities	\$ 166,115,951
Net cash flows provided by capital and related financing activities	(254,557,778)
Net cash flows used in investing activities	113,547,086
Net decrease in cash and cash equivalents	25,105,259
Cash and cash equivalents at beginning of year	828,439,568
Cash and cash equivalents at end of year	\$ 853,544,827

Note 11. Subsequent Events

Subsequent events have been evaluated through November 16, 2023, the date the financial statements were available to be issued.

Central Texas Regional Mobility Authority

Required Supplementary Information—Pension Plan
 Schedule of Changes in Net Pension Assets and Related Ratios
 As of Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:								
Service cost	\$ 660,031	\$ 846,844	\$ 791,930	\$ 714,326	\$ 623,080	\$ 621,685	\$ 636,083	\$ 474,778
Interest on total pension liability	1,033,125	940,060	825,944	705,006	599,756	512,318	417,633	361,003
Effect of plan changes	-	14,249	16,761	16,858	-	-	-	(33,691)
Effect of assump. changes or inputs	-	76,337	642,701	-	-	15,820	-	42,041
Effect of economic/demographic (gains) or losses	83,464	(20,688)	21,833	49,571	32,484	(34,008)	(152,926)	(193,519)
Benefit payments/refunds	(621,928)	(275,318)	(91,355)	(50,070)	(44,409)	(31,286)	(51,685)	(2,212)
Net change in total pension liability	1,154,692	1,581,484	2,207,814	1,435,691	1,210,911	1,084,529	849,105	648,400
Total pension liability, beginning	13,238,991	11,657,507	9,449,693	8,014,002	6,803,091	5,718,562	4,869,457	4,221,057
Total pension liability, ending (a)	14,393,683	13,238,991	11,657,507	9,449,693	8,014,002	6,803,091	5,718,562	4,869,457
Fiduciary net position:								
Employer contributions	902,280	721,277	604,572	560,263	484,115	457,484	422,157	361,493
Member contributions	262,445	301,698	302,284	280,130	242,056	228,848	211,078	180,742
Investment income net of inv exp	(971,853)	2,776,384	1,070,532	1,344,360	(134,521)	897,084	378,134	(162,009)
Benefit payments/ refunds	(621,928)	(275,317)	(91,356)	(50,069)	(44,409)	(31,286)	(51,685)	(2,211)
Administrative expenses	(9,048)	(8,542)	(8,963)	(7,885)	(6,579)	(5,074)	(4,113)	(3,541)
Other	89,612	24,558	25,157	28,500	21,078	8,731	46,648	955
Net change in fiduciary net position	(348,492)	3,540,058	1,902,226	2,155,299	561,740	1,555,787	1,002,219	375,429
Fiduciary net position, beginning	15,788,809	12,248,751	10,346,525	8,191,226	7,629,486	6,073,699	5,071,480	4,696,051
Fiduciary net position, ending (b)	15,440,317	15,788,809	12,248,751	10,346,525	8,191,226	7,629,486	6,073,699	5,071,480
Net pension liability (asset), ending = (a) - (b)	\$ (1,046,634)	\$ (2,549,818)	\$ (591,244)	\$ (896,832)	\$ (177,224)	\$ (826,395)	\$ (355,137)	\$ (202,023)
Fiduciary net position as a % of total pension liability	107.27%	119.26%	105.07%	109.49%	102.21%	112.15%	106.21%	104.15%
Pensionable covered payroll	\$ 3,749,215	\$ 4,309,967	\$ 4,318,340	\$ 4,001,855	\$ 3,457,946	\$ 3,269,251	\$ 3,015,395	\$ 2,582,032
Net pension asset as a percentage of covered payroll	(27.92%)	(59.16%)	(13.69%)	(22.41%)	(5.13%)	(25.28%)	(11.78%)	(7.82%)

The Schedule of Changes in Net Pension Assets and related Ratio disclosure is required for 10 years. The schedule noted above is only for the years which the new GASB Statements have been implemented.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
Schedule of Employer Contributions**

Year Ending	Actuarially Determined Contribution (1)	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2013	\$ 261,182	\$ 304,447	\$ (43,265)	\$ 2,174,701	14.0%
2014	284,621	327,807	(43,186)	2,342,556	14.0%
2015	302,614	361,493	(58,879)	2,582,032	14.0%
2016	341,041	422,157	(81,116)	3,015,395	14.0%
2017	383,156	457,484	(74,328)	3,269,251	14.0%
2018	402,505	484,115	(81,610)	3,457,946	14.0%
2019	461,814	560,263	(98,449)	4,001,855	14.0%
2020	519,928	604,572	(84,644)	4,318,340	14.0%
2021	515,903	721,277	(205,374)	4,309,967	16.7%
2022	537,263	902,280	(365,017)	3,749,215	24.1%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB No. 68 indicates the Authority should report contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported for the fiscal year to TCDRS.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
Notes to Schedule of Employer Contributions and Net Pension Liability
June 30, 2023**

Actuarial methods and assumptions used: Following are the key assumptions and methods used in determining the actuarially determined contribution:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Individual entry age normal cost method, as required by GASB Statement No. 68, used for GASB calculations. A slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
Asset Valuation Method Smoothing period Recognition method Corridor	5 years Non-asymptotic None
Economic Assumptions Inflation Salary increases Investment rate of return COLAs	2.50% 3.00% (made up of 2.5% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.70% per year for a career employee. 7.50% (net of administrative and investment expenses, including inflation) COLAs for the Authority are not considered to be substantively automatic under GASB Statement No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Central Texas Regional Mobility Authority

Required Supplementary Information—Pension Plan (Continued)
 Notes to Schedule of Employer Contributions and Net Pension Liability
 June 30, 2023

Demographic assumptions—related to December 31, 2022 and 2021 valuation:

Age	Annual Rates of Service Retirement*				
	Active Svc. < 15	Active Svc. 15-24	Active Svc. 25-29	Active Svc. 30+	Deferred All Svc.
40–49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6	6.8	8.3	9.4	0.0
51	5.6	6.8	8.3	9.4	0.0
52	6.0	7.2	8.8	10.0	0.0
53	6.0	7.2	8.8	10.0	0.0
54	6.8	8.1	9.9	11.3	0.0
55	6.8	8.1	9.9	11.3	0.0
56	6.8	8.1	9.9	11.3	0.0
57	7.5	9.0	11.0	12.5	0.0
58	7.5	9.0	11.0	12.5	0.0
59	7.5	9.0	11.0	12.5	0.0
60	9.0	10.8	13.2	15.0	12.0
61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63	11.3	13.5	16.5	18.8	15.0
64	11.3	13.5	16.5	18.8	15.0
65	22.5	22.5	27.5	27.5	25.0
66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68	18.9	18.9	23.1	23.1	21.0
69	18.9	18.9	23.1	23.1	21.0
70	20.7	20.7	25.3	25.3	23.0
71	20.7	20.7	25.3	25.3	23.0
72	20.7	20.7	25.3	25.3	23.0
73	20.7	20.7	25.3	25.3	23.0
74	20.7	20.7	25.3	25.3	23.0
75 and above	100.0	100.0	100.0	100.0	100.0

*For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other terminations of employment: The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire), and sex. No termination after eligibility for retirement is assumed.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
Notes to Schedule of Employer Contributions and Net Pension Liability
June 30, 2023**

Withdrawals: Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in table below. For nondepositing members who are not vested, 100% are assumed to elect a withdrawal.

Probability of Withdrawal			
Years of Service	Probability	Years of Service	Probability
0	100%	15	26
1	100	16	25
2	100	17	24
3	100	18	23
4	100	19	22
5	40	20	21
6	38	21	20
7	36	22	19
8	34	23	19
9	33	24	18
10	32	25	18
11	31	26	17
12	30	27	17
13	29	28	16
14	27	29*	16

*Members with more than 29 years of service are not assumed to refund.

Central Texas Regional Mobility Authority

Supplementary Information—Indenture Cash Flow and Debt Service Coverage June 30, 2023

Toll revenues*		\$ 135,899,139
Video and Fee Revenues*		74,964,122
Interest income available to pay debt service		<u>35,479,922</u>
Total revenues		246,343,183
Less system operating expenses		<u>(32,130,032)</u>
Revenues available for rate covenant and additional bonds tests		214,213,151
Net senior lien debt service	\$ 56,824,486	
Net subordinate lien debt service	<u>31,735,786</u>	
Total net debt service	88,560,272	
Debt service coverage ratios for rate covenant and additional bonds test:		
Senior lien obligations	3.77	
Senior and subordinate lien obligations	2.42	
Less system maintenance expenses		<u>(2,521,489)</u>
Revenues available for debt service		211,691,662
Debt service coverage ratios for revenues available for debt service:		
Senior lien obligations	3.73	
Senior and subordinate lien obligations	2.39	
Less total net debt service		<u>(88,560,272)</u>
Annual excess**		<u>\$ 123,131,390</u>

* Total operating revenue for segment reporting of \$210,863,261 consists of toll revenue and excludes miscellaneous revenue and interest income.

** Subject to reserve policies.



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