

**NOTICE OF MEETING TO BE HELD BY THE McALLEN-HIDALGO INTERNATIONAL  
TOLL BRIDGE BOARD OF TRUSTEES**

**DATE:** Monday, March 9, 2020  
**TIME:** 12:00 P.M.  
**PLACE:** Council Chambers – McAllen City Hall, Third Floor

**SUBJECT MATTERS:**

1. Approval of minutes for the Regular Meeting held on February 10, 2020.
2. McAllen-Hidalgo Intl Toll Bridge Southbound Traffic by Category – February 2020.
3. McAllen-Hidalgo International Toll Bridge Financial Statement for the period ending January 31, 2020.
4. Consider and Accept External Audit Report for period ending September 30, 2019 and 2018.
5. Consider and Approve motion to distribute excess revenues after external audit to cities.
6. Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection Report:
7. Engineering Report.
8. EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 ATTORNEY-CLIENT PRIVILEGE AND PENDING OR CONTEMPLATING LITIGATION, SECTION 551.072 LAND TRANSACTION, SECTION 551.074 PERSONNEL MATTERS AND SECTION 551.086 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS.
  - a. Consultation with City Attorney regarding economic development. (T.G.C. 551.087)

**ADJOURNMENT**

**CERTIFICATION**

I, the Undersigned authority, do hereby certify that the agenda of the meeting to be held by the McAllen/Hidalgo International Toll Bridge Board of Trustees is a true and correct copy and that I posted a true and correct copy of said notice on the bulletin board in the Municipal Building, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the 6<sup>th</sup> day of March, 2020 at 11:00a.m. and will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.



\_\_\_\_\_  
Arturo Madero, Facilities Manager

*If accommodations for a disability are required, notify the City Manager's Office at 681-1001 prior to the meeting.*

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE X

AGENDA ITEM 1  
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. Agenda Item: Approval of minutes for the Regular Meeting held on February 10, 2020.

2. Party Making Request: Juan Olaquibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: X Yes \_\_\_ No

4. Policy Implication: \_\_\_\_\_

5. Budgeted: \_\_\_ Yes \_\_\_ No \_\_\_ N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. Alternate option/costs: \_\_\_\_\_

7. Routing:

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes ___ No         |
| b) _____          |                |             | Yes ___ No         |
| c) _____          |                |             | Yes ___ No         |

8. Staff's Recommendation: Approve

Advisory Board: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

City Attorney: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

Manager's Recommendation: RA Approved \_\_\_ Disapproved \_\_\_ None

**STATE OF TEXAS  
COUNTY OF HIDALGO  
CITY OF MCALLEN**

The Anzalduas International Toll Bridge Board of Trustees met in joint session on February 10, 2020 in the Council Chambers – McAllen City Hall, Third Floor with the following present:

**ANZALDUAS BRIDGE BOARD:**

|                   |                                     |
|-------------------|-------------------------------------|
| Jim Darling       | Mayor of McAllen – Chairman         |
| Armando Ocaña     | Mayor of Mission-Vice Chairman      |
| Sergio Coronado   | Mayor of Hidalgo                    |
| Javier Villalobos | Bridge Board Member                 |
| Veronica Whitacre | Bridge Board Member                 |
| Yvette Cabrera    | Mayor of Granjeno non-voting member |

**ABSENT:** Martin Anzaldua Bridge Board Member

**ALSO PRESENT:**

|                           |  |
|---------------------------|--|
| Roel “Roy” Rodriguez P.E. | City Manager, McAllen                      |
| Julian Gonzalez           | City Manager, Hidalgo                      |
| Randy Perez               | City Manager, Mission                      |
| Juan Olaguibel            | Interim Superintendent of Bridges, McAllen |
| Hilda Cavazos             | Office Manager, McAllen                    |
| Michelle Rivera           | Asst. City Manager, McAllen                |
| Kevin Pagan               | City Attorney, McAllen                     |
| Sergio Villasana          | Finance Director, McAllen                  |
| Maria Chavero             | Asst. Finance Director, McAllen            |
| Angie Rodriguez           | Budget Director, McAllen                   |
| Eduardo Mendoza           | Deputy Director Engineering, McAllen       |
| Gerardo Noriego           | Purchasing Director, McAllen               |
| Carlos Rodriguez          | Customs and Border Protection              |
| David Gonzalez            | Customs and Border Protection              |
| David Moreno              | Customs and Border Protection              |
| Keith Patridge            | MEDC                                       |
| Gustavo Martinez          | City Attorney, Mission                     |
| Mitch Ferman              | Monitor                                    |

**THE MEETING WAS CALLED TO ORDER AT 12:01 P.M. by Mayor Jim Darling.**

**1. Approval of Minutes for the Regular Meeting held on January 13, 2020.**

A motion was made by Mayor Armando Ocaña, seconded by Commissioner Javier Villalobos and carried unanimously to approve the minutes for the regular meeting held January 13, 2020.

**2. Anzalduas Intl. Bridge Southbound Empty Traffic Report.**

Interim Superintendent of Bridges', Juan Olaguibel reported the Anzalduas Southbound Empty Traffic Report for the month of January 2020.

**3. Anzalduas Southbound Traffic Count by Category – January 2020.**

Interim Superintendent of Bridges', Juan Olaguibel reported the Anzalduas Intl. Bridge Southbound Traffic Count by category for the month of January 2020.

**4. Anzalduas International Bridge Financial Statement for the period ending December 31, 2019.**

A motion was made by Mayor Armando Ocaña, seconded by Commissioner Javier Villalobos and carried unanimously to accept the financial statement for the period ending December 31, 2019 as presented.

**5. Consideration and Approval of Change Order No. 3 for Anzalduas International Bridge Northbound Inspection Project.**

A motion was made by Commissioner Javier Villalobos, seconded by Mayor Armando Ocaña and carried unanimously to approve change order No. 3 for Anzalduas International Bridge Northbound Inspection Project as presented.

**6. Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection, Maquila Manager's Report.**

Interim Superintendent of Bridges', Juan Olaguibel reported on the additional lane status. The lane will require a new DAP application and this project will take 2-4 months to be approved. Also, the INFRA Grant application is due by February 25, 2020 and an application will be submitted for \$25 million.

**7. Engineering Report**

No Report

**8. EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 ATTORNEY-CLIENT PRIVILEGE AND PENDING OR CONTEMPLATING LITIGATION, SECTION 551.072 LAND TRANSACTION, SECTION 551.074 PERSONNEL MATTERS AND SECTION 551.086 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS.**

a. Consultation with City Attorney regarding Economic Development. (T.G.C. 551.087)

8a. No Action Taken

## **ADJOURNMENT**

**There being no other business to come before the Board, Mayor Jim Darling adjourned the meeting at 12:21 pm.**

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Mayor Jim Darling, Chairman

ATTEST:

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Juan Olaguibel, Interim Bridge Superintendent

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE \_\_\_\_\_ X \_\_\_\_\_

AGENDA ITEM 2  
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. Agenda Item: McAllen-Hidalgo Intl. Toll Bridge Southbound Traffic by Category – February 2020.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: X Yes \_\_\_ No

4. Policy Implication: \_\_\_\_\_

5. Budgeted: \_\_\_ Yes \_\_\_ No \_\_\_ N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. Alternate option/costs: \_\_\_\_\_

7. Routing:

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes _____ No _____ |
| b) _____          |                |             | Yes _____ No _____ |
| c) _____          |                |             | Yes _____ No _____ |

8. Staff's Recommendation: Report Only

Advisory Board: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

City Attorney: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

Manager's Recommendation: PP Approved \_\_\_ Disapproved \_\_\_ None



## McAllen International Toll Bridge

| Month        | PEDESTRIANS |         | CARS      |           | % VAR   | BUSES & OTHERS |         | % VAR   | Maquila Employee |         | % VAR.  |
|--------------|-------------|---------|-----------|-----------|---------|----------------|---------|---------|------------------|---------|---------|
|              | FY 2019     | FY 2020 | FY 2019   | FY 2020   |         | FY 2019        | FY 2020 |         | FY 2019          | FY 2020 |         |
| OCTOBER 2019 | 120,351     | 139,456 | 238,677   | 227,271   | 16%     | 2,329          | 2,470   | 6%      | 123              | 199     | 62%     |
| NOVEMBER     | 119,414     | 141,577 | 234,519   | 232,560   | 19%     | 2,370          | 2,583   | 9%      | 150              | 192     | 28%     |
| DECEMBER     | 129,705     | 149,612 | 268,733   | 244,893   | 15%     | 2,541          | 2,728   | 7%      | 176              | 197     | 12%     |
| JANUARY      | 109,457     | 128,134 | 240,535   | 219,871   | 17%     | 2,384          | 2,524   | 6%      | 133              | 171     | 29%     |
| FEBRUARY     | 107,645     | 122,782 | 215,477   | 208,709   | 14%     | 2,113          | 2,342   | 11%     | 142              | 211     | 49%     |
| MARCH        | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| APRIL        | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| May          | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| June         | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| July         | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| August       | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| September    | 0           | 0       | 0         | 0         | #DIV/0! | 0              | 0       | #DIV/0! | 0                | 0       | #DIV/0! |
| TOTALS       | 586,572     | 681,561 | 1,197,941 | 1,133,304 | 16%     | 11,737         | 12,647  | 8%      | 724              | 970     | 34%     |

## Anzalduas Bridge Crossing

| Month        | EMPTYES |         | CARS    |         | % VAR   | BUSES & OTHERS |         | % VAR.  | Maquila Employees |         | % VAR.  |
|--------------|---------|---------|---------|---------|---------|----------------|---------|---------|-------------------|---------|---------|
|              | FY 2019 | FY 2020 | FY 2019 | FY 2020 |         | FY 2019        | FY 2020 |         | FY 2019           | FY 2020 |         |
| OCTOBER 2019 | 2,937   | 2,048   | 73,628  | 77,851  | -30%    | 95             | 104     | 9%      | 2,220             | 1,994   | -10%    |
| NOVEMBER     | 2,033   | 1,590   | 79,484  | 87,660  | -22%    | 168            | 218     | 30%     | 1,813             | 1,561   | -14%    |
| DECEMBER     | 1,445   | 1,457   | 93,316  | 97,185  | 1%      | 131            | 127     | -3%     | 1,523             | 1,334   | -12%    |
| JANUARY      | 1,538   | 1,761   | 76,659  | 78,387  | 14%     | 166            | 161     | -3%     | 2,023             | 1,826   | -10%    |
| FEBRUARY     | 1,645   | 1,607   | 71,893  | 74,001  | -2%     | 136            | 99      | -27%    | 1,943             | 1,770   | -9%     |
| MARCH        | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| APRIL        | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| May          | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| June         | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| July         | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| August       | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| September    | 0       | 0       | 0       | 0       | #DIV/0! | 0              | 0       | #DIV/0! | 0                 | 0       | #DIV/0! |
| TOTALS       | 9,598   | 8,463   | 394,980 | 415,084 | -12%    | 696            | 709     | 2%      | 9,522             | 8,485   | -11%    |



Hidalgo-Pharr-Anzalduas-Donna

February 2020 Southbound Traffic (cars only)

| Feb 2020 | Day       | Hidalgo Feb 2020 | Hidalgo % of Traffic | Pharr Feb 2020 | Pharr % of Traffic | Anzalduas Feb 2020 | Anzalduas % of Traffic | Donna Feb 2020 | Donna % of Traffic | Hidalgo Feb 2019 | Hidalgo 2020-2019 variance | Pharr Feb 2019 | Pharr 2020-2019 variance | Anzalduas Feb 2019 | Anzalduas 2020-2019 variance | Donna Feb 2019 | Donna 2020-2019 variance |
|----------|-----------|------------------|----------------------|----------------|--------------------|--------------------|------------------------|----------------|--------------------|------------------|----------------------------|----------------|--------------------------|--------------------|------------------------------|----------------|--------------------------|
| 1        | Saturday  | 7660             | 56%                  | 1376           | 10%                | 2778               | 20%                    | 1883           | 14%                | 8878             | (1218)                     | 2619           | (1,243)                  | 3041               | (263)                        | 1,972          | (89)                     |
| 2        | Sunday    | 5599             | 56%                  | 968            | 10%                | 2147               | 21%                    | 1319           | 13%                | 8918             | (3319)                     | 1998           | (1,030)                  | 2808               | (661)                        | 2,250          | (931)                    |
| 3        | Monday    | 7638             | 50%                  | 1463           | 10%                | 4457               | 29%                    | 1592           | 11%                | 6397             | 1241                       | 1419           | 44                       | 2257               | 2200                         | 1,676          | (84)                     |
| 4        | Tuesday   | 7432             | 60%                  | 1045           | 8%                 | 2482               | 20%                    | 1451           | 12%                | 8132             | (700)                      | 2184           | (1,139)                  | 4465               | (1983)                       | 1,808          | (357)                    |
| 5        | Wednesday | 7274             | 59%                  | 1559           | 13%                | 2216               | 18%                    | 1276           | 10%                | 7578             | (304)                      | 2174           | (615)                    | 2517               | (301)                        | 1,463          | (187)                    |
| 6        | Thursday  | 6901             | 58%                  | 1514           | 13%                | 2298               | 19%                    | 1273           | 11%                | 7563             | (662)                      | 2285           | (771)                    | 2272               | 26                           | 1,513          | (240)                    |
| 7        | Friday    | 8178             | 55%                  | 1833           | 12%                | 3014               | 20%                    | 1764           | 12%                | 7544             | 634                        | 2249           | (416)                    | 2238               | 776                          | 1,571          | 193                      |
| 8        | Saturday  | 7893             | 57%                  | 1330           | 10%                | 2663               | 19%                    | 1846           | 13%                | 8300             | (407)                      | 2493           | (1,163)                  | 2945               | (282)                        | 1,993          | (47)                     |
| 9        | Sunday    | 6414             | 57%                  | 986            | 9%                 | 2474               | 22%                    | 1411           | 13%                | 7622             | (1208)                     | 1748           | (762)                    | 2489               | (15)                         | 1,904          | (493)                    |
| 10       | Monday    | 6579             | 57%                  | 1571           | 14%                | 2170               | 19%                    | 1232           | 11%                | 6703             | (124)                      | 1525           | 46                       | 2428               | (258)                        | 1,667          | (435)                    |
| 11       | Tuesday   | 7024             | 58%                  | 1562           | 13%                | 2324               | 19%                    | 1294           | 11%                | 7117             | (93)                       | 2209           | (647)                    | 2212               | 112                          | 1,484          | (190)                    |
| 12       | Wednesday | 7175             | 64%                  | 1630           | 15%                | 2350               | 21%                    | 1351           | 12%                | 7587             | (412)                      | 2410           | (570)                    | 2253               | 97                           | 1,415          | (64)                     |
| 13       | Thursday  | 7547             | 65%                  | 1593           | 14%                | 2400               | 21%                    | 1367           | 12%                | 7947             | (400)                      | 2163           | (355)                    | 2401               | 767                          | 1,533          | (166)                    |
| 14       | Friday    | 7940             | 54%                  | 1808           | 12%                | 3168               | 22%                    | 1714           | 12%                | 7494             | 446                        | 2163           | (355)                    | 2401               | 767                          | 1,528          | 186                      |
| 15       | Saturday  | 7927             | 57%                  | 1431           | 10%                | 2681               | 19%                    | 1979           | 14%                | 8520             | (593)                      | 2715           | (1,284)                  | 3151               | (470)                        | 2,023          | (44)                     |
| 16       | Sunday    | 6498             | 56%                  | 1040           | 9%                 | 2475               | 21%                    | 1563           | 14%                | 8931             | (2433)                     | 2119           | (1,079)                  | 2904               | (429)                        | 2,338          | (775)                    |
| 17       | Monday    | 6417             | 58%                  | 1429           | 13%                | 2004               | 18%                    | 1269           | 11%                | 6667             | (150)                      | 1482           | (53)                     | 2597               | (593)                        | 1,743          | (474)                    |
| 18       | Tuesday   | 6758             | 58%                  | 1513           | 13%                | 2143               | 18%                    | 1271           | 11%                | 7068             | (310)                      | 2150           | (637)                    | 2115               | 28                           | 1,418          | (147)                    |
| 19       | Wednesday | 7104             | 58%                  | 1594           | 13%                | 2222               | 18%                    | 1330           | 11%                | 7067             | 37                         | 2217           | (623)                    | 2095               | 127                          | 1,407          | (77)                     |
| 20       | Thursday  | 6824             | 58%                  | 1492           | 13%                | 2264               | 19%                    | 1201           | 10%                | 7515             | (691)                      | 2342           | (850)                    | 2238               | 26                           | 1,465          | (264)                    |
| 21       | Friday    | 8157             | 57%                  | 1588           | 11%                | 2951               | 20%                    | 1712           | 12%                | 7587             | 570                        | 2214           | (626)                    | 2472               | 479                          | 1,530          | 182                      |
| 22       | Saturday  | 7887             | 58%                  | 1320           | 10%                | 2684               | 20%                    | 1641           | 12%                | 8836             | (949)                      | 2632           | (1,312)                  | 3003               | (319)                        | 2,004          | (363)                    |
| 23       | Sunday    | 6071             | 56%                  | 966            | 9%                 | 2579               | 24%                    | 1322           | 12%                | 8548             | (2477)                     | 2022           | (1,056)                  | 2781               | (202)                        | 2,234          | (912)                    |
| 24       | Monday    | 6510             | 58%                  | 1418           | 13%                | 2107               | 19%                    | 1102           | 10%                | 6928             | (418)                      | 1512           | (94)                     | 2784               | (677)                        | 1,740          | (638)                    |
| 25       | Tuesday   | 7017             | 58%                  | 1514           | 13%                | 2303               | 19%                    | 1261           | 10%                | 7149             | (132)                      | 2261           | (747)                    | 2215               | 88                           | 1,534          | (273)                    |
| 26       | Wednesday | 7006             | 58%                  | 1509           | 12%                | 2315               | 19%                    | 1271           | 11%                | 7363             | (357)                      | 2222           | (713)                    | 2219               | 96                           | 1,495          | (224)                    |
| 27       | Thursday  | 7119             | 58%                  | 1562           | 13%                | 2348               | 19%                    | 1258           | 10%                | 7724             | (605)                      | 2357           | (795)                    | 2293               | 55                           | 1,609          | (351)                    |
| 28       | Friday    | 7818             | 54%                  | 1769           | 12%                | 3239               | 22%                    | 1694           | 12%                | 7894             | (76)                       | 2181           | (412)                    | 2346               | 893                          | 1,585          | 109                      |
| 29       | Saturday  | 8342             | 58%                  | 1360           | 9%                 | 2745               | 19%                    | 1933           | 13%                | 0                | 8342                       | 0              | 1,360                    | 0                  | 2745                         | 0              | 1933                     |
|          |           | 208,709          | 57%                  | 41,743         | 11%                | 74,001             | 20%                    | 42,580         | 12%                | 215,477          | (6,768)                    | 60,102         | (18,359)                 | 71,993             | 2,108                        | 47,802         | (5,222)                  |



# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE     X    

AGENDA ITEM     3      
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. **Agenda Item:** McAllen-Hidalgo Intl. Toll Bridge Financial Statement for the period ending January 31, 2020.

2. **Party Making Request:** Juan Olaguibel, Interim Superintendent of Bridges

3. **Nature of Request: (Brief Overview) Attachments:**   X   Yes    No

4. **Policy Implication:** \_\_\_\_\_

5. **Budgeted:**    Yes    No    N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. **Alternate option/costs:** \_\_\_\_\_

7. **Routing:**

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes _____ No _____ |
| b) _____          |                |             | Yes _____ No _____ |
| c) _____          |                |             | Yes _____ No _____ |

8. **Staff's Recommendation:** Report Only

Advisory Board:    Approved    Disapproved    None

City Attorney:    Approved    Disapproved    None

Manager's Recommendation: RD Approved    Disapproved    None



# **McALLEN/HIDALGO INTERNATIONAL TOLL BRIDGE**

Financial Statements  
For the Period Ending January 31, 2020  
Prepared By  
Juan Olaguibel, Director of Operations

Executive Summary  
McAllen-Hidalgo International Toll Bridge

OPERATING RESULTS  
For the Month Ending January 31, 2020

*McAllen-Hidalgo International Toll Bridge*

*Comparison with Last Year*

Net income before depreciation, as reflected on page 3, for the month of January is \$934,690 — (\$28,548) less than last year. Toll revenues were \$920,894 for the month or (\$52,207) less than last year. Expenses were \$314,116 or \$67,718 more than last year for the month.

*Comparison with Budget*

Net income before depreciation, as reflected on page 4, for the month of January is \$934,690. Net income was \$9,694 better than budget for the month. Toll revenues were \$920,894 for the month. Toll revenues were (\$53,374) less than budget for the month. Administrative and operating expenses were \$314,116 for the month. Administrative and operating expenses were (\$55,565) more than budget for the month.

**McALLEN/HIDALGO INTERNATIONAL TOLL BRIDGE FUND**  
**STATEMENT OF NET ASSETS**  
For the Period Ending January 31, 2020

|  | Toll Bridge<br>Fund  | Bridge<br>Debt Service<br>Fund | Bridge<br>Capital Impr<br>Fund | Total                |
|--|----------------------|--------------------------------|--------------------------------|----------------------|
| <b>ASSETS</b>                                      |                      |                                |                                |                      |
| <u>Current:</u>                                    |                      |                                |                                |                      |
| Cash on hand.....                                  | \$ 16,502            | \$ -                           | \$ -                           | \$ 16,502            |
| Cash in bank.....                                  | -                    | -                              | -                              | -                    |
| Investments.....                                   | 1,126,629            | -                              | 3,556,247                      | 4,682,876            |
| Receivables / Other.....                           | 361,249              | -                              | -                              | 361,249              |
| Interest receivable.....                           | -                    | -                              | -                              | -                    |
| Due From Other Funds.....                          | -                    | -                              | -                              | -                    |
| <b>Total Current Assets</b>                        | <b>1,504,380</b>     | <b>-</b>                       | <b>3,556,247</b>               | <b>5,060,627</b>     |
| <u>Restricted Assets:</u>                          |                      |                                |                                |                      |
| Contingency Fund..... X                            | 535,211              | -                              | -                              | 535,211              |
| Debt Service Fund.....                             | -                    | -                              | -                              | -                    |
| Capital Improvement Fund.....                      | -                    | -                              | -                              | -                    |
| McAllen Investments:                               | -                    | -                              | -                              | -                    |
| TexPool.....                                       | 7,200,236            | -                              | -                              | 7,200,236            |
| Certificates of Deposits - McAllen.....            | -                    | -                              | -                              | -                    |
| <b>Total Restricted Assets</b>                     | <b>7,735,447</b>     | <b>-</b>                       | <b>-</b>                       | <b>7,735,447</b>     |
| <u>Capital Assets:</u>                             |                      |                                |                                |                      |
| Land.....  | 809,233              | -                              | -                              | 809,233              |
| Buildings.....                                     | 14,434,099           | -                              | -                              | 14,434,099           |
| Improvements other than buildings.....             | 3,850,671            | -                              | -                              | 3,850,671            |
| Infrastructure.....                                | 998,114              | -                              | -                              | 998,114              |
| Machinery & Equipment.....                         | 3,801,914            | -                              | -                              | 3,801,914            |
| Construction in Progress.....                      | 666,381              | -                              | -                              | 666,381              |
|  | 24,560,412           | -                              | -                              | 24,560,412           |
| Less accumulated depreciation.....                 | (15,021,328)         | -                              | -                              | (15,021,328)         |
| <b>Total Capital Assets</b>                        | <b>9,539,084</b>     | <b>-</b>                       | <b>-</b>                       | <b>9,539,084</b>     |
| <u>Other Assets, Net:</u>                          |                      |                                |                                |                      |
| Advance - Anzalduas Special & Startup.....         | 14,727,903           | -                              | -                              | 14,727,903           |
| Advance - Anzalduas Internation Crossing "A".....  | 4,499,712            | -                              | -                              | 4,499,712            |
| Unamortized bond issue costs.....                  | -                    | -                              | -                              | -                    |
| Excess of purchase price over assets acquired..... | 353,349              | -                              | -                              | 353,349              |
| <b>Total Other Assets, net</b>                     | <b>19,580,964</b>    | <b>-</b>                       | <b>-</b>                       | <b>19,580,964</b>    |
| <b>TOTAL ASSETS</b>                                | <b>\$ 38,359,875</b> | <b>\$ -</b>                    | <b>\$ 3,556,247</b>            | <b>\$ 41,916,122</b> |
| <b>LIABILITIES AND FUND EQUITY</b>                 |                      |                                |                                |                      |
| <u>Current Liabilities:</u>                        |                      |                                |                                |                      |
| Vouchers Payable.....                              | \$ 35,849            | \$ -                           | \$ -                           | \$ 35,849            |
| Accrued Expenses.....                              | 145,746              | -                              | -                              | 145,746              |
| Other Government Agencies-City of Hidalgo.....     | -                    | -                              | -                              | -                    |
| Other current Liabilities.....                     | 101,969              | -                              | -                              | 101,969              |
| <b>Total Current Liabilities</b>                   | <b>283,564</b>       | <b>-</b>                       | <b>-</b>                       | <b>283,564</b>       |
| <u>Payable from Restricted Assets:</u>             |                      |                                |                                |                      |
| Current installments of revenue bonds.....         | -                    | -                              | -                              | -                    |
| Interest Payable.....                              | -                    | -                              | -                              | -                    |
| Other.....   | -                    | -                              | -                              | -                    |
| <b>Liabilities Payable from Restricted Assets</b>  | <b>-</b>             | <b>-</b>                       | <b>-</b>                       | <b>-</b>             |
| <u>Long-term Liabilities:</u>                      |                      |                                |                                |                      |
| Revenue Bonds, excluding current installments..... | -                    | -                              | -                              | -                    |
| Long-term Liabilities:                             | 11,780               | -                              | -                              | 11,780               |
| Deferred revenues / Other.....                     | 23,570               | -                              | -                              | 23,570               |
| Due to other Funds / General Fund.....             | 53,487               | -                              | -                              | 53,487               |
| Accrued Expenses.....                              | -                    | -                              | -                              | -                    |
| Deferred revenues-Brokers.....                     | 186,796              | -                              | -                              | 186,796              |
| Noncurrent Liabilities.....                        | 521,592              | -                              | -                              | 521,592              |
| <b>Total long-term liabilities</b>                 | <b>797,225</b>       | <b>-</b>                       | <b>-</b>                       | <b>797,225</b>       |
| <u>Net Assets:</u>                                 |                      |                                |                                |                      |
| Invested in capital assets less related debt.....  | 9,539,084            | -                              | -                              | 9,539,084            |
| Restricted:  | -                    | -                              | -                              | -                    |
| Contingency Fund..... X                            | 535,211              | -                              | -                              | 535,211              |
| Bond Reserve Fund..... X                           | -                    | -                              | -                              | -                    |
| Debt Service Fund.....                             | -                    | -                              | -                              | -                    |
| Bridge Capital Impr. Fund.....                     | -                    | -                              | 3,556,247                      | 3,556,247            |
| City of McAllen..... X                             | 7,200,236            | -                              | -                              | 7,200,236            |
| Total restricted.....                              | 7,735,447            | -                              | 3,556,247                      | 11,291,694           |
| Unrestricted.....                                  | 20,004,555           | -                              | -                              | 20,004,555           |
| <b>Total Net Assets</b>                            | <b>37,279,086</b>    | <b>-</b>                       | <b>3,556,247</b>               | <b>40,835,333</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>            | <b>\$ 38,359,875</b> | <b>\$ -</b>                    | <b>\$ 3,556,247</b>            | <b>\$ 41,916,122</b> |



McALLEN-HIDALGO INTERNATIONAL TOLL BRIDGE FUND  
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
For the Period Ending January 31, 2020

|                                       | Current             | Prior Year          | Variance           | Inc/(Dec)     | Current             | Prior Year          | Variance           | Inc/(Dec)     |
|---------------------------------------|---------------------|---------------------|--------------------|---------------|---------------------|---------------------|--------------------|---------------|
| <b>REVENUES:</b>                      |                     |                     |                    |               |                     |                     |                    |               |
| Tolls                                 | FY 2020             | FY 2019             |                    |               | FY 2020             | FY 2019             |                    |               |
| Rentals                               | \$920,894           | \$973,101           | \$ (52,207)        | -5.37%        | \$3,889,638         | \$4,006,942         | (\$117,304)        | -2.93%        |
| Miscellaneous                         | 295,869             | 203,380             | 92,489             | 45.48%        | 1,028,673           | 868,054             | 160,619            | 18.50%        |
| Interest                              | 25,041              | 23,358              | 1,683              | 7.21%         | 84,538              | 14,163              | 70,375             | 16.75%        |
|                                       | 7,002               | 9,797               | (2,795)            | -28.53%       | 27,306              | 31,502              | (4,196)            | -13.32%       |
| <b>Total Revenues</b>                 | <b>\$ 1,248,806</b> | <b>\$ 1,209,636</b> | <b>\$ 39,170</b>   | <b>3.24%</b>  | <b>\$ 5,044,318</b> | <b>\$ 4,991,036</b> | <b>\$ 53,282</b>   | <b>1.07%</b>  |
|                                       | 1/31/20             |                     |                    |               | 1/31/20             |                     |                    |               |
| <b>EXPENSES:</b>                      |                     |                     |                    |               |                     |                     |                    |               |
| Administration                        | \$71,877            | \$72,169            | (\$292)            | -0.40%        | \$282,880           | \$256,946           | \$25,934           | 10.09%        |
| Bridge Operations                     | 239,994             | 171,252             | 68,742             | 40.14%        | 760,020             | 633,484             | 126,536            | 19.97%        |
| Loan Interest                         | 315                 | 1,047               | (732)              | 100.00%       | 1,632               | 4,544               | (2,912)            | 100.00%       |
| Insurance                             | 1,930               | 1,930               | -                  | 0.00%         | 7,720               | 7,720               | -                  | 0.00%         |
| <b>Total Exp. before Depreciation</b> | <b>\$ 314,116</b>   | <b>\$ 246,398</b>   | <b>\$ 67,718</b>   | <b>27.48%</b> | <b>\$1,052,252</b>  | <b>\$ 902,694</b>   | <b>\$ 149,558</b>  | <b>16.57%</b> |
| <b>NET INCOME/(LOSS)</b>              | <b>\$ 934,690</b>   | <b>\$ 963,238</b>   | <b>\$ (28,548)</b> | <b>-2.96%</b> | <b>\$ 3,992,066</b> | <b>\$ 4,088,342</b> | <b>\$ (96,276)</b> | <b>-2.35%</b> |
| <i>before depreciation</i>            |                     |                     |                    |               |                     |                     |                    |               |
| Depreciation                          | 95,145              | 107,037             | (11,892)           | -11.11%       | 380,581             | 434,904             | (54,323)           | -12.49%       |
| <b>NET INCOME/(LOSS)</b>              | <b>\$ 839,545</b>   | <b>\$ 856,201</b>   | <b>\$ (16,656)</b> | <b>-1.95%</b> | <b>\$ 3,611,485</b> | <b>\$ 3,653,438</b> | <b>\$ (41,953)</b> | <b>-1.15%</b> |
| <i>after depreciation</i>             |                     |                     |                    |               |                     |                     |                    |               |
| <b>Capital Outlay</b>                 |                     |                     |                    |               |                     |                     |                    |               |
| Transfer Out:                         |                     |                     |                    |               |                     |                     |                    |               |
| City of Hidalgo                       | 1,200,346           | 966,102             | 234,244            |               | 1,200,346           | 966,102             | 234,244            |               |
| General Fund                          | -                   | -                   | -                  |               | -                   | -                   | -                  |               |
| ANZALD DEBT SVC SERIES B              | 70,315              | 70,748              | (433)              |               | 281,258             | 282,092             | (834)              |               |

**McAllen-Hidalgo International Toll Bridge**  
**Notes on the Comparative Statement of Revenues and Expenses**  
**For the Period Ending January 31, 2020**

| <u>Reference</u> | <u>Description</u>                    |               |                 |
|------------------|---------------------------------------|---------------|-----------------|
|                  | <b><u>REVENUES</u></b>                |               |                 |
|                  | THIS YEAR SAME MONTH WE HAD           |               |                 |
|                  | A INCREASE IN INCOME                  | 92,489        |                 |
| <b>1</b>         |                                       |               | <b>92,489</b>   |
|                  | <b><u>EXPENDITURES</u></b>            |               |                 |
|                  | THIS YEAR SAME MONTH WE HAD AN        |               |                 |
|                  | INCREASE IN WAGES OF                  | 10,000        |                 |
|                  | AN INCREASE IN SUPPLIES OF            | 2,562         |                 |
|                  | A DECREASE IN OTHER SERVICES          | (12,930)      |                 |
| <b>A</b>         | AN INCREASE IN MAINTENANCE            | 76            | <b>(292)</b>    |
|                  | THIS YEAR SAME MONTH WE HAD           |               |                 |
|                  | AN INCREASE IN WAGES, BENEFITS, & OT  | 48,352        |                 |
|                  | A DECREASE IN SUPPLIES                | (3,454)       |                 |
|                  | A INCREASE IN OTHER SERVICES          | 13,592        |                 |
| <b>B</b>         | AN INCREASE IN MAINT. & CAPITAL OUTLA | <u>10,252</u> | <b>68,742</b>   |
|                  | TRAVEL                                | (509)         |                 |
|                  | ADVERTISING                           | (5,531)       |                 |
|                  | Accounting                            | (8,750)       |                 |
|                  | TRAINING                              | -             |                 |
|                  | CONTRACTUAL                           | 285           |                 |
|                  | DUES AND SUBSCRIPTION                 | 2,458         |                 |
|                  | PROFESSIONAL                          | (2,910)       |                 |
|                  | RENTAL                                | 23            |                 |
|                  | POSTAGE                               | (297)         |                 |
|                  | UTILITIES - TELEPHONE                 | 214           |                 |
| <b>*1</b>        | MISCELLANEOUS                         | 2,087         | <b>(12,930)</b> |
|                  | RENTAL & CONTRACTUAL                  | 11,827        |                 |
|                  | SECURITY                              | (3,847)       |                 |
|                  | UTILITIES - ELECTRIC                  | 4,123         |                 |
|                  | UTILITIES - WATER                     | 76            |                 |
| <b>*2</b>        | CREDIT CARD FEE/MISC                  | 1,413         | <b>13,592</b>   |

**MCALLEN/HIDALGO INTERNATIONAL TOLL BRIDGE FUND**  
**STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES - BUDGET BASIS**  
For the Period Ending January 31, 2020

|                                       | Budget               | Budget-by-Mth     | Actual-by-Mth     | Actual<br>Variance with<br>Budget<br>Positive<br>(Negative) | % Actual to<br>Budget-by-Mth<br>Positive<br>(Negative) | Budget-to-Date      | Actual-to-Date      | Actual<br>Variance with<br>Budget<br>Positive<br>(Negative) | % Actual to<br>Budget-to-Date<br>Positive<br>(Negative) |
|---------------------------------------|----------------------|-------------------|-------------------|---|--|---------------------|---------------------|---|---|
| <b>Operating Revenues:</b>            |                      |                   |                   |   |  |                     |                     |   |   |
| Tolls                                 | \$ 11,691,217        | \$ 974,268        | \$ 920,894        | \$ (53,374)   | -5.48%   | \$ 3,897,072        | \$ 3,889,638        | \$ (7,434)  | -0.19%  |
| Rentals                               | 2,436,359            | 203,029           | 295,869           | 92,840  | 45.73%   | 812,116             | 1,028,673           | 216,557   | 26.67%  |
| Miscellaneous                         | 75,000               | 6,250             | 25,041            | 18,791  | 300.66%  | 25,000              | 98,701              | 73,701  | 294.80%   |
| Total Operating Revenues              | 14,202,576           | 1,183,547         | 1,241,804         | 58,257  | 4.92%  | 4,734,188           | 5,017,012           | 282,824   | 5.97%   |
| <b>Non-Operating Revenues:</b>        |                      |                   |                   |   |  |                     |                     |   |   |
| Interest                              | 0                    | -                 | 7,002             | 7,002   | 100.00%  | -                   | 27,306              | 27,306  | 100.00%   |
| Total Non-Operating Revenues          | -                    | -                 | 7,002             | 7,002   | 100.00%  | -                   | 27,306              | 27,306  | 100.00%   |
| Total Revenues                        | 14,202,576           | 1,183,547         | 1,248,806         | 65,259  | 5.51%  | 4,734,188           | 5,044,318           | 310,130   | 6.55%   |
| <b>Expenses:</b>                      |                      |                   |                   |   |  |                     |                     |   |   |
| <b>Administration</b>                 |                      |                   |                   |   |  |                     |                     |   |   |
| Salaries                              | 273,185              | 22,365            | 30,703            | (8,338)   | -37.28%  | 94,199              | 93,891              | 308   | 0.33%   |
| Supplies                              | 24,800               | 2,066             | 3,724             | (1,658)   | -80.25%  | 8,264               | 7,701               | 563   | 6.81%   |
| Other Services                        | 472,325              | 39,356            | 36,921            | 2,535   | 6.44%  | 157,424             | 178,780             | (21,356)  | -13.57%   |
| Maintenance                           | 12,162               | 1,013             | 629               | 384   | 37.91%   | 4,052               | 2,508               | 1,544   | 0.00%   |
| Capital Outlay                        | -                    | -                 | -                 | -   | 0.00%  | -                   | -                   | -   | 0.00%   |
| Total Administration                  | 782,472              | 64,800            | 71,877            | (7,077)   | -10.92%  | 263,939             | 282,880             | (18,941)  | -7.18%  |
| <b>Operations:</b>                    |                      |                   |                   |   |  |                     |                     |   |   |
| Salaries                              | 1,524,556            | 125,323           | 160,699           | (35,376)  | -28.23%  | 521,942             | 475,278             | 46,664  | 8.94%   |
| Supplies                              | 85,000               | 7,082             | 3,648             | 3,434   | 48.49%   | 28,328              | 21,780              | 6,548   | 23.11%  |
| Other Services                        | 533,250              | 44,436            | 53,443            | (9,007)   | -20.27%  | 177,744             | 173,371             | 4,373   | 2.46%   |
| Maintenance                           | 176,000              | 14,665            | 22,204            | (7,539)   | -51.41%  | 58,660              | 89,591              | (30,931)  | -52.73%   |
| Capital Outlay                        | 16,385               | -                 | -                 | -   | -  | -                   | -                   | -   | #DIV/0!   |
| Total Operations                      | 2,335,191            | 191,506           | 239,994           | (48,488)  | -25.32%  | 786,674             | 760,020             | 26,655  | 3.39%   |
| <b>Non-department</b>                 |                      |                   |                   |   |  |                     |                     |   |   |
| Loan Interest                         | -                    | 315               | 315               | -   | 0.00%  | 1,632               | 1,632               | -   | 0.00%   |
| Liability Insurance                   | 23,171               | 1,930             | 1,930             | -   | 0.00%  | 7,720               | 7,720               | -   | 0.00%   |
| Total Non-department                  | 23,171               | 2,245             | 2,245             | -   | 0.00%  | 9,352               | 9,352               | -   | 0.00%   |
| Total Expenses excluding Depreciation | 3,140,834            | 258,551           | 314,116           | (55,565)  | -21.49%  | 1,059,965           | 1,052,252           | 7,713   | 0.73%   |
| <b>NET INCOME (1.)</b>                | <b>\$ 11,061,742</b> | <b>\$ 924,996</b> | <b>\$ 934,690</b> | <b>\$ 9,694</b>   | <b>1.05%</b>   | <b>\$ 3,674,223</b> | <b>\$ 3,992,066</b> | <b>\$ 317,843</b>   | <b>8.65%</b>  |

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE \_\_\_\_\_ X \_\_\_\_\_

AGENDA ITEM 4  
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. **Agenda Item:** Consider and Accept External Audit Report for period ending September 30, 2019 and 2018.

2. **Party Making Request:** Juan Olaguibel, Interim Superintendent of Bridges

3. **Nature of Request: (Brief Overview) Attachments:** X Yes \_\_\_ No  
\_\_\_\_\_  
\_\_\_\_\_

4. **Policy Implication:** \_\_\_\_\_

5. **Budgeted:** \_\_\_ Yes \_\_\_ No \_\_\_ N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. **Alternate option/costs:** \_\_\_\_\_

7. **Routing:**

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes _____ No _____ |
| b) _____          |                |             | Yes _____ No _____ |
| c) _____          |                |             | Yes _____ No _____ |

8. **Staff's Recommendation:** Accept

Advisory Board: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

City Attorney: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

Manager's Recommendation: RD Approved \_\_\_ Disapproved \_\_\_ None



**McAllen International Toll Bridge**

Financial Statements  
And Report of Independent Certified Public Accountants

September 30, 2019 and 2018



# McALLEN INTERNATIONAL TOLL BRIDGE

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## **Independent Auditor's Report**

To the Board of Trustees  
McAllen International Toll Bridge

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bridge'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 misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McAllen International Toll Bridge as of September 30, 2019 and 2018, 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.

### **Emphasis of Matter**

#### Financial Reporting Unit

As discussed in Note 1, the financial statements present only the Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2019 and 2018, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bridge's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Income Distribution, Schedule of Rental Income, Schedule of Expenses by Department, Combining Schedule of Net Position (except the Anzalduas International Crossing information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the Anzalduas International Crossing information), and Combining Schedule of Cash Flows (except the Anzalduas International Crossing information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Income Distribution, Schedule of Rental Income, Schedule of Expenses by Department, Combining Schedule of Net Position (except the Anzalduas International Crossing information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the Anzalduas International Crossing information), and Combining Schedule of Cash Flows (except the Anzalduas International Crossing information) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vehicle and Passenger Traffic, Schedule of Car and Truck Traffic Revenue, Schedules of Board Advances to the Anzalduas International Crossing, and Schedule of Insurance Coverage have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

We have also audited the financial statements of Anzalduas International Crossing as of and for the years ended September 30, 2019 and 2018, and have issued our report thereon dated February 14, 2020 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. Such information, which is included in the supplemental combining schedules of this report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare those financial statements. The information has been subjected to the auditing procedures applied in that audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to those financial statements as a whole.

The Board of Trustees  
McAllen International Toll Bridge

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020, on our consideration of the Bridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bridge's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
February 14, 2020

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**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

This discussion and analysis is intended to provide an overview of the McAllen International Toll Bridge's (Hidalgo Bridge) financial performance for the fiscal years ending September 30, 2019 and 2018 and the related effect on its financial condition. Please read it in conjunction with the basic financial statements, which follow and include the notes thereto, which are necessary for a complete understanding of the data contained in the financial statements. Following the notes to the financial statements is certain supplementary information.

***BRIDGE OPERATIONAL HIGHLIGHTS***

The table below reflects the activities for southbound traffic crossings, which remained relatively consistent at last year's levels.

| <u>Category</u>    | <u>FY 18-19</u> | <u>FY 17-18</u> | <u>Increase<br/>(Decrease)</u> | <u>% Increase<br/>(Decrease)</u> |
|--------------------|-----------------|-----------------|--------------------------------|----------------------------------|
| Cars               | 2,642,179       | 2,794,901       | (152,722)                      | -5.46%                           |
| Buses & others     | 29,777          | 28,993          | 784                            | 2.70%                            |
| Passengers in cars | 6,605,448       | 6,987,253       | (381,805)                      | -5.46%                           |

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, as a result of this year's operations, net position decreased by \$238K. Operating revenues decreased \$584K while operating expenses increased by \$393K.

***Overview of the Financial Statements***

The financial statements include the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statement of Cash Flows for the fiscal years ending September 30, 2019 and 2018.

**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

***Required Financial Statements***

The Statement of Net Position includes all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the Hidalgo Bridge and provides information about the nature of the resources and obligations to creditors. The Hidalgo Bridge's net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one indicator of its financial position at one point in time. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the Hidalgo Bridge is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position analyzes the Hidalgo Bridge's operations over the past year and provide comparative information for the previous fiscal year. The statement illustrates the Hidalgo Bridge's ability to cover operating expenses with revenues received during the same year as well as non-operating expenses.

The Statement of Cash Flows is the final required financial statement. This statement provides information on the cash receipts, cash payments, and net changes in cash resulting from operations, financing and investment activities.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found in the section following the Statements of Cash Flows.

***FINANCIAL POSITION SUMMARY***

Net position, and its components, over time serve as a meaningful measure of the Hidalgo Bridge's financial position. For the year ended September 30, 2019, net position decreased by \$238K primarily as a result of decreased toll revenue and increased operating expense. In FY 17-18, net position increased by \$975K, as a result of rental and other income.

**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

A summary of the Hidalgo Bridge's Condensed Statements of Net Position information as of September is presented below:

**Condensed Statements of Net Position Information**

|  | 2019                     | 2018                     | 2017                     |
|--|--------------------------|--------------------------|--------------------------|
| ASSETS:  |                          |                          |                          |
| Current assets   | \$ 3,326,404             | \$ 2,283,608             | \$ 2,239,696             |
| Restricted assets                                      | 7,751,448                | 8,302,900                | 8,253,606                |
| Net capital assets                                     | 9,919,666                | 11,593,326               | 11,601,846               |
| Other assets   | 18,987,121               | 18,294,979               | 17,633,893               |
|  | <u>18,987,121</u>        | <u>18,294,979</u>        | <u>17,633,893</u>        |
| <br>Total assets                                       | <br><u>\$ 39,984,639</u> | <br><u>\$ 40,474,813</u> | <br><u>\$ 39,729,041</u> |
| <br>Deferred outflows of resources - pension           | <br><u>\$ 353,349</u>    | <br><u>\$ 233,858</u>    | <br><u>\$ 303,117</u>    |
| <br>Total assets and deferred outflow of resources     | <br><u>\$ 40,337,988</u> | <br><u>\$ 40,708,671</u> | <br><u>\$ 40,032,158</u> |
| <br>LIABILITIES:                                       |                          |                          |                          |
| Current liabilities                                    | \$ 1,185,489             | \$ 1,346,358             | \$ 1,353,128             |
| Payable from restricted assets                         | 61,796                   | 113,374                  | 183,660                  |
| Long-term liabilities                                  | 567,748                  | 309,309                  | 733,217                  |
|  | <u>567,748</u>           | <u>309,309</u>           | <u>733,217</u>           |
| <br>Total liabilities                                  | <br><u>\$ 1,815,033</u>  | <br><u>\$ 1,769,041</u>  | <br><u>\$ 2,270,005</u>  |
| <br>Deferred inflows of resources                      | <br><u>\$ 23,571</u>     | <br><u>\$ 202,490</u>    | <br><u>\$ 209</u>        |
| <br>Total liabilities and deferred inflow of resources | <br><u>\$ 1,838,604</u>  | <br><u>\$ 1,971,531</u>  | <br><u>\$ 2,270,214</u>  |
| <br>NET POSITION:                                      |                          |                          |                          |
| Net investment in capital assets                       | \$ 9,906,120             | \$ 11,593,326            | \$ 11,601,846            |
| Restricted   | 8,868,240                | 8,339,344                | 8,086,768                |
| Unrestricted   | 19,725,024               | 18,804,470               | 18,073,330               |
|  | <u>19,725,024</u>        | <u>18,804,470</u>        | <u>18,073,330</u>        |
| <br>Total net position                                 | <br><u>\$ 38,499,384</u> | <br><u>\$ 38,737,140</u> | <br><u>\$ 37,761,944</u> |

**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

***Revenues, Expenses and Changes in Net Position***

Southbound car crossings decreased by 5.46% from 2018 to 2019, while the bus and others crossing increased by 2.70%. This generated toll revenue of \$11.0M, a decrease of \$540K when compared to the prior year due to a decrease in crossings. Rental income increased by \$18K from 2018 to 2019 due to a combination of an increase in the monthly GSA and AT&T lease rate offset by the UETA rental revenue decline of \$55K. Operating expenses increased from last year's level from \$4.0M to \$4.4M. The operating expense increase of \$394K can be attributed to an increase of personnel expense of \$129K, compared to 2018 and an increase to depreciation expense of \$144K, compared to 2018, as well as an increase in other services and charges in the amount of \$111K and maintenance expenses, \$1K. Operating income decreased \$978K, resulting in a \$237K decrease to net position after distributions to the cities. Operating expenses in 2018 increased from 2017 by \$175K due to an increase in personnel expense of \$129K and an increase in depreciation expense of \$162K, offset by \$110K increase in other services and charges.

Schedule of Revenues, Expenses, and Changes in Net Position information provides additional information on the changes in the Hidalgo Bridge fund and is presented on the following page.

**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

**Schedule of Revenues, Expenses,  
and Changes in Net Position Information**

|  | 2019                 | 2018                 | 2017                 |
|--|----------------------|----------------------|----------------------|
| Operating revenues:                          |                      |                      |                      |
| Tolls  | \$ 11,032,437        | \$ 11,572,352        | \$ 11,856,205        |
| Rental income                                | 2,528,751            | 2,510,503            | 2,587,122            |
| Other income                                 | 247,242              | 309,552              | 284,973              |
| Total operating revenues                     | <u>13,808,430</u>    | <u>14,392,407</u>    | <u>14,728,300</u>    |
| Operating expenses:                          |                      |                      |                      |
| Personnel                                    | 1,638,836            | 1,509,576            | 1,599,338            |
| Supplies                                     | 89,749               | 79,699               | 92,249               |
| Other services and charges                   | 1,147,035            | 1,035,803            | 925,711              |
| Maintenance                                  | 178,535              | 179,854              | 174,313              |
| Depreciation                                 | 1,292,102            | 1,147,670            | 986,388              |
| Total operating expenses                     | <u>4,346,257</u>     | <u>3,952,602</u>     | <u>3,777,999</u>     |
| Operating income                             | <u>9,462,173</u>     | <u>10,439,805</u>    | <u>10,950,301</u>    |
| Nonoperating revenues (expenses):            |                      |                      |                      |
| Distribution of income to City<br>of Hidalgo | (3,375,018)          | (3,627,039)          | (3,727,282)          |
| Investment income                            | 143,637              | 94,391               | 53,791               |
| Interest expense                             | (11,576)             | (19,229)             | (27,335)             |
| Interest on board advances                   | 692,142              | 661,086              | 631,458              |
| Sale of fixed assets                         | (609,412)            | (834)                | -                    |
| Total nonoperating expenses, net             | <u>(3,160,227)</u>   | <u>(2,891,625)</u>   | <u>(3,069,368)</u>   |
| Income before transfers and contributions    | 6,301,946            | 7,548,180            | 7,880,933            |
| Capital Contributions                        | -                    | -                    | 86,424               |
| Transfers to City of McAllen                 | (5,601,810)          | (5,711,863)          | (5,700,472)          |
| Transfers to debt service Series "B"         | (844,742)            | (846,258)            | (914,417)            |
| Transfer to Health Insurance                 | (93,150)             | (14,863)             | (8,443)              |
| Changes in net position                      | (237,756)            | 975,196              | 1,344,025            |
| Total net position at beginning of year      | <u>38,737,140</u>    | <u>37,761,944</u>    | <u>36,417,919</u>    |
| Total net position at end of year            | <u>\$ 38,499,384</u> | <u>\$ 38,737,140</u> | <u>\$ 37,761,944</u> |



**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

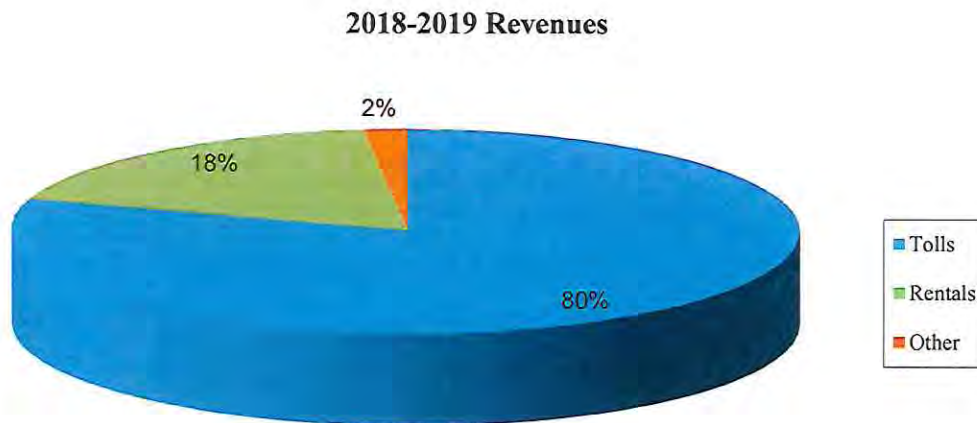
***TOLL RATES***

The Hidalgo Bridge charges tolls on southbound crossings into Mexico for various categories of customers as indicated below:

| <u>Category</u>                  | <u>FY 18-19</u> | <u>FY 17-18</u> |
|----------------------------------|-----------------|-----------------|
| Pedestrians                      | \$1.00          | \$1.00          |
| Cars                             | \$3.50          | \$3.50          |
| Trucks (Depending on # of Axles) | \$7.00-\$20.00  | \$7.00-\$20.00  |
| Buses (Depending on # of Axles)  | \$7.00-\$9.00   | \$7.00-\$9.00   |
| Motorcycles                      | \$3.50          | \$3.50          |
| Extra Axle                       | \$3.00          | \$3.00          |

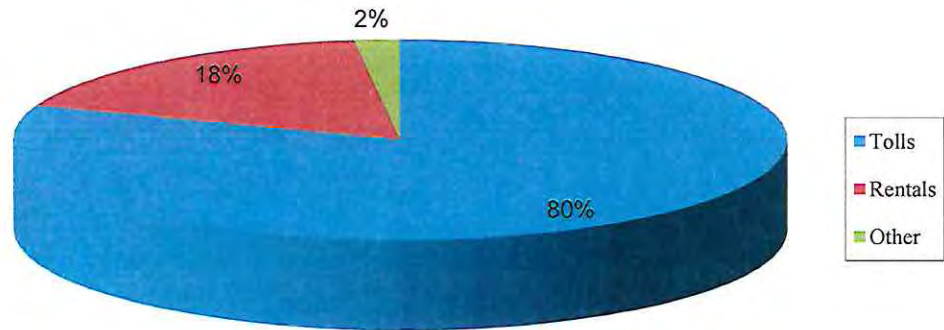
***REVENUES***

The following charts illustrate the relative contribution of each category of revenue to total operating revenues:



**McAllen International Toll Bridge  
Management's Discussion and Analysis (Unaudited)  
September 30, 2019**

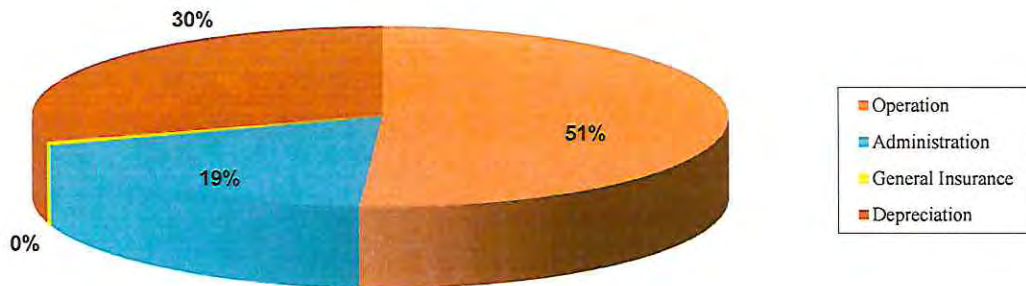
**2017-2018 Revenues**



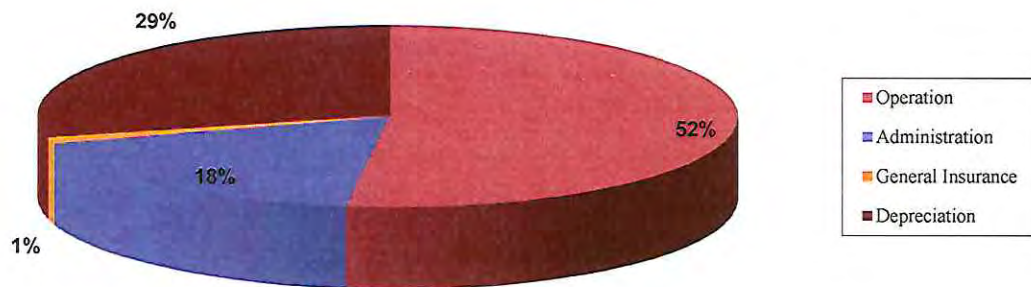
***EXPENSES***

The following charts show the major cost centers and each percentage contribution to total operating expenses.

**2018-2019 Expenses**



**2017-2018 Expenses**



**McAllen International Toll Bridge**  
**Management's Discussion and Analysis (Unaudited)**  
September 30, 2019

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

***Capital Assets***

At the end of this fiscal year, the Hidalgo Bridge had \$9.9M in capital assets, consisting of the following.

|                                   | <b>Capital Assets</b> |                      |                      |
|-----------------------------------|-----------------------|----------------------|----------------------|
|                                   | FY 18-19              | FY 17-18             | FY 16-17             |
| Land                              | \$ 809,233            | \$ 809,233           | \$ 809,233           |
| Buildings                         | 14,434,100            | 14,415,500           | 14,415,500           |
| Improvements other than buildings | 4,848,785             | 4,730,271            | 4,123,982            |
| Machinery and equipment           | 3,801,914             | 3,825,705            | 2,480,732            |
| Construction in progress          | 666,381               | 598,500              | 1,450,153            |
| Goodwill                          | -                     | 609,713              | 609,713              |
|                                   | <hr/>                 | <hr/>                | <hr/>                |
| Total capital assets              | 24,560,413            | 24,988,922           | 23,889,313           |
| Accumulated depreciation          | (14,640,747)          | (13,395,596)         | (12,287,467)         |
|                                   | <hr/>                 | <hr/>                | <hr/>                |
| Total capital assets, net         | <u>\$ 9,919,666</u>   | <u>\$ 11,593,326</u> | <u>\$ 11,601,846</u> |

In 2019, \$34K was spent on the office building upgrades, \$23K on the Point of Entry masterplan update, \$19K in fence restoration, \$45K on the bicycle park, and \$84K toward Southbound lane resurface. In 2018, \$136K was spent on the office building upgrade, \$12K on the federal motor carrier project, \$347K on TMRI equipment upgrades, \$7K on IT storage & network, \$4K on the Point of Entry masterplan, \$163K on bridge repairs, and \$444K toward Southbound lane resurface. For 2017, \$1.0 M was spent on TMRI equipment upgrades, \$217K for restroom renovations, \$118K on canopy improvements, \$109K office building upgrades, \$60K on a 2017 Chevrolet Tahoe and a 2017 Ford F150, \$32K on an electric gate, \$29K on fence restorations, and \$48K toward the federal motor carrier project.

For more detailed information on capital asset activity, refer to Note 3 – Capital Assets.

**McAllen International Toll Bridge  
Management's Discussion and Analysis (Unaudited)  
September 30, 2019**

***Debt***

At the end of the fiscal year, the Hidalgo Bridge had no outstanding revenue bonds.

On September 30, 2019, the Hidalgo Bridge had one interfund loan from the City of McAllen for capital improvements:

1. A loan in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983 and a maturity date of May 1, 2020. Total interest paid this fiscal year was \$10,750 and total principal paid was \$193,046.

For more detailed information on debt activity, refer to Note 4 – Long Term Liabilities.

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES***

During the budget process for fiscal year 2018-19, the elected and appointed officials considered many factors driving bridge crossings, including job growth, growth in new housing, bank deposits, retail sales growth, the unemployment rate, inflation, the level of growth in the maquiladora industry, the dollar exchange rate with the Mexican peso as well as anticipated level of Winter Texan tourists that spend between 4 to 6 months during the winter months in our area as well as the continued uncertainty in Mexico.

For budget year 2019-20, a new project for North Bound Pedestrian Expansion has been budgeted for \$1.1M. Several other projects have been budgeted for FY 18-19; Southbound lane resurface, canopy improvements, office building upgrades, IT storage & network equipment, bicycle park, Point of Entry Master Plan update, fence restoration, and Federal Motor Carrier.

***CONTACTING THE CITY'S FINANCIAL MANAGEMENT***

This financial report is designed to inform the citizens, taxpayers and customers of the City of McAllen, the City of Hidalgo, which shares in the *net surplus revenues* of the Hidalgo Bridge's operations as well as its investors and creditors about the Hidalgo Bridge's finances and to provide accountability for the resources that it receives. If you have any questions about the report or need additional financial information, contact the Finance Director's Office at the City of McAllen, 1300 Houston, McAllen, Texas 78501.

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# Basic Financial Statements

**McAllen International Toll Bridge**  
**Statements of Net Position**  
**September 30, 2019 and 2018**

**Assets and Deferred Outflows of Resources**

|   | 2019          | 2018          |
|---|---------------|---------------|
| <b>Current Assets</b>                           |               |               |
| Cash  | \$ 303,918    | \$ 269,585    |
| Investments                                     | 2,846,148     | 1,837,685     |
| Due from other governments                      | 176,338       | 176,338       |
| Total unrestricted current assets               | 3,326,404     | 2,283,608     |
| <b>Restricted Assets</b>                        |               |               |
| Cash -current capital improvement               | 114,557       | 114,968       |
| Investments- reserved for distribution          | 5,223,378     | 5,601,810     |
| Investments                                     | 2,413,513     | 2,586,122     |
| Total restricted assets                         | 7,751,448     | 8,302,900     |
| Total current assets                            | 11,077,852    | 10,586,508    |
| <b>Capital Assets – at cost</b>                 |               |               |
| Capital assets not being depreciated:           |               |               |
| Land  | 809,233       | 809,233       |
| Construction in progress                        | 666,381       | 598,500       |
| Goodwill  | -             | 609,713       |
| Capital assets being depreciated:               |               |               |
| Buildings                                       | 14,434,100    | 14,415,500    |
| Improvements other than buildings               | 4,848,785     | 4,730,271     |
| Machinery and equipment                         | 3,801,914     | 3,825,705     |
| Total capital assets                            | 24,560,413    | 24,988,922    |
| Less accumulated depreciation                   | (14,640,747)  | (13,395,596)  |
| Net capital assets                              | 9,919,666     | 11,593,326    |
| <b>Other Assets</b>                             |               |               |
| Board advances                                  | 18,987,121    | 18,294,979    |
| Total assets                                    | 39,984,639    | 40,474,813    |
| <b>Deferred outflows of resources - pension</b> | 353,349       | 233,858       |
| Total assets and deferred outflows of resources | \$ 40,337,988 | \$ 40,708,671 |

*The accompanying notes are an integral part of these statements*

**McAllen International Toll Bridge**  
**Statements of Net Position**  
**September 30, 2019 and 2018**

**Liabilities and Net Position**

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
| <b>Current Liabilities</b>  |                      |                      |
| Due to City of Hidalgo  | \$ 727,692           | \$ 42,413            |
| Accounts payable  | 69,512               | 871,226              |
| Compensated absences  | 84,098               | 93,315               |
| Capital lease   | 1,766                | -                    |
| Note payable  | 133,600              | 193,046              |
| Other payables  | 31,642               | 21,746               |
| Unearned revenue  | 137,179              | 124,612              |
|   | <u>1,185,489</u>     | <u>1,346,358</u>     |
| <b>Liabilities Payable From Restricted Assets</b>                 |                      |                      |
| Accounts payable  | 8,310                | 73,609               |
| Due to City of McAllen-interest on investments                    | 53,486               | 39,765               |
|   | <u>61,796</u>        | <u>113,374</u>       |
| Total current liabilities   | <u>1,247,285</u>     | <u>1,459,732</u>     |
| <b>Long-Term Liabilities</b>                                      |                      |                      |
| Compensated absences  | 34,376               | 28,525               |
| Capital lease payable   | 11,780               | -                    |
| Other long term payables  | -                    | 133,600              |
| Net pension liability   | 521,592              | 147,184              |
|   | <u>567,748</u>       | <u>309,309</u>       |
| Total long-term liabilities                                       | <u>1,815,033</u>     | <u>1,769,041</u>     |
| <b>Deferred inflows of resources - pension</b>                    | <u>23,571</u>        | <u>202,490</u>       |
| Total liabilities and deferred inflows of resources               | <u>1,838,604</u>     | <u>1,971,531</u>     |
| <b>Net Position</b>   |                      |                      |
| Net investment in capital assets                                  | 9,906,120            | 11,593,326           |
| Restricted for contingency  | 531,811              | 518,790              |
| Restricted for improvements                                       | 3,113,051            | 2,108,691            |
| Restricted for distribution to the City of McAllen                | 5,223,378            | 5,711,863            |
| Unrestricted  | 19,725,024           | 18,804,470           |
|   | <u>38,499,384</u>    | <u>38,737,140</u>    |
| Total net position  | <u>38,499,384</u>    | <u>38,737,140</u>    |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 40,337,988</u> | <u>\$ 40,708,671</u> |

*The accompanying notes are an integral part of these statements*

# McAllen International Toll Bridge

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

Years Ended September 30, 2019 and 2018

|   | 2019          | 2018          |
|---|---------------|---------------|
| Operating revenues:                           |               |               |
| Tolls   | \$ 11,032,437 | \$ 11,572,352 |
| Rental income                                 | 2,528,751     | 2,510,503     |
| Other income                                  | 247,242       | 309,552       |
| Total operating revenues                      | 13,808,430    | 14,392,407    |
| Operating expenses:                           |               |               |
| Salaries                                      | 1,203,614     | 1,135,904     |
| Payroll taxes and benefits                    | 435,222       | 373,672       |
| Insurance                                     | 23,171        | 23,171        |
| Materials and supplies                        | 89,749        | 79,699        |
| Maintenance                                   | 178,535       | 179,854       |
| Bridge security                               | 283,609       | 293,187       |
| Miscellaneous services                        | 840,255       | 719,445       |
| Depreciation                                  | 1,292,102     | 1,147,670     |
| Total operating expenses                      | 4,346,257     | 3,952,602     |
| Operating income                              | 9,462,173     | 10,439,805    |
| Nonoperating revenues (expenses):             |               |               |
| Distribution of income to the City of Hidalgo | (3,375,018)   | (3,627,039)   |
| Investment income                             | 143,637       | 94,391        |
| Interest expense                              | (11,576)      | (19,229)      |
| Interest on board advances                    | 692,142       | 661,086       |
| Sale of fixed assets                          | (609,412)     | (834)         |
| Total net nonoperating expenses, net          | (3,160,227)   | (2,891,625)   |
| Income before transfers and contributions     | 6,301,946     | 7,548,180     |
| Transfers to the City of McAllen              | (5,601,810)   | (5,711,863)   |
| Transfers to debt service Series "B"          | (844,742)     | (846,258)     |
| Transfer to Health Insurance                  | (93,150)      | (14,863)      |
| Changes in net position                       | (237,756)     | 975,196       |
| Total net position at beginning of year       | 38,737,140    | 37,761,944    |
| Total net position at end of year             | \$ 38,499,384 | \$ 38,737,140 |

*The accompanying notes are an integral part of these statements*

**McAllen International Toll Bridge**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

|   | 2019               | 2018                |
|---|--------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>                     |                    |                     |
| Receipts from customers   | \$ 13,820,997      | \$ 14,467,380       |
| Payments to employees   | (1,560,678)        | (582,709)           |
| Payments to suppliers   | (2,277,962)        | (1,477,193)         |
| Net cash provided by operating activities                       | <u>9,982,357</u>   | <u>12,407,478</u>   |
| <b>Cash Flows From Noncapital Financing Activities</b>          |                    |                     |
| Distribution of income to the City of Hidalgo                   | (2,540,652)        | (4,406,009)         |
| Operating transfers to the City of McAllen                      | (5,601,810)        | (5,711,863)         |
| Board advance to Anzalduas International Crossing- Series B     | (844,742)          | (846,258)           |
| Transfers to Health Insurance fund                              | (93,150)           | (14,863)            |
| Net cash used by noncapital financing activities                | <u>(9,080,354)</u> | <u>(10,978,993)</u> |
| <b>Cash Flows From Capital and Related Financing Activities</b> |                    |                     |
| Capital acquisitions  | (228,154)          | (1,140,934)         |
| Proceeds from sale of capital assets                            | 300                | 950                 |
| Principal paid on interfund loan                                | (314,866)          | (184,568)           |
| Interest paid   | (11,576)           | (19,229)            |
| Net cash used by capital and related financing activities       | <u>(554,296)</u>   | <u>(1,343,781)</u>  |
| <b>Cash Flows From Investing Activities</b>                     |                    |                     |
| Receipt of interest   | 152,387            | 93,777              |
| Proceeds from sales and maturities of investments               | 21,649,641         | 20,676,349          |
| Purchase of investments   | (22,115,813)       | (20,802,514)        |
| Net cash used by investing activities                           | <u>(313,785)</u>   | <u>(32,388)</u>     |
| Net change in cash  | 33,922             | 52,316              |
| Cash at beginning of year                                       | <u>384,553</u>     | <u>332,237</u>      |
| Cash at end of year   | <u>\$ 418,475</u>  | <u>\$ 384,553</u>   |

*The accompanying notes are an integral part of these statements*



**McAllen International Toll Bridge**  
**Statements of Cash Flows**  
**Years Ended September 30, 2019 and 2018**

|  | Continued           |                      |
|--|---------------------|----------------------|
|  | 2019                | 2018                 |
| <b>Reconciliation of Cash Per Statements of Cash Flows<br/>to the Statements of Net Position</b> |                     |                      |
| Unrestricted cash  | \$ 303,918          | \$ 269,585           |
| Restricted cash  | 114,557             | 114,968              |
|  | <u>\$ 418,475</u>   | <u>\$ 384,553</u>    |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities</b>       |                     |                      |
|  | \$ 9,462,173        | \$ 10,439,805        |
| Adjustment to reconcile operating income to<br>net cash provided by operating activities:        |                     |                      |
| Depreciation   | 1,292,102           | 1,147,670            |
| Changes in assets and liabilities:   |                     |                      |
| (Increase) decrease in deferred outflows of resources  | (119,491)           | 69,259               |
| Increase (decrease) in deferred inflows of resources   | (178,919)           | 202,281              |
| (Increase) decrease in accounts receivable   | -                   | 85,889               |
| Increase (decrease) in accounts payable  | (867,013)           | 729,469              |
| Increase (decrease) due to other funds   | -                   | (16,822)             |
| Increase (decrease) in other payables  | 9,896               | 2,176                |
| Increase (decrease) in net pension liability   | 374,408             | (255,241)            |
| Increase (decrease) in compensated absences payable  | (3,366)             | 13,908               |
| Increase (decrease) in unearned revenue  | 12,567              | (10,916)             |
| Total adjustments  | <u>520,184</u>      | <u>1,967,673</u>     |
| Net cash provided by operating activities  | <u>\$ 9,982,357</u> | <u>\$ 12,407,478</u> |

*The accompanying notes are an integral part of these statements*

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

The City of McAllen, Texas (the “City”) owns and operates the McAllen International Toll Bridge (“Hidalgo Bridge”) between the Cities of Hidalgo, Texas and Reynosa Tamaulipas, Mexico. Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003 (“2003 Agreement”), the City of McAllen and the City of Hidalgo share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 64% and the City of Hidalgo, 36%. The agreement also provides that the bonds, issued by the City of McAllen to finance the construction of a new international toll bridge, linking the United States, south of the City of Mission, Texas and the westernmost part of Reynosa, Tamaulipas, Mexico, the Anzalduas International Crossing (“Anzalduas Bridge”), are secured by the net revenues of the Hidalgo Bridge as well as the Anzalduas Bridge. The City of McAllen issues publicly available audited financial statements for the Anzalduas Bridge, which may be obtained by writing to City of McAllen Finance Department, 1300 Houston, P.O. Box 220, McAllen, Texas 78505.

The primary function of the Hidalgo Bridge is to collect tolls that finance the operations and maintenance of the international bridge. The Hidalgo Bridge facilities also include property and buildings that are rented to the United States General Services Administration (“GSA”), Texas Alcoholic Beverage Commission, and various commercial brokers.

The accompanying financial statements of the Hidalgo Bridge are prepared in conformity with accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”) and the American Institute of Certified Public Accountants. Hidalgo Bridge operations are included in the basic financial statements of the City as promulgated by requirements defining the reporting entity. These financial statements present only the operations and activities of Hidalgo Bridge, a fund of the City, and are not intended to present fairly the financial position and results of operations of the City.

**Basis of Accounting**

In compliance with provisions for proprietary funds as prescribed by GASB, the Hidalgo Bridge’s activities are accounted for in a manner similar to private business enterprises. Transactions are accounted for on a flow of economic resources measurement focus. With this focus, all assets, liabilities and deferred outflows of resources and deferred inflows of resources associated with this entity are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The financial statements have been prepared using the accrual basis of accounting.

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**1. Summary of Significant Accounting Policies-Continued**

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Hidalgo Bridge proprietary fund are charges to customers for toll crossing and services.

Operating expenses for proprietary funds include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Capital Assets**

Capital assets are capitalized because they are property, plant and equipment with a life expectancy of over one year. Capital assets are recorded at cost if purchased or constructed. Net interest cost pertaining to qualifying assets which are related to construction in progress is capitalized. No interest was capitalized during the years ended September 30, 2019 and 2018.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Total depreciation expense for the years ended September 30, 2019 and 2018 was \$1,292,102 and \$1,147,670 respectively.

The estimated useful lives are as follows:

|                                |             |
|--------------------------------|-------------|
| Furniture and office equipment | 3-5 years   |
| Maintenance equipment          | 5 years     |
| Paving and sidewalks           | 10-20 years |
| Toll-registering equipment     | 30 years    |
| Bridge                         | 40 years    |
| Buildings                      | 40 years    |

Maintenance, repairs, and renewals that do not materially add to the value of the property nor appreciably prolong its life are charged to expenses as incurred. Gains and losses on disposition of capital assets are included in income.

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**1. Summary of Significant Accounting Policies-Continued**

**Advances**

*Anzalduas Special and Start Up Fund Advance Receivable from Anzalduas International Crossing*

Beginning with fiscal year ending September 30, 1991, the Hidalgo Bridge has financed the development costs for the Anzalduas International Crossing (Anzalduas Bridge) from a restricted account of that fund, the Anzalduas Special and Start Up Fund. According to the 2003 Agreement, the amount that may be spent from that fund for expenses relating to the obtaining of the Anzalduas Bridge Presidential Permit and for the design or construction costs, operation expenses of the Anzalduas Bridge, and initial debt service on bonds related to the Anzalduas Bridge is limited to no more than \$6,000,000. This advance is to be repaid with interest accruing at the interest rate on bonds issued to finance the Anzalduas Bridge, from the net revenues of the Anzalduas Bridge, after all bond ordinance requirements have been met. As of September 30, 2019, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas Bridge amounts to \$14,494,983, (\$13,825,241 in 2018) of which the City of McAllen's portion is \$9,276,789 and the City of Hidalgo's portion is \$5,218,194. During this fiscal year, the balance was increased by accrued interest in the amount of \$669,742.

*Board Advances Receivable from Anzalduas International Crossing*

The 2003 Agreement also provides for advances to be made between the Hidalgo Bridge and the Anzalduas Bridge as the need arises. The agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is to be repaid from the net revenues of the Anzalduas Bridge after all bond ordinance requirements have been met and the Anzalduas Special and Start Up Fund advance receivable has been paid. As of September 30, 2019 the board advance receivable to the Hidalgo Bridge amounts to \$4,492,138, (\$4,469,738 in 2018) of which the City of McAllen's portion is \$2,874,968 and the City of Hidalgo's portion is \$1,617,170. During this fiscal year, the balance was increased by accrued interest of \$22,400. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$844,742 (\$876,258 in 2018) to the Anzalduas Bridge in support of City of McAllen Series 2017B Bonds debt service requirements. The 2003 Agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is deducted from the City of McAllen's share of unallocated net surplus revenues of the Hidalgo Bridge. The City of Mission is responsible for repaying directly to the City of McAllen for its prorata

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**1. Summary of Significant Accounting Policies-Continued**

share from its share of the net revenues of the Anzalduas Bridge after all bond ordinance requirements have been met and the Anzalduas Special and Start Up Fund advance and the board advances for Series 2017A have been paid.

As of September 30, 2019 the board advance owed by the City of Mission to the City of McAllen amounts to \$3,532,927, increasing from \$3,226,075 for the year ended September 30, 2018. This board advance is recorded in the General fund of the City of McAllen.

**Long-Term Obligations**

As of September 30, 2019, the Hidalgo Bridge has one outstanding long-term debt obligation. A loan from the General Depreciation and General Insurance funds in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983 and a maturity date of May 1, 2020. Total interest paid for the year ended September 30, 2019 was \$10,750, and total principal paid was \$193,046.

**Accumulated Unpaid Compensated Absences**

Accumulated unpaid compensated absences, consisting of vested accrued vacation and sick leave, are recorded in accordance with Governmental Accounting Standards Board Statement No. 16.

**Income Distributions**

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003, whereby the Cities of McAllen and Hidalgo each will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 64% and the City of Hidalgo, 36%. The agreement also stipulates that as long as the City of McAllen owns and operates the Hidalgo Bridge, it will guarantee that the City of Hidalgo share will be no less than \$2,300,000, provided that there is no natural or man-made disaster causing damage to the bridge facilities, which substantially decreases tolls; no major peso devaluation substantially curtailing the bridge usage; no Mexican political insurrection or terrorist activities or policy changes, which substantially curtail the bridge usage; or unforeseen changes in transportation usage or infrastructure which substantially curtails bridge usage, with the exception of redirection of traffic to the Anzalduas Bridge.



**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**1. Summary of Significant Accounting Policies-Continued**

**Restricted Assets**

Restricted assets represent interest-bearing checking accounts, investments, and related accrued interest receivable, which are restricted for current debt service, contingency, capital improvements fund, and distribution of net surplus revenues to the City of McAllen. The debt service and contingency accounts arose as a result of bond agreements signed by the "Bridge" and are thus restricted by provisions of the agreements. Net position is restricted to the extent of such legally imposed restrictions.

**Goodwill**

For FY 18-19, as per GASB 68 the Goodwill for the Toll Bridge was eliminated. The Goodwill was the amount reflected under capital assets representing the excess price over assets acquired when the city purchased the Hidalgo Bridge.

**Cash and Cash Equivalents**

For purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand and demand deposits. All certificates of deposit transactions, regardless of original maturity, are considered investing activities and, thus, are not considered cash equivalents.

**2. Cash and Investments**

State statutes authorize the Hidalgo Bridge to invest in obligations of the U.S. Treasury, U.S. government agency securities, direct obligations of the State of Texas or any other state, or its agencies, certificates of deposit, banker's acceptance, commercial paper, repurchase agreements, mutual funds and qualified investment pools. The City's Investment policy, which governs investments within the Hidalgo Bridge, however, limits investments to U.S. Treasuries, U.S. government agencies, investment pools, commercial paper, no-load mutual funds, money market funds, municipal bonds, fully collateralized repurchase agreements, as well as certificates of deposit. Investments are stated at fair value, as required under Governmental Accounting Standards Board Statement No. 72.

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

## 2. Cash and Investments-Continued

### Investments

#### *Fair Value Measurement:*

The Hidalgo Bridge categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The Hidalgo Bridge uses a matrix pricing model (Level 2 inputs) to measure the fair market value of its government security investments, and bid prices for the fair value of certificates of deposit.

Investments at fair value, including accrued interest, for the year ended September 30, 2019 and September 30, 2018 are presented in the following tables:

| 2019                                       | Fair Value Measurements Using |              |           |              |           |
|--|-------------------------------|--------------|-----------|--------------|-----------|
|  | Carrying Value                | Fair Value   | (Level 1) | (Level 2)    | (Level 3) |
| <b>Investments by fair value level</b>     |                               |              |           |              |           |
| Certificates of Deposit                    | \$ 5,030,575                  | \$ 5,030,575 | \$ -      | \$ 5,030,575 | \$ -      |
| United States government agency securities | -                             | -            | -         | -            | -         |
| Total investments by fair value level      | \$ 5,030,575                  | \$ 5,030,575 | \$ -      | \$ 5,030,575 | \$ -      |

| 2018                                       | Fair Value Measurements Using |              |           |              |           |
|--|-------------------------------|--------------|-----------|--------------|-----------|
|  | Carrying Value                | Fair Value   | (Level 1) | (Level 2)    | (Level 3) |
| <b>Investments by fair value level</b>     |                               |              |           |              |           |
| Certificates of Deposit                    | \$ -                          | \$ -         | \$ -      | \$ -         | \$ -      |
| United States government agency securities | 1,492,734                     | 1,492,734    | -         | 1,492,734    | -         |
| Total investments by fair value level      | \$ 1,492,734                  | \$ 1,492,734 | \$ -      | \$ 1,492,734 | \$ -      |

The total amount excludes investments in local government pools which are recorded at amortized cost. These investments total \$5,452,464 and \$8,524,136 as of September 30, 2019 and September 30, 2018 respectively.

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**2. Cash and Investments-Continued**

*Public funds investment pools*

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code.

In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the values of its shares.

TexPool Prime is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Act. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool Prime. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an Advisory Board composed both of participants in TexPool Prime and of other persons who do not have a business relationship with TexPool Prime. The Advisory Board members review the investment policy and management fee structure.

*Interest rate risk.* The investment policy states that no investment shall exceed seven years in maturity. By limiting the exposure of its investments by less than three years the Hidalgo Bridge reduces its risk to the rising interest rates.

|                  | <u>Certificates of Deposit</u> |                  |
|------------------|--------------------------------|------------------|
| < 1 Year         | \$                             | 1,519,800        |
| 1-3 Years        |                                | 3,510,775        |
| Total            | \$                             | <u>5,030,575</u> |
| Weighted         |                                |                  |
| Average Maturity |                                | 576 days         |

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**2. Cash and Investments-Continued**

*Credit risk.* As of September 30, 2019 and 2018, the investments in the TexPool Prime investment pool are rated AAAm by Standards and Poor's. The City's investment policy limits authorized investments to local government investment pools of political subdivisions in the State of Texas that invest in instruments and follow practices allowed by current law and that maintains as an investment objective a \$1.00 net asset value, certificates of deposits, U.S. Treasuries and U.S. government agencies, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds, fully collateralized repurchase agreements.

*Concentration of credit risk.* The Hidalgo Bridge investment holdings at September 30, 2019 and 2018 were confined to TexPool Prime and Certificates of Deposit. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

**McAllen International Toll Bridge**  
**Notes to the Financial Statements**  
**Years Ended September 30, 2019 and 2018**

**3. Capital Assets**

Capital assets activities for the year ended September 30, 2019 and September 30, 2018 are presented in the following tables:

|   | Balance at<br>September 30,<br>2018 | Additions             | (Retirement)/<br>Transfer | Balance at<br>September 30,<br>2019 |
|---|-------------------------------------|-----------------------|---------------------------|-------------------------------------|
| Capital assets not being depreciated:           |                                     |                       |                           |                                     |
| Land  | \$ 809,233                          | \$ -                  | \$ -                      | \$ 809,233                          |
| Construction in progress                        | 598,500                             | 67,881                |                           | 666,381                             |
| Goodwill  | 609,713                             | -                     | (609,713)                 | -                                   |
| Capital assets net of accumulated depreciation: |                                     |                       |                           |                                     |
| Buildings                                       | 14,415,500                          | 18,600                | -                         | 14,434,100                          |
| Improvements other than buildings               | 4,730,271                           | 118,514               |                           | 4,848,785                           |
| Machinery and equipment                         | 3,825,705                           | 23,159                | (46,950)                  | 3,801,914                           |
| Total capital assets                            | 24,988,922                          | 228,154               | (656,663)                 | 24,560,413                          |
| Less accumulated depreciation                   | 13,395,596                          | 1,292,102             | (46,951)                  | 14,640,747                          |
| Net capital assets                              | <u>\$ 11,593,326</u>                | <u>\$ (1,063,948)</u> | <u>\$ (609,712)</u>       | <u>\$ 9,919,666</u>                 |

|   | Balance at<br>September 30,<br>2017 | Additions         | (Retirement)/<br>Transfer | Balance at<br>September 30,<br>2018 |
|---|-------------------------------------|-------------------|---------------------------|-------------------------------------|
| Capital assets not being depreciated:           |                                     |                   |                           |                                     |
| Land  | \$ 809,233                          | \$ -              | \$ -                      | \$ 809,233                          |
| Construction in progress                        | 1,450,153                           | 152,535           | (1,004,188)               | 598,500                             |
| Goodwill  | 609,713                             | -                 | -                         | 609,713                             |
| Capital assets net of accumulated depreciation: |                                     |                   |                           |                                     |
| Buildings                                       | 14,415,500                          | -                 | -                         | 14,415,500                          |
| Improvements other than buildings               | 4,123,982                           | 606,289           | -                         | 4,730,271                           |
| Machinery and equipment                         | 2,480,732                           | 382,111           | 962,862                   | 3,825,705                           |
| Total capital assets                            | 23,889,313                          | 1,140,935         | (41,326)                  | 24,988,922                          |
| Less accumulated depreciation                   | 12,287,467                          | 1,147,670         | (39,541)                  | 13,395,596                          |
| Net capital assets                              | <u>\$ 11,601,846</u>                | <u>\$ (6,735)</u> | <u>\$ (1,785)</u>         | <u>\$ 11,593,326</u>                |



**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**4. Long Term Liabilities**

Long-term liability activities for the year ended September 30, 2019 and September 30, 2018 are reflected in the following tables:

|   | Balance at<br>September 30,<br>2018 | Additional<br>Obligations<br>and Net<br>Increases | Retirement<br>and Net<br>Decreases | Balance at<br>September 30,<br>2019 | Amounts<br>Due Within<br>One Year |
|---|-------------------------------------|---|------------------------------------|-------------------------------------|-----------------------------------|
| Note Payable - Bridge<br>Shell Improvements | \$ 326,646                          | \$ -  | \$ (193,046)                       | \$ 133,600                          | \$ 133,600                        |
| Capital Lease - Motorola                    | -                                   | 11,780  | -                                  | 11,780                              | 1,766                             |
| Net pension liability                       | 147,184                             | 374,408   | -                                  | 521,592                             | -                                 |
| Compensated absences                        | 121,840                             | 80,001  | (83,367)                           | 118,474                             | 84,098                            |
|   | <u>\$ 595,670</u>                   | <u>\$ 466,189</u>                                 | <u>\$ (276,413)</u>                | <u>\$ 785,446</u>                   | <u>\$ 219,464</u>                 |

|   | Balance at<br>September 30,<br>2017 | Additional<br>Obligations<br>and Net<br>Increases | Retirement<br>and Net<br>Decreases | Balance at<br>September 30,<br>2018 | Amounts<br>Due Within<br>One Year |
|---|-------------------------------------|---|------------------------------------|-------------------------------------|-----------------------------------|
| Note Payable - Bridge<br>Shell Improvements | \$ 511,214                          | \$ -  | \$ (184,568)                       | \$ 326,646                          | \$ 193,046                        |
| Net pension liability                       | 402,425                             | (255,241)   | -                                  | 147,184                             | -                                 |
| Compensated absences                        | 107,932                             | 106,903   | (92,995)                           | 121,840                             | 93,315                            |
|   | <u>\$ 1,021,571</u>                 | <u>\$ (148,338)</u>                               | <u>\$ (277,563)</u>                | <u>\$ 595,670</u>                   | <u>\$ 286,361</u>                 |

The annual note payable requirements for the Bridge Shell Improvements loan are reflected in the schedule below:

| Year ending<br>September 30, | Principal         | Interest        | Totals            |
|------------------------------|-------------------|-----------------|-------------------|
| 2020                         | <u>\$ 133,600</u> | <u>\$ 2,265</u> | <u>\$ 135,865</u> |
| Totals                       | <u>\$ 133,600</u> | <u>\$ 2,265</u> | <u>\$ 135,865</u> |

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**5. Operating Leases**

The Hidalgo Bridge leases property and buildings to the United States Government, the state of Texas, and various commercial dealers under operating leases. The leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA) and a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc. UETA exercised their first of three options to extend their lease commencing on December 1, 2017. The lease extension is for five years through November 30, 2022.

Future minimum lease payments to be received under the operating leases with GSA and UETA are as follows:

| Year ending<br>September 30, | GSA          | UETA       | Total        |
|------------------------------|--------------|------------|--------------|
| 2020                         | \$ 2,116,056 | \$ 240,000 | \$ 2,356,056 |
| 2021                         | 2,116,056    | 240,000    | 2,356,056    |
| 2022                         | 2,116,056    | 240,000    | 2,356,056    |
| 2023                         | 2,116,056    | 40,000     | 2,156,056    |
| 2024                         | 2,116,056    | -          | 2,116,056    |
| 2025-2029                    | 9,698,591    | -          | 9,698,591    |

**6. Retirement Plan**

The City and Hidalgo Bridge provide pension benefits for all full-time employees, except firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (the "TMRS"), an agent multiple-employer public employee retirement system.

TMRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 1-877-634-8595; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

**McAllen International Toll Bridge**  
Notes to the Financial Statements  
Years Ended September 30, 2019 and 2018

**6. Retirement Plan-Continued**

The table below describes the plan provisions adopted by the City:

|  | Plan Year 2017 | Plan Year 2018 |
|--|----------------|----------------|
| Employee deposit rate  | 7%             | 7%             |
| Matching ratio (city to employee)                                  | 2 to 1         | 2 to 1         |
| Years required for vesting   | 10             | 10             |
| Service retirement eligibility (expressed as age/years of service) | 60/10, 0/20    | 60/10, 0/20    |
| Updated Service Credit   | 0%             | 0%             |
| Annuity Increase (to retire)                                       | 0% of CPI      | 0% of CPI      |

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. Since the Hidalgo Bridge is a component of the overall financial City wide audit report, additional pension disclosures are reflected in the City's Comprehensive Annual Financial Report. Included in the financial statements are Hidalgo Bridge's allocable share of the net pension liability of \$521,592, deferred outflow of resources – pension of \$353,349, and deferred inflow of resources – pension of \$23,571.

**7. Accounting for Postemployment Benefits Other Than Pensions**

The City, as an entity wide, will report all required disclosures of GASB Statement Number 75 in the City's Comprehensive Annual Financial Report. The City instituted an internal service fund to account for health benefits related to current and future retirees. The Hidalgo Bridge has thirty six full time employees. For the current year, the fund contributed \$12,407 towards the annual required contribution. Since the current staffing represents a fraction of total City employees, management believes that any future requirements will have minimal impact on the Hidalgo Bridge.

## **Supplemental Information**

**McAllen International Toll Bridge**  
**Schedule of Income Distribution**  
**Last Ten Years**

|   | Year Ended September 30, |                     |                     |                     |
|---|--------------------------|---------------------|---------------------|---------------------|
|   | 2010                     | 2011                | 2012                | 2013                |
| Bridge revenues (1)   | \$ 11,059,465            | \$ 10,810,639       | \$ 11,915,379       | \$ 12,015,083       |
| Deductible operating expenses (1)                                 | 2,217,135                | 2,277,894           | 2,464,251           | 2,326,352           |
|   | 8,842,330                | 8,532,745           | 9,451,128           | 9,688,732           |
| Surplus from contingency, construction,<br>and debt service funds | -                        | -                   | -                   | -                   |
|   | 8,842,330                | 8,532,745           | 9,451,128           | 9,688,732           |
| Less:   |                          |                     |                     |                     |
| Required transfers to restricted assets (2)                       | 296,661                  | 297,615             | 124,776             | -                   |
| Transfers to Anzalduas International Bridge Fund (3)              | -                        | -                   | -                   | -                   |
| Transfers to Capital Improvement Fund                             | -                        | 243,527             | 745,052             | 727,042             |
| Transfer to Health Insurance Fund                                 | -                        | -                   | -                   | -                   |
| Long term note principal  | -                        | -                   | -                   | -                   |
| Increase working capital  | -                        | -                   | -                   | -                   |
| Transfer to start up fund   | -                        | -                   | -                   | -                   |
| Deductions for Capital Assets Acquisitions (3)                    | 3,045                    | 3,995               | 4,206               | -                   |
| Board advance Series "A" 2007 Bonds                               | 815,000                  | 326,833             | 326,280             | -                   |
| Base revenues   | 7,727,624                | 7,660,775           | 8,250,814           | 8,961,690           |
| Distributions and reservations of surplus revenues:               |                          |                     |                     |                     |
| City of Hidalgo   | \$ 2,781,945             | \$ 2,757,879        | \$ 2,970,293        | \$ 3,226,208        |
| Net distribution to City of Hidalgo                               | 2,781,964                | 2,757,893           | 2,970,293           | 3,226,208           |
| City of McAllen:  | 4,945,679                | 4,902,896           | 5,280,521           | 5,735,482           |
| Less: Series "B" Bonds debt service                               | (770,276)                | (734,467)           | (671,868)           | (963,664)           |
| Less: Implied interest expense on Series "B" Bonds                | (19)                     | (14)                | -                   | -                   |
| Distribution to City of McAllen                                   | 4,175,384                | 4,168,415           | 4,608,653           | 4,771,818           |
| <b>Base Revenue Only</b>  | <b>\$ 7,727,624</b>      | <b>\$ 7,660,775</b> | <b>\$ 8,250,814</b> | <b>\$ 8,961,690</b> |

- (1) Revenues and deductible operating expenses are defined in the agreement between the Cities of Hidalgo and McAllen governing the amount to be paid to the City of Hidalgo. Revenues are defined as tolls, rental income, other income, and interest income, excluding interest income earned on the revenue bond construction account, less interest paid to the City of McAllen for receiving its surplus revenues distribution subsequent to its fiscal year end. Expenses are operating expenses as shown in the statements of revenues, expenses, and changes in net position, less depreciation and amortization, and excluding new bridge project costs.
- (2) Includes required contingency transfer authorized by Board of Trustees.
- (3) Authorized by Board of Trustees in December 2004.

| Year Ended September 30, |               |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| 2014                     | 2015          | 2016          | 2017          | 2018          | 2019          |
| \$ 12,684,779            | \$ 13,601,940 | \$ 14,521,021 | \$ 14,761,094 | \$ 14,447,224 | \$ 13,888,525 |
| 2,451,232                | 2,548,148     | 2,653,694     | 2,791,331     | 2,776,938     | 2,798,776     |
| 10,233,547               | 11,053,792    | 11,867,327    | 11,969,763    | 11,670,286    | 11,089,749    |
| -                        | -             | -             | -             | -             | -             |
| 10,233,547               | 11,053,792    | 11,867,327    | 11,969,763    | 11,670,286    | 11,089,749    |
| -                        | -             | -             | -             | -             | -             |
| -                        | -             | -             | -             | -             | -             |
| 708,562                  | 705,687       | 1,251,894     | 1,431,298     | 1,395,748     | 1,319,338     |
| -                        | -             | 55,744        | 8,443         | 14,863        | 93,150        |
| -                        | -             | 168,710       | 176,460       | 184,568       | 195,824       |
| -                        | -             | -             | -             | -             | -             |
| -                        | -             | -             | -             | -             | -             |
| -                        | -             | -             | -             | -             | -             |
| \$ 9,524,985             | \$ 10,348,105 | \$ 10,390,979 | \$ 10,353,562 | \$ 10,075,107 | \$ 9,481,437  |
| \$ 3,428,995             | \$ 3,725,318  | \$ 3,740,752  | \$ 3,727,282  | \$ 3,627,039  | \$ 3,375,018  |
| 3,428,995                | 3,725,318     | 3,740,752     | 3,727,282     | 3,627,039     | 3,375,018     |
| 6,095,990                | 6,622,787     | 6,650,227     | 6,626,280     | 6,448,068     | 6,068,119     |
| (947,075)                | (947,888)     | (949,755)     | (914,417)     | (846,258)     | (844,742)     |
| -                        | -             | -             | -             | -             | -             |
| 5,148,915                | 5,674,899     | 5,700,472     | 5,711,863     | 5,601,810     | 5,223,378     |
| \$ 9,524,985             | \$ 10,348,105 | \$ 10,390,979 | \$ 10,353,562 | \$ 10,075,107 | \$ 9,443,137  |



**McAllen International Toll Bridge**  
Schedule of Rental Income  
Year Ended September 30, 2019

| Lessee                              | Amount              |
|-------------------------------------|---------------------|
| General Services Administration     | \$ 2,136,826        |
| Texas Alcoholic Beverage Commission | 29,982              |
| United Export Traders Association   | 240,000             |
| AT&T                                | 55,383              |
| Verizon                             | 3,000               |
| ATM                                 | 3,410               |
| PALBA                               | 30,150              |
| McAllen Data Center                 | 30,000              |
|                                     | <u>\$ 2,528,751</u> |

**McAllen International Toll Bridge**  
**Schedule of Expenses by Department**  
**Years Ended September 30, 2019 and 2018**

|  | Department     |                   | Total        | Total        |
|--|----------------|-------------------|--------------|--------------|
|  | Administration | Bridge Operations | 2019         | 2018         |
| <b>Personnel Services</b>              |                |                   |              |              |
| Exempt salaries                        | \$ 149,081     | \$ 60,307         | \$ 209,388   | \$ 205,279   |
| Nonexempt wages and part time          | 57,160         | 854,545           | 911,705      | 833,170      |
| Board of trustees fees                 | 2,100          | -                 | 2,100        | 2,350        |
| Overtime                               | 1,233          | 79,188            | 80,421       | 95,105       |
| Total salaries and wages               | 209,574        | 994,040           | 1,203,614    | 1,135,904    |
| <b>Payroll Taxes and Benefits</b>      |                |                   |              |              |
| Social security and unemployment tax   | 15,180         | 72,823            | 88,003       | 88,468       |
| Employee retirement                    | 16,729         | 77,413            | 94,142       | 90,663       |
| Employee benefits                      | 104,737        | 137,648           | 242,385      | 183,789      |
| Transportation and telephone allowance | 7,632          | 3,060             | 10,692       | 10,752       |
| Total payroll taxes and benefits       | 144,278        | 290,944           | 435,222      | 373,672      |
| <b>Materials and Supplies</b>          |                |                   |              |              |
| Janitorial                             | -              | 48,247            | 48,247       | 42,618       |
| Office supplies                        | 5,069          | -                 | 5,069        | 4,481        |
| Clothing and uniforms                  | 240            | 13,100            | 13,340       | 8,869        |
| Operating supplies                     | 7,717          | 15,376            | 23,093       | 23,731       |
| Total materials and supplies           | 13,026         | 76,723            | 89,749       | 79,699       |
| <b>Maintenance</b>                     |                |                   |              |              |
| Vehicles                               | 3,791          | -                 | 3,791        | 3,307        |
| Buildings                              | -              | 93,429            | 93,429       | 97,714       |
| Fuel                                   | 3,276          | 1,303             | 4,579        | 5,000        |
| Equipment                              | 2,018          | 74,718            | 76,736       | 73,833       |
| Total maintenance                      | 9,085          | 169,450           | 178,535      | 179,854      |
| <b>Other Services and Charges</b>      |                |                   |              |              |
| Auditing services                      | 16,000         | -                 | 16,000       | 11,000       |
| Advertising                            | 84,450         | -                 | 84,450       | 66,780       |
| Dues and subscription                  | 24,032         | -                 | 24,032       | 22,247       |
| Management fee                         | 135,000        | -                 | 135,000      | 135,000      |
| Postage                                | 950            | -                 | 950          | 171          |
| Professional services                  | 110,930        | -                 | 110,930      | 90,695       |
| Photocopier rental                     | 2,774          | -                 | 2,774        | 2,890        |
| Rental and contractual                 | 5,897          | 156,555           | 162,452      | 162,004      |
| Bridge security                        | -              | 283,609           | 283,609      | 293,187      |
| Travel and training                    | 8,222          | -                 | 8,222        | 12,581       |
| Telephone                              | 2,307          | -                 | 2,307        | 2,687        |
| Utilities                              | -              | 41,182            | 41,182       | 57,613       |
| General insurance                      | 23,171         | -                 | 23,171       | 23,171       |
| Miscellaneous                          | 43,614         | 208,342           | 251,956      | 155,777      |
| Total other services and charges       | 457,347        | 689,688           | 1,147,035    | 1,035,803    |
| Total expenses before depreciation     | 833,310        | 2,220,845         | 3,054,155    | 2,804,932    |
| Depreciation and amortization          | 1,292,102      | -                 | 1,292,102    | 1,147,670    |
| Total operating expenses               | \$ 2,125,412   | \$ 2,220,845      | \$ 4,346,257 | \$ 3,952,602 |

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Net Position**  
**September 30, 2019**

|  | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total         |
|--|------------------------------|-----------------------------|---------------|
| <b>Current Assets</b>  |                              |                             |               |
| Cash   | \$ 303,918                   | \$ 81,685                   | \$ 385,603    |
| Investments  | 2,846,148                    | 2,280,036                   | 5,126,184     |
| Accrued interest receivable                                      | -                            | 254                         | 254           |
| Due from other governments                                       | 176,338                      | -                           | 176,338       |
| Total current assets   | 3,326,404                    | 2,361,975                   | 5,688,379     |
| <b>Restricted Assets</b>   |                              |                             |               |
| Cash (all interest-bearing):                                     |                              |                             |               |
| Capital improvement  | 114,557                      | 136,151                     | 250,708       |
| Total restricted cash  | 114,557                      | 136,151                     | 250,708       |
| Investments- reserved for distribution                           | 5,223,378                    | -                           | 5,223,378     |
| Investments  | 2,413,513                    | 2,333,742                   | 4,747,255     |
| Total restricted assets – excluding<br>current bond installments | 7,751,448                    | 2,469,893                   | 10,221,341    |
| <b>Capital Assets – at cost</b>                                  |                              |                             |               |
| Capital assets not being depreciated:                            |                              |                             |               |
| Land   | 809,233                      | 2,922,772                   | 3,732,005     |
| Construction in progress   | 666,381                      | 564,194                     | 1,230,575     |
| Capital assets:  |                              |                             |               |
| Buildings  | 14,434,100                   | 2,997,470                   | 17,431,570    |
| Improvements other than buildings                                | 4,848,785                    | 47,922,934                  | 52,771,719    |
| Machinery and equipment  | 3,801,914                    | 1,035,809                   | 4,837,723     |
| Total capital assets   | 24,560,413                   | 55,443,179                  | 80,003,592    |
| Less accumulated depreciation                                    | (14,640,747)                 | (14,919,255)                | (29,560,002)  |
| Net capital assets   | 9,919,666                    | 40,523,924                  | 50,443,590    |
| <b>Other Assets</b>  |                              |                             |               |
| Board advances   | 18,987,121                   | -                           | 18,987,121    |
| Total assets   | 39,984,639                   | 45,355,792                  | 85,340,431    |
| <b>Deferred outflows of resources – pension</b>                  | 353,349                      | 95,214                      | 448,563       |
| Total assets and deferred outflows of resources                  | \$ 40,337,988                | \$ 45,451,006               | \$ 85,788,994 |

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Net Position (continued)**  
**September 30, 2019**

|   | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total         |
|---|------------------------------|-----------------------------|---------------|
| <b>Current Liabilities</b>  |                              |                             |               |
| Due to City of Hidalgo  | \$ 727,692                   | \$ -                        | \$ 727,692    |
| Accounts payable  | 69,512                       | 31,868                      | 101,380       |
| Compensated absences  | 84,098                       | 18,061                      | 102,159       |
| Current Note Payable  | 133,600                      | -                           | 133,600       |
| Other payables  | 31,642                       | -                           | 31,642        |
| Capital lease   | 1,766                        | -                           | 1,766         |
| Unearned revenues   | 137,179                      | -                           | 137,179       |
| Total current liabilities   | 1,185,489                    | 49,929                      | 1,235,418     |
| <b>Liabilities Payable From Restricted Assets</b>                 |                              |                             |               |
| Accounts payable  | 8,310                        | 55,095                      | 63,405        |
| Due to City of McAllen-interest on investments                    | 53,486                       | -                           | 53,486        |
| Current installments of revenue bonds                             | -                            | 1,540,000                   | 1,540,000     |
| Accrued revenue bond interest                                     | -                            | 87,940                      | 87,940        |
| Total liabilities payable from restricted assets                  | 61,796                       | 1,683,035                   | 1,744,831     |
| <b>Long-Term Liabilities</b>                                      |                              |                             |               |
| Revenue bonds – excluding current installments                    | -                            | 26,220,750                  | 26,220,750    |
| Compensated absences  | 34,376                       | -                           | 34,376        |
| Capital lease payables  | 11,780                       | -                           | 11,780        |
| Other long term payables  | -                            | 18,987,121                  | 18,987,121    |
| Net pension liability   | 521,592                      | 153,423                     | 675,015       |
| Total long-term liabilities                                       | 567,748                      | 45,361,294                  | 45,929,042    |
| Total liabilities   | 1,815,033                    | 47,094,258                  | 48,909,291    |
| Deferred inflows of resources-refunding                           | -                            | 307,130                     | 307,130       |
| Deferred inflows of resources-pension                             | 23,571                       | 6,351                       | 29,922        |
| Total deferred inflows of resources                               | 23,571                       | 313,481                     | 337,052       |
| Total liabilities and deferred inflows of resources               | 1,838,604                    | 47,407,739                  | 49,246,343    |
| <b>Net Assets</b>   |                              |                             |               |
| Net investment in capital assets                                  | 9,906,120                    | 12,456,044                  | 22,362,164    |
| Restricted per revenue bond ordinances                            | 531,811                      | 1,338,478                   | 1,870,289     |
| Restricted for improvements                                       | 3,113,051                    | 988,325                     | 4,101,376     |
| Restricted for distribution to the City of McAllen                | 5,223,378                    | -                           | 5,223,378     |
| Unrestricted (deficit)  | 19,725,024                   | (16,739,580)                | 2,985,444     |
| Total net position  | 38,499,384                   | (1,956,733)                 | 36,542,651    |
| Total liabilities, deferred inflows of resources and net position | \$ 40,337,988                | \$ 45,451,006               | \$ 85,788,994 |

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**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended September 30, 2019

|  | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total                |
|--|------------------------------|-----------------------------|----------------------|
| Operating revenues:                                  |                              |                             |                      |
| Tolls  | \$ 11,032,437                | \$ 3,702,402                | \$ 14,734,839        |
| Rental income  | 2,528,751                    | -                           | 2,528,751            |
| Other income   | 247,242                      | 108,890                     | 356,132              |
| Total operating revenues                             | <u>13,808,430</u>            | <u>3,811,292</u>            | <u>17,619,722</u>    |
| Operating expenses:                                  |                              |                             |                      |
| Salaries   | 1,203,614                    | 326,434                     | 1,530,048            |
| Payroll taxes and benefits                           | 435,222                      | 115,452                     | 550,674              |
| Insurance  | 23,171                       | 20,963                      | 44,134               |
| Materials and supplies                               | 89,749                       | 12,385                      | 102,134              |
| Maintenance  | 178,535                      | 49,558                      | 228,093              |
| Bridge security                                      | 283,609                      | -                           | 283,609              |
| Miscellaneous services                               | 840,255                      | 328,321                     | 1,168,576            |
| Depreciation   | 1,292,102                    | 1,541,397                   | 2,833,499            |
| Total operating expenses                             | <u>4,346,257</u>             | <u>2,394,510</u>            | <u>6,740,767</u>     |
| Operating income                                     | <u>9,462,173</u>             | <u>1,416,782</u>            | <u>10,878,955</u>    |
| Nonoperating revenues (expenses):                    |                              |                             |                      |
| Distribution of income to the City of Hidalgo        | (3,375,018)                  | -                           | (3,375,018)          |
| Interest income                                      | 143,637                      | 78,628                      | 222,265              |
| Interest income-restricted accounts                  | -                            | 25,207                      | 25,207               |
| Sale (loss) of capital assets                        | (609,412)                    | -                           | (609,412)            |
| Interest expense                                     | (11,576)                     | (811,004)                   | (822,580)            |
| Interest on Board advances                           | 692,142                      | (692,142)                   | -                    |
| Total nonoperating expenses, net                     | <u>(3,160,227)</u>           | <u>(1,399,311)</u>          | <u>(4,559,538)</u>   |
| Income before transfers and contributions            | 6,301,946                    | 17,471                      | 6,319,417            |
| Capital contributions                                | -                            | 2,185                       | 2,185                |
| Transfers to the City of McAllen                     | (5,601,810)                  | -                           | (5,601,810)          |
| Transfers to/from debt service Series "B" 2007 bonds | (844,742)                    | 844,742                     | -                    |
| Transfers to Health Insurance Fund                   | (93,150)                     | (27,600)                    | (120,750)            |
| Changes in net position                              | <u>(237,756)</u>             | <u>836,798</u>              | <u>599,042</u>       |
| Total net position at beginning of year              | <u>38,737,140</u>            | <u>(2,793,531)</u>          | <u>35,943,609</u>    |
| Total net position at end of year                    | <u>\$ 38,499,384</u>         | <u>\$ (1,956,733)</u>       | <u>\$ 36,542,651</u> |



**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
Combining Schedule of Cash Flows  
Year Ended September 30, 2019

|   | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total              |
|---|------------------------------|-----------------------------|--------------------|
| <b>Cash Flows From Operating Activities</b>                         |                              |                             |                    |
| Receipts from customers   | \$ 13,820,997                | \$ 3,811,292                | \$ 17,632,289      |
| Payments to employees   | (1,560,678)                  | (415,218)                   | (1,975,896)        |
| Payments to suppliers   | (2,224,476)                  | (356,618)                   | (2,581,094)        |
| Net cash provided by operating activities                           | <u>10,035,843</u>            | <u>3,039,456</u>            | <u>13,075,299</u>  |
| <b>Cash Flows From Noncapital Financing Activities</b>              |                              |                             |                    |
| Distribution of income to the City of Hidalgo                       | (2,729,504)                  | -                           | (2,729,504)        |
| Operating transfers to the City of McAllen                          | (5,601,810)                  | -                           | (5,601,810)        |
| Transfer to/from McAllen International Toll Bridge-Board B          | (844,742)                    | 844,742                     | -                  |
| Transfer to Health Insurance Fund                                   | (93,150)                     | (27,600)                    | (120,750)          |
| Net cash provided (used) by<br>noncapital financing activities      | <u>(9,269,206)</u>           | <u>817,142</u>              | <u>(8,452,064)</u> |
| <b>Cash Flows From Capital and Related<br/>Financing Activities</b> |                              |                             |                    |
| Acquisition and construction of capital assets                      | (211,770)                    | (122,538)                   | (334,308)          |
| Capital contributions   | 301                          |                             | 301                |
| Principal paid on long-term debt                                    | -                            | (1,510,000)                 | (1,510,000)        |
| Principal repayment -bonds and notes                                | (195,885)                    | -                           | (195,885)          |
| Interest paid   | (11,576)                     | (1,075,625)                 | (1,087,201)        |
| Net cash used by capital and related<br>financing activities        | <u>(418,930)</u>             | <u>(2,708,163)</u>          | <u>(3,127,093)</u> |
| <b>Cash Flows From Investing Activities</b>                         |                              |                             |                    |
| Receipt of interest   | 152,387                      | 104,478                     | 256,865            |
| Proceeds from sales and maturities of investments                   | 21,649,641                   | 7,314,550                   | 28,964,191         |
| Purchase of investments   | (22,115,813)                 | (8,521,499)                 | (30,637,312)       |
| Net cash by investing activities                                    | <u>(313,785)</u>             | <u>(1,102,471)</u>          | <u>(1,416,256)</u> |
| Net change in cash  | 33,922                       | 45,964                      | 79,886             |
| Cash at beginning of year   | <u>384,553</u>               | <u>171,872</u>              | <u>556,425</u>     |
| Cash at end of year   | <u>\$ 418,475</u>            | <u>\$ 217,836</u>           | <u>\$ 636,311</u>  |

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
Combining Schedule of Cash Flows  
Year Ended September 30, 2019  
(Continued)

|  | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total                |
|--|------------------------------|-----------------------------|----------------------|
| <b>Reconciliation of Cash Per Statements of Cash Flows<br/>to the Statements of Net Position</b> |                              |                             |                      |
| Unrestricted cash  | \$ 303,918                   | \$ 81,685                   | \$ 385,603           |
| Restricted cash  | 114,557                      | 136,151                     | 250,708              |
|  | <u>\$ 418,475</u>            | <u>\$ 217,836</u>           | <u>\$ 636,311</u>    |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities</b>       |                              |                             |                      |
|  | <u>\$ 9,462,173</u>          | <u>\$ 1,416,782</u>         | <u>\$ 10,878,955</u> |
| Adjustment to reconcile operating income to<br>net cash provided by operating activities:        |                              |                             |                      |
| Depreciation   | 1,292,102                    | 1,541,397                   | 2,833,499            |
| (Increase) decrease in deferred outflows of resources  | (119,491)                    | (13,557)                    | (133,048)            |
| Increase (decrease) in deferred inflows of resources   | (178,919)                    | (65,196)                    | (244,115)            |
| Changes in assets and liabilities:   |                              |                             |                      |
| (Increase) decrease in accounts receivable   | -                            | -                           | -                    |
| Increase (decrease) due to other funds   | 53,486                       | -                           | 53,486               |
| Increase (decrease) in accounts payable  | (867,013)                    | 54,609                      | (812,404)            |
| Increase (decrease) in other payables  | 9,896                        | (744)                       | 9,152                |
| Increase (decrease) in net pension liability   | 374,408                      | 100,888                     | 475,296              |
| Increase (decrease) in compensated absences payable  | (3,366)                      | 5,277                       | 1,911                |
| Increase (decrease) in unearned revenue  | 12,567                       | -                           | 12,567               |
|  | <u>573,670</u>               | <u>1,622,674</u>            | <u>2,196,344</u>     |
| Total adjustments  |                              |                             |                      |
|  | <u>573,670</u>               | <u>1,622,674</u>            | <u>2,196,344</u>     |
| Net cash provided by operating activities  | <u>\$ 10,035,843</u>         | <u>\$ 3,039,456</u>         | <u>\$ 13,075,299</u> |

**McAllen International Toll Bridge**  
**Schedule of Vehicle and Passenger Traffic**  
**Last Ten Years**  
**(Unaudited)**

|   | Year Ended September 30, |                      |                      |                      |
|---|--------------------------|----------------------|----------------------|----------------------|
|   | 2010                     | 2011                 | 2012                 | 2013                 |
| Vehicular traffic southbound:             |                          |                      |                      |                      |
| Cars                                      | 3,564,188                | 2,997,696            | 2,986,097            | 2,908,166            |
| Trucks                                    | 2,629                    | 1,641                | 6,620                | 9,119                |
| Buses                                     | 20,433                   | 17,464               | 16,680               | 16,160               |
| Total vehicles                            | (1) <u>3,587,250</u>     | (1) <u>3,016,801</u> | (1) <u>3,009,397</u> | (1) <u>2,933,445</u> |
| Passenger traffic southbound:             |                          |                      |                      |                      |
| Passengers in cars                        | (2) 8,910,470            | (2) 7,494,240        | (2) 7,465,243        | (2) 7,270,415        |
| Pedestrians                               | 1,578,295                | 1,540,559            | 1,479,032            | 1,502,399            |
| Passengers and drivers – buses and trucks | <u>592,557</u>           | <u>506,456</u>       | <u>483,720</u>       | <u>468,640</u>       |
| Total persons                             | <u>11,081,322</u>        | <u>9,541,255</u>     | <u>9,427,995</u>     | <u>9,241,454</u>     |

(1) Source: McAllen International Toll Bridge Traffic Count Report.

(2) Calculation based on historical average of 2.5 occupancy used for passengers in cars.

**McAllen International Toll Bridge**  
**Schedule of Vehicle and Passenger Traffic**  
**Last Ten Years**  
**(Unaudited)**

| Year Ended September 30, |                      |                      |                      |                      |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2014                     | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
| 2,834,249                | 2,822,746            | 2,896,421            | 2,862,748            | 2,794,901            | 2,642,179            |
| 13,075                   | 13,284               | 11,554               | 10,652               | 11,597               | 11,911               |
| 19,933                   | 19,927               | 17,330               | 15,979               | 17,396               | 17,866               |
| (1) <u>2,867,257</u> (1) | <u>2,855,957</u> (1) | <u>2,925,305</u> (1) | <u>2,889,379</u> (1) | <u>2,823,894</u> (1) | <u>2,671,956</u> (1) |
| (2) 7,085,623 (2)        | 7,056,865 (2)        | 7,241,053 (2)        | 7,156,870 (2)        | 6,987,253 (2)        | 6,605,448 (2)        |
| 1,503,611                | 1,562,990            | 1,705,111            | 1,641,614            | 1,522,221            | 1,521,170            |
| 578,057                  | 577,883              | 502,570              | 463,379              | 504,478              | 518,120              |
| <u>9,167,291</u>         | <u>9,197,738</u>     | <u>9,448,734</u>     | <u>9,261,863</u>     | <u>9,013,952</u>     | <u>8,644,737</u>     |

**McAllen International Toll Bridge**  
**Schedule of Car and Truck Traffic Revenue**  
**Last Ten Years**  
**(Unaudited)**

|                             | Year Ended September 30, |                     |                     |                     |
|-----------------------------|--------------------------|---------------------|---------------------|---------------------|
|                             | 2010                     | 2011                | 2012                | 2013                |
| Southbound traffic:         |                          |                     |                     |                     |
| Cars                        | 3,564,188                | 2,997,696           | 2,986,097           | 2,908,166           |
| Trucks                      | 2,629                    | 1,641               | 6,620               | 9,119               |
| Total car and truck traffic | <u>3,566,817</u>         | <u>2,999,337</u>    | <u>2,992,717</u>    | <u>2,917,285</u>    |
| Truck traffic percentage    | 0.07%                    | 0.05%               | 0.22%               | 0.31%               |
| Car and truck revenue:      |                          |                     |                     |                     |
| Cars                        | \$ 8,325,166             | \$ 7,982,692        | \$ 8,820,614        | \$ 8,724,498        |
| Trucks                      | 19,325                   | 11,487              | 46,384              | 63,833              |
| Total car and truck revenue | <u>\$ 8,344,491</u>      | <u>\$ 7,994,179</u> | <u>\$ 8,866,998</u> | <u>\$ 8,788,331</u> |
| Truck revenue percentage    | 0.23%                    | 0.14%               | 0.52%               | 0.73%               |
| Average revenue per car     | \$ 2.34                  | \$ 2.66             | \$ 2.95             | \$ 3.00             |
| Average revenue per truck   | \$ 7.35                  | \$ 7.00             | \$ 7.01             | \$ 7.00             |

| Year Ended September 30, |                     |                      |                      |                     |                     |
|--------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| 2014                     | 2015                | 2016                 | 2017                 | 2018                | 2019                |
| 2,834,249                | 2,822,746           | 2,886,421            | 2,862,748            | 2,794,901           | 2,642,179           |
| 13,075                   | 13,284              | 11,554               | 10,652               | 11,597              | 11,911              |
| <u>2,847,324</u>         | <u>2,836,030</u>    | <u>2,897,975</u>     | <u>2,873,400</u>     | <u>2,806,498</u>    | <u>2,654,090</u>    |
| 0.46%                    | 0.47%               | 0.40%                | 0.37%                | 0.41%               | 0.45%               |
| \$ 8,910,274             | \$ 9,447,892        | \$ 10,125,250        | \$ 10,019,618        | \$ 9,782,154        | \$ 9,247,627        |
| 91,525                   | 92,988              | 80,878               | 74,564               | 81,179              | 83,376              |
| <u>\$ 9,001,799</u>      | <u>\$ 9,540,880</u> | <u>\$ 10,206,128</u> | <u>\$ 10,094,182</u> | <u>\$ 9,863,334</u> | <u>\$ 9,331,002</u> |
| 1.02%                    | 0.97%               | 0.79%                | 0.74%                | 0.82%               | 0.89%               |
| \$ 3.14                  | \$ 3.35             | \$ 3.51              | \$ 3.50              | \$ 3.50             | \$ 3.50             |
| \$ 7.00                  | \$ 7.00             | \$ 7.00              | \$ 7.00              | \$ 7.00             | \$ 7.00             |



**McAllen International Toll Bridge**  
Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2019  
(Unaudited)

Anzalduas Special & Startup Fund:

| Balance at<br>September 30,<br>2018 | Advances    | Additions<br>Implied<br>Interest | Balance at<br>September 30,<br>2019 |
|-------------------------------------|-------------|----------------------------------|-------------------------------------|
| <u>\$ 13,825,241</u>                | <u>\$ -</u> | <u>\$ 669,742</u>                | <u>\$ 14,494,983</u>                |

Board advance "A" to Anzalduas International Crossing:

| Balance at<br>September 30,<br>2018 | Advances    | Additions<br>Implied<br>Interest | Balance at<br>September 30,<br>2019 |
|-------------------------------------|-------------|----------------------------------|-------------------------------------|
| <u>\$ 4,469,738</u>                 | <u>\$ -</u> | <u>\$ 22,400</u>                 | <u>\$ 4,492,138</u>                 |

Combined totals of advances to Anzalduas International Crossing:

| Balance at<br>September 30,<br>2018 | Advances    | Additions<br>Implied<br>Interest | Balance at<br>September 30,<br>2019 |
|-------------------------------------|-------------|----------------------------------|-------------------------------------|
| <u>\$ 18,294,979</u>                | <u>\$ -</u> | <u>\$ 692,142</u>                | <u>\$ 18,987,121</u>                |

**Distribution of Advances:**

|                              |                      |             |                   |                      |
|------------------------------|----------------------|-------------|-------------------|----------------------|
| City of McAllen- Share @ 64% | \$ 11,708,787        | \$ -        | \$ 442,971        | \$ 12,151,758        |
| City of Hidalgo- Share @ 36% | <u>6,586,192</u>     | <u>-</u>    | <u>249,171</u>    | <u>6,835,363</u>     |
|                              | <u>\$ 18,294,979</u> | <u>\$ -</u> | <u>\$ 692,142</u> | <u>\$ 18,987,121</u> |

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2019**  
**(Unaudited)**

Activity Schedule-Anzalduas Special & Startup Fund:

Payments to be collected are distributable to the cities of Hidalgo and McAllen @ 36% and 64%, respectively.

|            | <u>Bond Rate</u>  | <u># Days</u> | <u>Advance</u> | <u>Interest</u> | <u>(Payment)</u> | <u>Balance</u> |
|------------|-------------------|---------------|----------------|-----------------|------------------|----------------|
| 10/1/2018  | Opening balance → |               |                |                 |                  | \$ 13,825,241  |
| 10/31/2018 | 4.74%             | 31            | -              | 55,657          | -                | 13,880,898     |
| 11/30/2018 | 4.74%             | 30            | -              | 54,078          | -                | 13,934,977     |
| 12/31/2018 | 4.74%             | 31            | -              | 56,099          | -                | 13,991,075     |
| 1/31/2019  | 4.74%             | 31            | -              | 56,325          | -                | 14,047,400     |
| 2/28/2019  | 4.74%             | 28            | -              | 51,079          | -                | 14,098,479     |
| 3/31/2019  | 4.74%             | 31            | -              | 56,757          | -                | 14,155,236     |
| 4/30/2019  | 4.74%             | 30            | -              | 55,147          | -                | 14,210,383     |
| 5/31/2019  | 4.74%             | 31            | -              | 57,207          | -                | 14,267,590     |
| 6/30/2019  | 4.74%             | 30            | -              | 55,585          | -                | 14,323,175     |
| 7/31/2019  | 4.74%             | 31            | -              | 57,662          | -                | 14,380,837     |
| 8/31/2019  | 4.74%             | 31            | -              | 57,894          | -                | 14,438,731     |
| 9/30/2019  | 4.74%             | 30            | -              | 56,252          | -                | 14,494,983     |

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2019**  
**(Unaudited)**

Activity Schedule-Board Advances "A":

Payments to be collected are distributable to the cities of Hidalgo and McAllen @ 36% and 64%, respectively

|                 | <u>Bank Rate</u> | <u># Days</u> | <u>Advance</u> | <u>Interest</u> | <u>(Payment)</u> | <u>Balance</u> |
|-----------------|------------------|---------------|----------------|-----------------|------------------|----------------|
| Opening balance |                  |               |                |                 |                  | \$ 4,469,738   |
| 10/1/2018       |                  |               |                | -               | -                | 4,469,738      |
| 10/31/2018      | 0.50%            | 31            |                | 1,898           | -                | 4,471,636      |
| 11/1/2018       |                  |               |                | -               | -                | 4,471,636      |
| 11/30/2018      | 0.50%            | 30            |                | 1,838           | -                | 4,473,474      |
| 12/1/2018       |                  |               |                | -               | -                | 4,473,474      |
| 12/31/2018      | 0.50%            | 31            |                | 1,900           | -                | 4,475,374      |
| 1/1/2019        |                  |               |                | -               | -                | 4,475,374      |
| 1/31/2019       | 0.50%            | 31            |                | 1,901           | -                | 4,477,274      |
| 2/1/2019        |                  |               |                | -               | -                | 4,477,274      |
| 2/28/2019       | 0.50%            | 28            |                | 1,717           | -                | 4,478,991      |
| 3/1/2019        |                  |               |                | -               | -                | 4,478,991      |
| 3/31/2019       | 0.50%            | 31            |                | 1,902           | -                | 4,480,893      |
| 4/1/2019        |                  |               |                | -               | -                | 4,480,893      |
| 4/30/2019       | 0.50%            | 30            |                | 1,841           | -                | 4,482,735      |
| 5/1/2019        |                  |               |                | -               | -                | 4,482,735      |
| 5/31/2019       | 0.50%            | 31            |                | 1,904           | -                | 4,484,639      |
| 6/1/2019        |                  |               |                | -               | -                | 4,484,639      |
| 6/30/2019       | 0.50%            | 30            |                | 1,843           | -                | 4,486,482      |
| 7/1/2019        |                  |               |                | -               | -                | 4,486,482      |
| 7/31/2019       | 0.50%            | 31            |                | 1,905           | -                | 4,488,387      |
| 8/1/2019        |                  |               |                | -               | -                | 4,488,387      |
| 8/31/2019       | 0.50%            | 31            |                | 1,906           | -                | 4,490,293      |
| 9/1/2019        |                  |               |                | -               | -                | 4,490,293      |
| 9/30/2019       | 0.50%            | 30            |                | 1,846           | -                | 4,492,138      |

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2019**  
**(Unaudited)**

Activity Schedule-Board Advances "B":

Payments to be collected from the City of Mission are distributable to the City of McAllen only

|                 | <u>Bank Rate</u> | <u># Days</u> | <u>Advance</u> |                              | <u>Interest</u> | <u>(Payment)</u> | <u>Balance</u> |
|-----------------|------------------|---------------|----------------|------------------------------|-----------------|------------------|----------------|
|                 |                  |               | <u>Total</u>   | <u>Applicable to Mission</u> |                 |                  |                |
| Opening balance |                  |               |                |                              |                 |                  | \$ 3,226,075   |
| 10/1/2018       |                  |               | 70,448         | \$ 24,185                    | -               | -                | 3,250,260      |
| 10/31/2018      | 0.500%           | 31            | -              | -                            | 1,380           | -                | 3,251,640      |
| 11/1/2018       |                  |               | 70,448         | \$ 24,185                    | -               | -                | 3,275,825      |
| 11/30/2018      | 0.500%           | 30            | -              | -                            | 1,346           | -                | 3,277,171      |
| 12/1/2018       |                  |               | 70,448         | \$ 24,185                    | -               | -                | 3,301,356      |
| 12/31/2018      | 0.500%           | 31            | -              | -                            | 1,402           | -                | 3,302,758      |
| 1/1/2019        |                  |               | 70,448         | \$ 24,185                    | -               | -                | 3,326,943      |
| 1/31/2019       | 0.500%           | 31            | -              | -                            | 1,413           | -                | 3,328,355      |
| 2/1/2019        |                  |               | 70,448         | \$ 24,185                    | -               | -                | 3,352,540      |
| 2/28/2019       | 0.500%           | 28            | -              | -                            | 1,286           | -                | 3,353,826      |
| 3/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,377,965      |
| 3/31/2019       | 0.500%           | 31            | -              | -                            | 1,434           | -                | 3,379,400      |
| 4/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,403,539      |
| 4/30/2019       | 0.500%           | 30            | -              | -                            | 1,399           | -                | 3,404,937      |
| 5/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,429,076      |
| 5/31/2019       | 0.500%           | 31            | -              | -                            | 1,456           | -                | 3,430,533      |
| 6/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,454,672      |
| 6/30/2019       | 0.500%           | 30            | -              | -                            | 1,420           | -                | 3,456,091      |
| 7/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,480,230      |
| 7/31/2019       | 0.500%           | 31            | -              | -                            | 1,478           | -                | 3,481,708      |
| 8/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,505,847      |
| 8/31/2019       | 0.500%           | 31            | -              | -                            | 1,489           | -                | 3,507,336      |
| 9/1/2019        |                  |               | 70,315         | \$ 24,139                    | -               | -                | 3,531,475      |
| 9/30/2019       | 0.500%           | 30            | -              | -                            | 1,451           | -                | 3,532,927      |

**McAllen International Toll Bridge**  
**Schedule of Insurance Coverage**  
**September 30, 2019**  
**(Unaudited)**

| Coverage                       | Insurance Company        | Policy Period      | Type of Coverage                          | Limit   | Aggregate       | Occurrence Retention / Deductible       |
|--------------------------------|--------------------------|--------------------|---|---|-----------------|---|
| Property Insurance             | Texas Municipal League   | 10/01/18 - 9/30/19 | Real & Personal Property                  | \$349,880,333   |                 | \$500,000*                              |
| - Bridge & Surrounding Area    |                          |                    | Loss of Revenue/Extra Expense             | \$15,188,455 **   |                 |   |
|                                |                          |                    |   | **Loss of Revenue / Extra Expense / Rental Value for all City owned locations |                 | *\$50,000 Flood & Earthquake Deductible |
| Excess Workers' Compensation   | Safety National Casualty | 10/01/18 - 9/30/19 | Workers Compensation Employer's liability | Statutory \$2,000,000   |                 | \$750,000 (OR)                          |
| - Third Party Claims Admin.    | Tristar Risk Management  |                    |   |   |                 |   |
| All Lines Aggregate            | Self-insured             | 10/01/18 - 9/30/19 |   | \$250,000/\$500,000   | Tort Claims cap |   |
| - General Liability            |                          |                    |   |   |                 |   |
| - Automobile Liability         |                          |                    |   |   |                 |   |
| - Errors & Omissions Liability |                          |                    |   |   |                 |   |
| - Employee Benefits Liability  |                          |                    |   |   |                 |   |
| Crimes Insurance               | Alliant                  | 10/01/18 - 9/30/19 | Employee Dishonesty                       | \$1,000,000   |                 | \$2,500                                 |
|                                |                          |                    | Forgery or Alteration                     | \$1,000,000   |                 | \$2,500                                 |
|                                |                          |                    | Theft, Disappearance & Destruction        | \$1,000,000   |                 | \$2,500                                 |
|                                |                          |                    | Computer Fraud                            | \$1,000,000   |                 | \$2,500                                 |



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Board of Trustees  
McAllen International Toll Bridge

We have audited, in accordance with the auditing standards generally accepting in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McAllen International Toll Bridge (the Bridge), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated February 14, 2020.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Bridge's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bridge's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bridge's internal control.

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

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

***Compliance and Other Matters***

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



The Board of Trustees  
McAllen International Toll Bridge

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
February 14, 2020

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE     X    

AGENDA ITEM     5      
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. **Agenda Item:** Consider and Approve motion to distribute excess revenues after external audit to cities.

2. **Party Making Request:** Juan Olaguibel, Interim Superintendent of Bridges

3. **Nature of Request: (Brief Overview) Attachments:**   X   Yes    No

4. **Policy Implication:** \_\_\_\_\_

5. **Budgeted:**    Yes    No    N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. **Alternate option/costs:** \_\_\_\_\_

7. **Routing:**

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |          |
|-------------------|----------------|-------------|--------------------|----------|
| a) _____          |                |             | Yes _____          | No _____ |
| b) _____          |                |             | Yes _____          | No _____ |
| c) _____          |                |             | Yes _____          | No _____ |

8. **Staff's Recommendation:**     Approve    

Advisory Board:    Approved    Disapproved    None

City Attorney:    Approved    Disapproved    None

Manager's Recommendation:   PP   Approved    Disapproved    None

P. O. Box 399  
Hidalgo, TX 78557  
Phone - (956) 843-2471  
Fax - (956) 843-9501



# MEMO

**TO:** ROEL "ROY" RODRIGUEZ P.E., McAlLEN CITY  
MANAGER

**FROM :** JUAN OLAGUIBEL, INTERIM SUPERINTENDENT OF  
BRIDGES

**XC:** SERGIO VILLASANA, FINANCE DIRECTOR

**DATE:** MARCH 5, 2020

**RE:** DISTRIBUTION TO CITIES

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Attached please find the amount currently owed to the City of Hidalgo and the City of McAllen as per audit report.

## DISTRIBUTION TO CITIES:

|                               |                        |
|-------------------------------|------------------------|
| As per Audit Report:          | City of Hidalgo        |
| QTR 1 Distribution            | <u>\$966,102.43</u>    |
| QTR 2 Distribution            | <u>\$869,341.53</u>    |
| QTR 3 Distribution            | <u>\$811,881.24</u>    |
| QTR 4 Distribution            | <u>\$727,692.40</u>    |
| Amount currently owed Hidalgo | <u>\$ 38,299.60</u>    |
| As per Audit Report:          | City of McAllen        |
| Amount owed City of McAllen   | <u>\$ 5,223,377.78</u> |

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE \_\_\_\_\_ X \_\_\_\_\_

AGENDA ITEM 6  
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. Agenda Item: Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection Report.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: \_\_\_ Yes X No

4. Policy Implication: \_\_\_\_\_

5. Budgeted: \_\_\_ Yes \_\_\_ No \_\_\_ N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. Alternate option/costs: \_\_\_\_\_

7. Routing:

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes _____ No _____ |
| b) _____          |                |             | Yes _____ No _____ |
| c) _____          |                |             | Yes _____ No _____ |

8. Staff's Recommendation: Report Only

Advisory Board: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ None

City Attorney: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ None

Manager's Recommendation: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved RP None

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE \_\_\_\_\_ X \_\_\_\_\_

AGENDA ITEM 7  
DATE SUBMITTED 3/4/20  
MEETING DATE 3/9/20

1. Agenda Item: Engineering Report.
2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges
3. Nature of Request: (Brief Overview) Attachments: \_\_\_ Yes X No

\_\_\_\_\_

\_\_\_\_\_

4. Policy Implication: \_\_\_\_\_

5. Budgeted: \_\_\_ Yes \_\_\_ No \_\_\_ N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. Alternate option/costs: \_\_\_\_\_

7. Routing:

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |
|-------------------|----------------|-------------|--------------------|
| a) _____          |                |             | Yes _____ No _____ |
| b) _____          |                |             | Yes _____ No _____ |
| c) _____          |                |             | Yes _____ No _____ |

8. Staff's Recommendation: Report Only

Advisory Board: \_\_\_ Approved \_\_\_ Disapproved \_\_\_ None

City Attorney: \_\_\_ Approved \_\_\_ Disapproved    None

Manager's Recommendation: \_\_\_ Approved \_\_\_ Disapproved    None

*[Signature]*

# McAllen-Hidalgo International Bridge

## CITY OF McALLEN STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION \_\_\_\_\_  
UTILITY BOARD \_\_\_\_\_  
TOLL BRIDGE   X  

AGENDA ITEM   8a    
DATE SUBMITTED   3/4/20    
MEETING DATE   3/9/20  

1. Agenda Item: Consultation with City Attorney regarding economic development. (T.G.C. 551.087)

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments:    Yes   X   No

4. Policy Implication: \_\_\_\_\_

5. Budgeted:    Yes    No    N/A

Bid Amount: \_\_\_\_\_  
Under Budget: \_\_\_\_\_

Budgeted Amount: \_\_\_\_\_  
Over Budget: \_\_\_\_\_  
Amount Remaining: \_\_\_\_\_

If over budget how will it be paid for: \_\_\_\_\_

6. Alternate option/costs: \_\_\_\_\_

7. Routing:

| <u>NAME/TITLE</u> | <u>INITIAL</u> | <u>DATE</u> | <u>CONCURRENCE</u> |          |
|-------------------|----------------|-------------|--------------------|----------|
| a) _____          |                |             | Yes _____          | No _____ |
| b) _____          |                |             | Yes _____          | No _____ |
| c) _____          |                |             | Yes _____          | No _____ |

8. Staff's Recommendation:   Seek Direction  

Advisory Board:    Approved    Disapproved    None

City Attorney:    Approved    Disapproved    None

Manager's Recommendation:    Approved    Disapproved    None

