

**Financial Statements  
and  
Independent Auditor's  
Report**

**HIDALGO COUNTY REGIONAL MOBILITY  
AUTHORITY**

**December 31, 2012**

**LONG CHILTON, LLP**  
*Certified Public Accountants*  
**4100 North Twenty-Third Street**  
**McAllen, Texas 78504**  
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HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
Year Ended December 31, 2012

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# **FINANCIAL SECTION**

## Independent Auditor's Report

To the Board of Directors  
Hidalgo County Regional Mobility Authority  
Weslaco, Texas

Members of the Board:

We have audited the accompanying financial statements of the Hidalgo County Regional Mobility Authority as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hidalgo County Regional Mobility Authority as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 3 through 5 be presented to supplement the basic financial statements. Such information, 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.

*Long Chilton, LLP*

LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
April 19, 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of Hidalgo County Regional Mobility Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- The Authority's net position increased by \$5.2 million as a result of vehicle registration fees received from Hidalgo County to fund the long-term transportation projects in Hidalgo County.
- Capital assets were \$25.6 million and \$31.3 million as of December 31, 2011 and 2012, respectively. All capital costs pertain to construction in progress relating to advance planning, schematic design, environmental clearance, and financial planning.
- Long-term liabilities decreased from \$12.1 million in 2011 to \$10.7 million in 2012. This decrease was largely the result of principal payments of \$1.3 million being applied against a line of credit with First National Bank of Edinburg. The funds from the line of credit are restricted to use on capital projects.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* (this section), and *the basic financial statements*.

The basic financial statements presented are: the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments.

The statements are prepared under the accrual basis of accounting in which revenues and assets are recognized when earned or acquired, and expenses and liabilities are recognized when incurred regardless of when cash is received or paid.

### FINANCIAL ANALYSIS OF THE AUTHORITY

#### Statement of Net Position

As noted earlier, net assets may serve overtime as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$23,877,100 at the close of this fiscal year.

A portion of the Authority's net position (81.6%) reflects its investment in capital assets (capitalized planning costs related to Loop Project), less related debt used to acquire those assets that is still outstanding. Net position restricted for long-term transportation projects (17.4%) represents resources that are subject to external restriction on how they may be used.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$47,933. Following is a brief summary of the Authority's net position.

Table 1  
Net Position  
(in thousands of dollars)

	2012	2011	Total % Change 2012-2011	2010	Total % Change 2011-2010
Current and other assets	\$ 5,159	\$ 6,784	-31%	\$ 5,928	12%
Capitalized bonds and other debt issuance costs	113	131	-16%	150	-15%
Capital assets	31,297	25,613	18%	22,628	12%
Total assets	36,569	32,528	11%	28,706	12%
Current Liabilities	1,966	1,843	6%	1,351	27%
Long-term obligations	10,726	12,048	-12%	13,684	-14%
Total liabilities	12,692	13,891	-9%	15,035	-8%
Net position:					
Net investment in capital assets	19,503	12,505	36%	8,114	35%
Restricted	4,326	6,075	-40%	5,499	9%
Unrestricted (deficit)	48	57	-19%	59	-4%
Total net position	\$ 23,877	\$ 18,637	22%	\$ 13,672	27%

### Statement of Revenues, Expenses and Changes in Net Position

Governmental activities increased the Authority's net position by \$5.2 million. This increase is largely due to the receipt of grant funds from Hidalgo County from a \$10.00 surcharge on all County vehicle registrations. The total funds received from the County were \$5,243,190. These funds are restricted by State law for capital projects. Program expenses, which consist of administrative costs that could not be allocated to the Loop Project, totaled \$3,219 for 2012. Table 2 compares the 2012 change in net position to the 2011 change in net position.

Table 2  
Changes in Net Position  
(in thousands of dollars)

	2012	2011	Total % Change 2012-2011	2010	Total % Change 2011-2010
Revenues:					
Vehicle registration fees - Restricted	\$ 5,243	\$ 4,967	5%	\$ 4,728	5%
Total revenue	5,243	4,967	5%	4,728	5%
Expenses					
Administrative	3	2	33%	2	0%
Total liabilities	3	2	33%	2	0%
Change in net position	5,240	4,965	5%	4,726	5%
Net position, beginning of the year	18,637	13,672	27%	8,946	35%
Total net position, end of the year	\$ 23,877	\$ 18,637	22%	\$ 13,672	27%

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of December 31, 2012 the Authority had invested approximately \$31.3 million in construction in progress, including engineering fees and preliminary costs such as funding, consulting, environmental, legal and traffic analysis fees. No tangible property or equipment has been acquired to date. Depreciation and amortization on construction in progress will not begin until each project is complete. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

### **Long-term Debt**

The Authority has two long-term notes outstanding as of December 31, 2012. One note payable to Hidalgo County representing funds loaned by the County for general operations with a balance of \$200,000 was provided to the Authority for the purpose of assisting in its organization efforts and its general operations. A second note payable to First National Bank has a balance of \$11.9 million at December 31, 2012 which represents the remaining balance on a \$15 million line of credit. These funds are restricted to paying transportation project costs. Additional information on the Authority's long-term debt can be found in the notes to the financial statements.

## **ECONOMIC FACTORS FOR NEXT YEAR**

The Authority's income from vehicle registration fees remains stable with a small increase year over year. The proceeds are sufficient for repayment of debt obligations and to continue with preliminary planning leading to construction. We anticipate Right of Way acquisition to be completed in mid 2015 and construction to begin soon thereafter. The Texas Department of Transportation has pledged financial assistance for the SH 365 Project in the amount of \$112 Million.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our patrons and other 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 Hidalgo County Regional Mobility Authority, 118 S. Cage Blvd., 4<sup>th</sup> Floor, Pharr, Texas 78577.



**BASIC FINANCIAL STATEMENTS**

**HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

Assets

Current assets:		
Cash - unrestricted	\$	249,449
Cash - restricted		4,571,473
Vehicle registration fee receivable		<u>338,250</u>
Total current assets	\$	5,159,172
Capital assets:		
Office equipment, net		8,630
Construction work in progress		<u>31,288,753</u>
Total capital assets, net		31,297,383
Other assets:		
Bond issuance costs, net		<u>112,421</u>
Total assets	\$	<u><u>36,568,976</u></u>

Liabilities and Net Position

Current liabilities:		
Due to LRGVDC	\$	1,028
Accrued expenses		428
Payables from restricted assets:		
Accrued expenses		487,105
Interest payable		96,989
Note payable		<u>1,380,782</u>
Total current liabilities	\$	1,966,333
Noncurrent liabilities:		
Note payable		<u>10,725,544</u>
Total liabilities		12,691,876
Net position:		
Net investment in capital assets		19,503,478
Restricted for:		
Debt service		150,000
Long-term transportation projects		4,175,629
Unrestricted		<u>47,993</u>
Total net position		<u>23,877,100</u>
Total liabilities and net position	\$	<u><u>36,568,976</u></u>

The accompanying notes are an integral part of these financial statements.

**HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2012**

	<u>Non-GAAP</u>	<u>Capitalized Expenses</u>	<u>GAAP Basis</u>
<b>Revenues:</b>			
Vehicle registration fees	\$ 5,243,190	\$ -	\$ 5,243,190
Total revenues	<u>\$ 5,243,190</u>	<u>\$ -</u>	<u>\$ 5,243,190</u>
<b>Expenses:</b>			
Administrative	321,893	(318,674)	3,219
Consulting and engineering	4,652,222	(4,652,222)	-
Financial consulting fees	5,250	(5,250)	-
Interest expense	463,474	(463,474)	-
Amortization expense	18,737	(18,737)	-
Legal and professional	109,971	(109,971)	-
Other loop project	<u>109,909</u>	<u>(109,909)</u>	<u>-</u>
Total expenses	<u>5,681,456</u>	<u>(5,678,237)</u>	<u>3,219</u>
Change in net position	<u>\$ (438,266)</u>	<u>\$ (5,678,237)</u>	5,239,971
Net position, January 1, 2012			<u>18,637,129</u>
Net position, December 31, 2012			<u>\$ 23,877,100</u>

The accompanying notes are an integral part of these financial statements.

**HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2012**

Cash flows from operating activities:		
Receipts from Department of Transportation	\$ 5,252,500	
Payments to suppliers of goods or services	<u>(2,229)</u>	
Net cash flows provided from operating activities		<u>\$ 5,250,271</u>
Cash flows from capital and related financing activities:		
Acquisitions for construction in progress	(5,532,965)	
Principal paid on capital debt	<u>(1,333,190)</u>	
Net cash flows used in capital and related financing activities		<u>(6,866,154)</u>
Net decrease in cash and cash equivalents		(1,615,884)
Cash and cash equivalents at beginning of year		<u>6,436,806</u>
Cash and cash equivalents at end of year		<u>\$ 4,820,922</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net position	\$ 5,239,971	
Depreciation	660	
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivables	9,309	
Increase (Decrease) in accrued expenses	<u>332</u>	
Net cash flows provided by operating activities		<u>\$ 5,250,271</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest expense		<u>\$ 463,474</u>

The accompanying notes are an integral part of these financial statements.

HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Hidalgo County 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 is an independent governmental agency created in November 2005 pursuant with Chapter 370 of the Transportation Code. The Authority is governed by a seven-member Board of Directors (the Board) appointed by the Governor of the State of Texas and the Hidalgo County Commissioners' Court. The Board is responsible for setting policies, identifying priorities and ensuring the Authority is operated effectively. Board members, appointed to serve two-year terms, are volunteers and are not compensated for their service.

The Authority was created to be a proactive partner empowering the community to address congestion and mobility concerns through local means with local leadership. It was created to plan, develop, fund and maintain a transportation system to serve the estimated 1.5 million residents living in Hidalgo County by 2025. The Authority's mission is to develop a publicly owned transportation system that creates jobs through increased mobility and access, is locally funded for reliable delivery, pays for itself in terms of future maintenance and also funds new projects to meet the future transportation needs of the County. In its petition to create the Hidalgo County Regional Mobility Authority, Hidalgo County identified the Hidalgo Loop System (the Loop System) as the initial set of projects to be developed under the guidance of the Authority. The planning for the Loop System was started in 2000 by Hidalgo County and the Hidalgo County Metropolitan Planning Organization. The Authority concluded its additional planning effort for the Loop System around the urban part of Hidalgo County in 2010. Based on this effort, the Authority identified 2 independent projects, the Trade Corridor Connector (TCC) and the International Bridge Trade Corridor (IBTC), that provide utility to County residents and together begin building the Loop System. Additional state aid through the Texas Department of Transportation and the addition of a potential third project, the La Joya Relief Route, has required the Authority to re-examine the initial projects. A five-year Strategic Plan approved in March 2012 emphasizes the Authority's efforts to begin development of the Loop System projects, which prioritize State Highway 365 (formerly TCC), the International Border Trade Corridor, and State Highway 68 (formerly Segment D).

The Authority is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, "*The Reporting Entity*". There are no component units included within the reporting entity.

HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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 on an accrual basis. The accounting and financial reporting treatment applied is determined by measurement focus. The transactions of the Authority are accounted on a flow of economic resources measurement focus.

During the year the Authority implemented the requirements of GASB Statement No. 63. However, the Authority does not have any items that would qualify as deferred inflows or deferred outflows as defined in this statement.

The financial statements of the Authority measure and report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and gains and losses using the economic resources measurement focus and accrual basis of accounting.

Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized and all assets and liabilities associated with the operation of the Authority are included in the Statement of Net Assets. Operating expenses include the cost of administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These deposits are fully collateralized or covered by federal deposit insurance.

**D. Capital Assets**

All capital assets at year end represent capitalized costs for legal, consulting and engineering relating to advance planning on the Loop Project. Depreciation and amortization on construction in progress will not begin until the project is operational. During the year, the total interest expense of \$463,474 incurred was capitalized as part of the construction in progress.

**E. Grants and Contracts**

Revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Authority considers all grant and contributions to be 100% collectible.

**F. Restricted Assets**

Certain proceeds of the Authority's loans and grants are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable loan covenants and grant agreements.

HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. 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 state or federal income taxes.

**H. Classification of Operating and Non-operating Revenues and Expenses**

The Authority defines operating revenues and expenses as those revenues and expenses generated by a specified program offering either a good or service. This definition is consistent with GASB Statement No. 9 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, non-capital financing or investing activities.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources available for use.

**I. Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At December 31, 2012, the carrying amount of the Authority's cash was \$4,820,922. The bank balance was \$5,237,100 as of December 31, 2012. The Authority's carrying amount at year end is as follows:

	Type	Amount
General Operating	Unrestricted	\$ 249,449
Loop Project	Restricted	47,338
Vehicle Registration	Restricted	4,374,135
Debt Service	Restricted	150,000
		\$ 4,820,922

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, 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. Effective December 31, 2010, the FDIC announced its temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions, and remains in effect through December 31, 2012. The Authority's cash deposits at December 31, 2012 and during the year then ended were covered by FDIC Insurance.

HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

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. As previously stated, at year end, all funds were invested in demand deposit accounts at First National Bank of Edinburg. The Letter of Credit from the Federal Home Loan Bank securing the Authority's deposits is dependent upon the financial condition of the financial institution. However, the concentration of credit risk is mitigated by the fact that the Authority has debt outstanding with the bank that exceeds the amount of the deposits in the bank.

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. All deposits of the Authority were invested in demand deposit accounts at year end.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. All deposits were backed by federal deposit insurance, an agency of the federal government.

**NOTE 3 - DISAGGREGATION OF PAYABLES**

Payables as of December 31, 2012 for the Authority are as follows:

Engineering Services	\$ 381,779
Legal Services	5,375
Administration Expenses	<u>99,951</u>
	<u>\$ 487,105</u>

**NOTE 4 - CAPITAL ASSETS**

Capital assets at year end totaled \$31,297,383 and represented capitalized costs relating to advance planning for the Loop Project. Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 1/1/2012	Increases	Decreases	Balance 12/31/2012
Capital Assets, not being depreciated:				
Construction in Progress	<u>\$ 25,610,421</u>	<u>\$ 5,678,332</u>	<u>\$ -</u>	<u>\$ 31,288,753</u>
Capital Assets, being depreciated:				
Office Equipment	<u>3,186</u>	<u>6,821</u>	<u>-</u>	<u>10,007</u>
Less accumulated depreciation for:				
Office Equipment	<u>(717)</u>	<u>(660)</u>	<u>-</u>	<u>(1,377)</u>
Total Capital Assets being depreciated (Net)	<u>2,469</u>	<u>6,161</u>	<u>-</u>	<u>8,630</u>
Total Capital Assets (Net)	<u>\$ 25,612,890</u>	<u>\$ 5,684,493</u>	<u>\$ -</u>	<u>\$ 31,297,383</u>



HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**NOTE 4 - CAPITAL ASSETS (Continued)**

Increase in construction in progress consists of the following:

Administrative	\$ 318,770
Consulting and engineering	4,652,222
Financial consulting fees	5,250
Interest expense	463,474
Amortization expense	18,737
Legal and Professional	109,971
Other Loop Project	109,908
	\$ 5,678,332

**NOTE 5 - LONG-TERM OBLIGATIONS**

Long-term obligations outstanding at December 31, 2012 were as follows:

	Beginning Balance 1/1/2012	Increases	Decreases	Ending Balance 12/31/2012	Due Within One Year
Hidalgo County	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ -
First National Bank	13,239,515	-	1,333,190	11,906,325	1,380,782
	\$ 13,439,515	\$ -	\$ 1,333,190	\$ 12,106,325	\$ 1,380,782

The note payable to Hidalgo County was funded as a result of an Interlocal Agreement between Hidalgo County and the Authority to loan funds to the Authority for the purpose of providing initial operating funds for the Loop Project. The Agreement allows for additional funding for operations if needed. The terms of the loan call for 8.25% annual interest with repayment from the proceeds of the first available revenues received by the Authority from the Project. If bonds are issued, a portion of the proceeds from the bonds shall be used to retire the loan.

The note payable to First National Bank represents funds advanced against a \$15 million line of credit. The loan proceeds are restricted to payment of Transportation Project Costs. The loan is secured by a pledge of the Vehicle Registration Fee collected by the County and remitted by the County to the Authority. The line of credit is payable in monthly installments of \$148,347 including interest at 3.5% through 2020.

*Bond Obligations*

The Authority and Hidalgo County authorized the pledge of the vehicle registration fee revenues to secure payment of the Hidalgo County Regional Mobility Authority Debt in a term not exceeding 40 years.

**HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements on long-term debt at December 31, 2012 are as follows:

Year Ended December 31	Principal	Interest	Total
2013	\$ 1,380,782	\$ 403,474	\$ 1,784,256
2014	1,425,655	354,510	1,780,165
2015	1,476,361	303,804	1,780,165
2016	1,528,119	252,045	1,780,164
2017	1,583,221	196,944	1,780,164
2018-2020	4,712,188	241,678	4,953,865
	<u>\$ 12,106,325</u>	<u>\$ 1,752,454</u>	<u>\$ 13,858,779</u>

**NOTE 6 - CONSTRUCTION COMMITMENTS**

At December 31, 2012, the Authority had remaining construction commitments:

Project	Authorization	Expended	Remaining
Program Management	\$ 2,509,436	\$ 1,778,957	\$ 730,479
Traffic Studies	574,229	427,933	146,296
Engineering/Surveying	3,433,459	2,014,599	1,418,860
Environmental	663,790	248,956	414,834
			<u>\$ 2,710,469</u>

**NOTE 7 - PRELIMINARY DEVELOPMENT PROJECT**

On March 28, 2012, the HCRMA Board of Director adopted Program Manager Strategy No. 8, which is an 8 year comprehensive plan for State Highway 365 (formerly TCC), International Border Trade Corridor (IBTC) and State Highway 68 (formerly Segment D). During the remainder of the 2012 Fiscal Year, the Board focused efforts on the advance planning elements for the State Highway 365 project through a corridor from FM 1016 (Conway Avenue) to US 281/Military Highway. The efforts included planning to build an interim roadway facility with four (4) main lanes, structures and frontage roads for a distance of 13.4 miles. Engineering, Surveying and Environmental Consultants were procured and authorized to work on tasks that were necessary for an Environmental Clearance. The Texas Department of Transportation and the Federal Highway Administration issued an Environmental Assessment classification for the project in December 2012. The Authority expects environmental clearance for State Highway 365 in March 2014.