

**Anzalduas International Crossing**

Financial Statements  
And Report of Independent Certified Public Accountants

September 30, 2014 and 2013

# ANZALDUAS INTERNATIONAL CROSSING

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Anzalduas International Crossing

We have audited the accompanying basic financial statements of the Anzalduas International Crossing (the "Anzalduas Bridge"), which collectively comprise the statement of net position as of September 30, 2014 and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended and the related notes to the financial statements.

### 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 Anzalduas Bridge'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 Anzalduas Bridge'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 2014 financial statements referred to above present fairly, in all material respects, the financial position of the Anzalduas International Crossing as of September 30, 2014, 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 Matters

As discussed in Note 1, the financial statements present only the Anzalduas Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2014, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As further discussed in Note 1, to the financial statements, the Anzalduas Bridge adopted new guidance in 2014 related to the accounting for bond issuance costs as current period expenses. Our opinion is not modified with respect to this matter.

#### Other matters

##### *Financial statements of the prior period audited by predecessor auditor*

The financial statements of the Anzalduas Bridge as of and for the year ended September 30, 2013, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 1, were audited by other auditors. Those auditor's report (not presented herein), dated January 22, 2014, expressed an unmodified opinion on those 2013 financial statements and included an emphasis of matter paragraph indicating that the financial statements of the Anzalduas Bridge do not purport to present fairly the financial statements of the City of McAllen, Texas as a whole.

As part of our audit of the 2014 financial statements, we audited the aforementioned adjustments to the 2013 financial statements to retrospectively apply the change in accounting described in Note 1 to the financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Anzalduas Bridge other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole.

*Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information for 2014 in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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 2014 basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary information*

Our audit was conducted for the purpose of forming an opinion on the 2014 financial statements that collectively comprise the Anzalduas Bridge's basic financial statements. The supplemental schedules as listed in the table of contents on pages 34 through 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 2014 information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2014 basic financial statements or to the 2014 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 2014 supplementary information is fairly stated, in all material respects, in relation to the 2014 basic financial statements as a whole.

*Other information*

The Schedule of Vehicle and Passenger Traffic, Schedule of Car and Truck Traffic Revenue, Schedules of Board Advances from McAllen International Toll Bridge Fund and Schedule of Insurance Coverage on pages 43 through 49, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



*Other reporting required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 28, 2015, on our consideration of the Anzalduas 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 the effectiveness of 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 Anzalduas Bridge's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Houston, Texas  
January 28, 2015

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**Anzalduas International Crossing  
Management's Discussion and Analysis**  
September 30, 2014

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This discussion and analysis is intended to provide an overview of the Anzalduas International Crossing's (Anzalduas Bridge) financial performance for the fiscal year ending September 30, 2014 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.

***ANZALDUAS BRIDGE OPERATIONAL HIGHLIGHTS***

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, operating income amounted to \$712K. However, net position decreased by \$543K principally due to interest expense on the bonds and advances offset by a transfer in from the McAllen International Toll Bridge (Hidalgo Bridge) Fund of the City of McAllen. Net position for FY 2014 is reported as a deficit of \$699K. Due to the implementation of GASB Statement No. 65, bond issuance costs of \$833K were expensed in the earliest year presented, FY 11-12, which resulted in a total restated net position of \$514K.

The southbound car crossings at Anzalduas were 1.76% over last year's crossing. Buses, however, decreased 56.49% due to the fact that U.S. Customs & Border Protection has rerouted buses to go through the Hidalgo Bridge. Although the Hidalgo Bridge experienced a small decline in southbound car crossings, the combined system-wide resulted in an overall decrease of 1.5%.

***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 current fiscal year ending September 30, 2014 as well as the previous fiscal year.

<u>Category</u>	<u>FY 13-14</u>	<u>FY 12-13</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	950,143	933,694	16,449	1.76%
Trucks	859	960	(101)	-10.52%
Buses	1,922	4,417	(2,495)	-56.49%
Passengers in cars	2,375,358	2,334,235	41,123	1.76%

Southbound crossings reflected increases in cars, but decreases in the other categories over last year's levels. Currently, the presidential permit does not allow for southbound cargo crossings until 2015, at which time revenues are expected to increase substantially.

### ***Required Financial Statements***

The Statement of Net Position includes all of the assets and liabilities of the Anzalduas Bridge and provide information about the nature of the resources (assets) and obligations to creditors (liabilities). The assets and liabilities are presented in a format that distinguishes between current and long-term categories. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the Anzalduas Bridge is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position analyzes the Anzalduas Bridge's operations over the past year and provide comparative information for the previous two fiscal years. The statements illustrate the Anzalduas Bridge's ability to cover operating expenses with revenues received during the same year.

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 Anzalduas Bridge's financial position. As of September 30, 2014, net position amounted to a deficit of \$699K. The City of McAllen (City) restated -\$833K in bond issuance costs, in the earliest year presented, FY 11-12, due to implementation of GASB Statement 65. GASB 65 provides additional specificity to GASB 63 by clarifying items which should be treated as current period expenditures or current period inflows on the Statements of Revenues, Expenses, and Changes in Net Position. This affects the presentation of debt issuance costs, which previously were capitalized on the Statements of Net Position. The balance of debt issuance costs of \$833K, incurred in 2007, were adjusted in the ending net position total for 2012.

Total liabilities, which are payable from current, restricted assets, and long term liabilities, decreased by \$672K combined when comparing FY12-13 to FY 13-14.



Anzalduas International Crossing  
Management's Discussion and Analysis  
September 30, 2014

A summary of the Anzalduas Bridge's condensed Statement of Net Position Information is presented below:

**Condensed Statement of Net Position**

	FY 13-14	Restated FY 12-13	Restated FY 11-12
<b>ASSETS:</b>			
Current assets	\$ 1,055,414	\$ 1,023,840	\$ 1,116,620
Restricted assets	1,690,662	1,455,232	1,162,748
Net capital assets	47,461,493	48,943,328	50,469,714
 Total assets	 \$ 50,207,569	 \$ 51,422,400	 \$ 52,749,082
 <b>LIABILITIES:</b>			
Current liabilities	\$ 32,618	\$ 32,388	\$ 37,113
Payable from restricted assets	1,394,383	1,342,610	1,296,443
Long-term liabilities	49,479,232	50,203,293	51,151,427
 Total liabilities	 \$ 50,906,233	 \$ 51,578,291	 \$ 52,484,983
 <b>NET POSITION:</b>			
Net investment in capital assets	\$ 12,570,076	\$ 12,821,769	\$ 13,172,278
Restricted per revenue bond ordinance	898,947	824,617	734,795
Restricted for improvements	647,320	487,988	281,458
Unrestricted	(14,815,007)	(14,290,265)	(13,674,669)
 Total net position	 \$ (698,664)	 \$ (155,891)	 \$ 513,862

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

Net position, and its components, over time serve as a meaningful measure of the Anzalduas Bridge's financial position. As of September 30, 2014, net position decreased to a deficit of \$699K.

Condensed Statement of Revenues, Expenses, and Changes in Net Position provide additional information on the changes in the Anzalduas Bridge fund and is presented on the following page.

Anzalduas International Crossing  
Management's Discussion and Analysis  
September 30, 2014

**Condensed Statement of Revenues, Expenses,  
and Changes in Net Position**

	2014	Restated 2013	Restated 2012
Operating revenues:			
Tolls	\$ 2,998,333	\$ 2,833,040	\$ 2,596,703
Other Income	55,378	57,661	51,719
Total operating revenues	<u>3,053,711</u>	<u>2,890,701</u>	<u>2,648,422</u>
Operating expenses:			
Salaries	329,074	297,886	291,722
Payroll taxes and benefits	98,052	87,916	90,610
Insurance	12,000	12,000	12,000
Materials and supplies	16,994	15,155	14,510
Maintenance	60,812	35,250	90,192
Miscellaneous services	280,872	312,196	317,837
Depreciation	1,543,678	1,534,336	1,538,249
Issuance cost	-	-	833,354
Total operating expenses	<u>2,341,482</u>	<u>2,294,739</u>	<u>3,188,474</u>
Operating income	<u>712,229</u>	<u>595,962</u>	<u>(540,052)</u>
Nonoperating revenues (expenses):			
Interest income	578	1,627	2,060
Interest income - restricted assets	292	593	606
Interest expense	(1,652,502)	(1,705,684)	(1,789,128)
Interest expense - Board advance - relating to Series 2007A Bonds and Start up Fund	<u>(550,445)</u>	<u>(525,915)</u>	<u>(486,649)</u>
Total nonoperating revenue (expenses)	<u>(2,202,077)</u>	<u>(2,229,379)</u>	<u>(2,273,111)</u>
Loss before transfers	(1,489,848)	(1,633,417)	(2,813,163)
Transfers-in - McAllen International Toll Bridge Fund	<u>947,075</u>	<u>963,664</u>	<u>671,868</u>
Changes in net position	(542,773)	(669,753)	(2,141,295)
Total net position at beginning of year	<u>(155,891)</u>	<u>513,862</u>	<u>2,655,157</u>
Total net position at end of year	<u>\$ (698,664)</u>	<u>\$ (155,891)</u>	<u>\$ 513,862</u>

Anzalduas International Crossing  
Management's Discussion and Analysis  
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***TOLL RATES***

The toll rates adopted by the board of trustees on southbound crossings into Mexico are the following:

<u>Category</u>	<u>FY 13-14</u>	<u>FY 12-13</u>
Pedestrians	\$1.00	\$1.00
Cars	\$3.25	\$3.00
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	\$3.25	\$3.25
Extra Axle	\$3.00	\$3.00

Effective March 1, 2014, the car toll crossings fee was increased from \$3.00 to \$3.25.



***REVENUES***

The forecast for toll revenues was estimated at \$2.8M. Actual toll revenues came in at \$3.0M. Other operating income of \$55K was mainly the result in the exchange of the Mexican peso to U.S. Dollars and rental income of \$18K. Interest income during the year was approximately \$1K as compared to approximately \$2K in 2013. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$947K. This transfer supported debt service requirements of Series 2007B bonds. In FY 12-13, revenues exceeded budget by \$300K, which was attributed to an increase in toll rates, which became effective October 1, 2012.

***EXPENSES***

In FY 13-14, operating expenses came in at \$2.3M, including depreciation in the amount of \$1.5M. All non-operating expenses were relatively flat. In FY 12-13, expenses were \$145K under budget due to unfilled job positions, which did not materialize during the year.

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

***Capital Assets***

Total capital assets, before depreciation, at September 30, 2014 are \$55M. For the current year, an additional \$62K was added, which consisted of equipment and capital improvement projects.

Depreciation expense was \$1.5M.

Anzalduas International Crossing  
Management's Discussion and Analysis  
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The table below reflects the capital assets.

		<b>Capital Assets</b>	
	<u>FY 13-14</u>	<u>FY 12-13</u>	<u>FY 11-12</u>
Capital assets not being depreciated:			
Land	\$ 2,936,598	\$ 2,936,598	\$ 2,936,598
Construction in progress	54,659	-	-
Capital assets net of accumulated depreciation:			
Buildings	2,997,470	2,997,470	2,997,470
Improvements other than buildings	47,783,199	47,783,199	47,775,249
Machinery and equipment	<u>937,579</u>	<u>930,395</u>	<u>930,395</u>
 Total capital assets	 54,709,505	 54,647,662	 54,639,712
Accumulated depreciation	<u>(7,248,012)</u>	<u>(5,704,334)</u>	<u>(4,169,998)</u>
 Total capital assets, net	 <u>\$ 47,461,493</u>	 <u>\$ 48,943,328</u>	 <u>\$ 50,469,714</u>

### *Debt*

At the end of this fiscal year, the Anzalduas Bridge had \$34.4M in revenue bonds outstanding resulting from the bond offering in fiscal year 2007. These bonds have a rating of "A" from FitchRatings as well as Standard & Poors. The proceeds, as well as other sources of funding, were used to construct the bridge structure, including all related infrastructure and facilities.

### ***ECONOMIC FACTORS***

During the budget process for fiscal year 2014-15, 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.

Taking the above factors into account, toll revenues were budgeted conservatively. Operating expenses were marginally increased and provision was made to service debt repayment requirements.

Anzalduas International Crossing  
Management's Discussion and Analysis  
September 30, 2014

***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, and the City of Mission, which shares in the *net surplus revenues* of the Bridge's operations as well as its investors and creditors about the Anzalduas 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, P.O. Box 220 McAllen, Texas 78505.

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# Basic Financial Statements

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**Anzalduas International Crossing**  
**Statements of Net Position**  
**September 30, 2014 and 2013**  
**Assets**

	<u>2014</u>	<u>Restated (See Note 1) 2013</u>
<b>Current Assets</b>		
Cash	\$ 84,066	\$ 113,325
Investments	<u>971,348</u>	<u>910,515</u>
Total non-restricted assets	<u>1,055,414</u>	<u>1,023,840</u>
<b>Restricted Assets</b>		
Cash	19,200	18,023
Investments	<u>1,671,462</u>	<u>1,437,209</u>
Total restricted assets	<u>1,690,662</u>	<u>1,455,232</u>
Total current assets	<u>2,746,076</u>	<u>2,479,072</u>
<b>Capital Assets – at cost</b>		
Capital assets not being depreciated:		
Land	2,936,598	2,936,598
Construction in progress	54,659	-
Capital assets net of accumulated depreciation:		
Buildings	2,997,470	2,997,470
Improvements other than buildings	47,783,199	47,783,199
Machinery and equipment	<u>937,579</u>	<u>930,395</u>
Total capital assets	54,709,505	54,647,662
Less accumulated depreciation	<u>7,248,012</u>	<u>5,704,334</u>
Net capital assets	<u>47,461,493</u>	<u>48,943,328</u>
Total assets	<u>\$ 50,207,569</u>	<u>\$ 51,422,400</u>

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

## Liabilities and Net Position

	2014	Restated (See Note 1) 2013
<b>Current Liabilities</b>		
Accounts payable	\$ 16,121 ✓	\$ 18,101
Accrued liabilities	16,497 ✓	14,287
Total unrestricted current liabilities	32,618	32,388
<b>Liabilities Payable From Restricted Assets</b>		
Current installments of revenue bonds	1,250,000 ✓	1,200,000
Accounts payable	6,023 ✓	-
Accrued revenue bond interest	138,360 ✓	142,610
Total liabilities payable from restricted assets	1,394,383 ✓	1,342,610
Total current liabilities	1,427,001 ✓	1,374,998
<b>Long-Term Liabilities</b>		
Revenue bonds — excluding current installments	33,195,000 ✓	34,445,000
Bond premium	446,417	476,559
Compensated absences	16,347 ✓	10,711
Advance from McAllen International Toll Bridge Fund - Anzalduas Special & Startup Fund	11,440,278 ✓	10,911,680
Advance from McAllen International Toll Bridge Fund - Board Advance relating to Series 2007 A Bonds	4,381,190 ✓	4,359,343
Total long-term liabilities	49,479,232	50,203,293
Total liabilities	50,906,233	51,578,291
<b>Net Position</b>		
Net investment in capital assets	12,570,076	12,821,769
Restricted per revenue bond ordinances	898,947	824,617
Restricted for improvements	647,320	487,988
Unrestricted	(14,815,007)	(14,290,265)
Total net position	(698,664)	(155,891)

# Anzalduas International Crossing

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

Years Ended September 30, 2014 and 2013

	2014	Restated 2013
Operating revenues:		
Tolls	\$ 2,998,333	\$ 2,833,040
Other Income	55,378	57,661
Total operating revenues	<u>3,053,711</u>	<u>2,890,701</u>
Operating expenses:		
Salaries	329,074	297,886
Payroll taxes and benefits	98,052	87,916
Insurance	12,000	12,000
Materials and supplies	16,994	15,155
Maintenance	60,812	35,250
Miscellaneous services	280,872	312,196
Depreciation	1,543,678	1,534,336
Total operating expenses	<u>2,341,482</u>	<u>2,294,739</u>
Operating income	<u>712,229</u>	<u>595,962</u>
Nonoperating revenues (expenses):		
Interest income	578	1,627
Interest income-restricted accounts	292	593
Interest expense	(1,652,502)	(1,705,684)
Interest expense - Board advance - relating to Series 2007 A Bonds and Start up Fund	<u>(550,445)</u>	<u>(525,915)</u>
Total nonoperating revenues (expenses)	<u>(2,202,077)</u>	<u>(2,229,379)</u>
Loss before transfers	(1,489,848)	(1,633,417)
Transfers-in - McAllen International Toll Bridge Fund	<u>947,075</u>	<u>963,664</u>
Changes in net position	(542,773)	(669,753)
Total net position at beginning of year	<u>(155,891)</u>	<u>513,862</u>
Total net position at end of year	<u>\$ (698,664)</u>	<u>\$ (155,891)</u>

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

# Anzalduas International Crossing

## Statements of Cash Flows

Years Ended September 30, 2014 and 2013

	2014	2013
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 3,053,711	\$ 2,890,701
Payments to employees	(419,280)	(384,077)
Payments to suppliers	(372,659)	(379,459)
Net cash provided by operating activities	2,261,772	2,127,165
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfer from McAllen International Toll Bridge - Board B	947,075	963,664
Net cash provided by noncapital financing activities	947,075	963,664
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(55,817)	(7,950)
Interest paid	(1,686,895)	(1,735,395)
Principal paid on long-term debt	(1,200,000)	(1,150,000)
Net cash used by capital and related financing activities	(2,942,712)	(2,893,345)
<b>Cash Flows From Investing Activities</b>		
Receipt of interest	870	2,220
Proceeds from sales and maturities of investments	3,509,890	4,072,273
Purchase of investments	(3,804,977)	(4,289,998)
Net cash used by investing activities	(294,217)	(215,505)
Net decrease in cash	(28,082)	(18,021)
Cash at beginning of year	131,348	149,369
Cash at end of year	\$ 103,266	\$ 131,348

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

# Anzalduas International Crossing

## Statements of Cash Flows

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>		
Unrestricted cash	\$ 84,066	\$ 113,325
Restricted cash	<u>19,200</u>	<u>18,023</u>
	<u>\$ 103,266</u>	<u>\$ 131,348</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities</b>		
	<u>\$ 712,229</u>	<u>\$ 595,962</u>
Adjustment to reconcile operating income to net cash used by operating activities:		
Depreciation	1,543,678	1,534,336
Changes in assets and liabilities:		
Accounts payable	(1,981)	(4,857)
Compensated absences	<u>7,846</u>	<u>1,724</u>
Total adjustments	<u>1,549,543</u>	<u>1,531,203</u>
Net cash provided by operating activities	<u>\$ 2,261,772</u>	<u>\$ 2,127,165</u>

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

**Anzaludas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

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

***Reporting Entity***

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003 ("2003 Agreement"), the City of McAllen, Texas (the "City") and the City of Mission own and operate the Anzalduas International Crossing ("Anzalduas Bridge") linking United States, south of the City of Mission, Texas and the westernmost part of Reynosa, Tamaulipas, Mexico. According to that agreement, the ownership interest of the City of McAllen and the City of Mission are 66 2/3% and 33 1/3%, respectively. The agreement also provides that complete management and control of the Anzalduas Bridge, with the exception of fixing rates and charges for services and the issuance of debt, which is reserved by the Board of Commissioners of McAllen, shall be vested in a Board of Trustees consisting of five (5) voting-members, two members of which are appointed from the existing members of the Hidalgo Bridge Board by McAllen with the Mayors of the cities of McAllen, Hidalgo and Mission serving as ex-officio board members. The Mayor of Granjeno also serves as an ex-officio non-voting member of the board. In addition, the budget is subject to final approval by the Board of Commissioners of McAllen. The agreement also provides that these cities as well as the City of Hidalgo will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 44%; City of Mission, 23%; and the City of Hidalgo, 33%.

In order to finance the construction of the Anzalduas Bridge, the City of McAllen issued \$39,160,000 in revenue bonds during fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007 A and \$13,160,000 Series 2007 B. The bonds are secured by a pledge of the net revenues of the McAllen International Toll Bridge ("Hidalgo Bridge"), located in Hidalgo, Texas and the Anzalduas Bridge. According to the 2003 Agreement, both the City of McAllen and the City of Hidalgo are responsible for Series 2007A bonds from each city's respective share of net revenues of the Hidalgo Bridge. The City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge as well as the City of Mission from its share of net revenues of the Anzalduas Bridge. Commencement of operations was December 15, 2009. The City of McAllen issues publicly available audited financial statements for the Hidalgo Bridge, which may be obtained by writing to City of McAllen Finance Department, P.O. Box 220, McAllen, Texas 78505.

The activities of the Anzalduas Bridge are to be financed through the collection of tolls.

The accompanying financial statements of the Anzalduas 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. Its financial statements are included in the basic financial statements of the City of McAllen as promulgated by requirements defining the reporting entity.

**Anzaludas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

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

These financial statements present only the operations and activities of Anzalduas 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 Anzalduas Bridge's activity is 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 and liabilities 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. 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 Anzalduas Bridge enterprise fund are charges to customers for toll crossing and services. Operating expenses for enterprise 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.

In 2014, the Anzalduas Bridge implemented the following new GASB pronouncements. The implementation did result in changes to the financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Types of transactions classified as deferred inflows/outflows of resources include service concession arrangements and derivative instruments and hedge accounting. The implementation of this standard had no current year impact.

GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. For the Anzalduas Bridge, this affects the presentation of debt issuance costs, which previously were capitalized on the Statement of Net Position.

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

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

The remaining debt issuance costs of \$833K, incurred in 2007, were adjusted in the beginning Net Position for FY 2013. The Anzalduas Bridge implemented GASB Standard No. 65, which resulted in the following changes listed in the table below:

	Beginning Net Position 2013
Net position, as previously reported at 10/1/2012	\$ 1,347,216
Bond issuance cost	(833,354)
Restated net position at 10/1/2012	<u>\$ 513,862</u>

***Reclassification***

Certain account balances have been reclassified to conform to current year presentation. Reclassification in the amount of \$123,922 was made from unrestricted net position to restricted per bond ordinance net position.

***Capital Assets***

Capital assets are capitalized because they are used in the production of services sold. 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 as outlined in Governmental Accounting Standards Board Statement No. 62.

Depreciation will be provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended September 30, 2014 was \$1,543,678 (\$1,534,336 in 2013). The estimated useful lives for depreciation provision will be 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 will be charged to expense as incurred. Gains and losses on disposition of capital assets will be included in income.



## **Anzalduas International Crossing**

Notes to Financial Statement

September 30, 2014 and 2013

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

#### ***Long-Term Obligations***

Long-term obligations of the Anzalduas Bridge include bonds expected to be paid entirely by net revenues of the Anzalduas Bridge, except during a startup period during which time net revenues will be advanced from the Hidalgo Bridge. The outstanding bonds are secured by the net revenues of the Hidalgo Bridge as well as those of the Anzalduas Bridge.

#### ***Advances***

##### ***Anzalduas Special and Start Up Fund Advance Payable from Anzalduas International Crossing to McAllen International Toll Bridge***

Beginning with fiscal year ending September 30, 1991, the Hidalgo Bridge has financed the development costs for the Anzalduas International Crossing 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, 2014, the Anzalduas Special and Start Up Fund advance payable to the Hidalgo Bridge amounts to \$11,440,278 (\$10,911,680 in 2013), of which the City of McAllen's portion is \$7,321,778 and the City of Hidalgo's portion is \$4,118,500. During this fiscal year, the balance was increased by accrued interest in the amount of \$528,598.

##### ***Board Advances Payable from Anzalduas International Crossing to McAllen International Toll Bridge***

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 payable has been paid. As of September 30, 2014 the board advances payable to the Hidalgo Bridge amounts to \$4,381,190 (\$4,359,343 in 2013), of which the City of McAllen's portion is \$2,803,962 and the City of Hidalgo's portion is \$1,577,228. During the year the balance was increased by accrued interest of \$21,847. No board advances were made during the year.

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

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

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$947,075 (\$963,664 in 2013) to the Anzalduas Bridge in support of the Series 2007 B bonds. 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 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 2007 A have been paid. As of September 30, 2014 the board advance owed by the City of Mission to the City of McAllen amounts to \$1,918,717 (\$1,584,762 in 2013).

*Bond Premium*

Bond premium is amortized using the effective interest method. The bond premium has been changed from the straight-line basis to the effective interest method.

*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, each city will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 44%; City of Mission, 23%; and the City of Hidalgo, 33%.

*Restricted Assets*

Restricted assets represent interest-bearing checking accounts, investments, and other receivables, which are restricted for current debt service as well as the bond construction fund. One year subsequent to the commencement of operations, a contingency fund will be established and funded at the rate of \$3,750 per month until the fund reaches \$500,000. These restricted accounts are requirements of bond ordinances related to the revenues bonds outstanding. Net position is restricted to the extent of such legally imposed restrictions.

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

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

***Cash and Cash Equivalents***

For purposes 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 City 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 Anzalduas Bridge limits investments to U.S. Treasuries, U.S. government agencies, investment pools, excluding those issued by the Student Loan Marketing Association and Tennessee Valley Authority, as well as certificates of deposit. Investments are stated at fair value, as required under Governmental Accounting Standards Board Statement No. 31.

***Investments***

Investments at fair value, including accrued interest, as of September 30, 2014 and 2013 are as follows:

Investment Maturities (in Years) at the end of September 30, 2014

	Fair Value	Less Than 1	1-2	2-3	3-4
TexPool	\$ 2,642,810	\$ 2,642,810	\$ -	\$ -	\$ -
	<u>\$ 2,642,810</u>	<u>\$ 2,642,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Maturities (in Years) at the end of September 30, 2013

	Fair Value	Less Than 1	1-2	2-3	3-4
TexPool	\$ 2,347,724	\$ 2,347,724	\$ -	\$ -	\$ -
	<u>\$ 2,347,724</u>	<u>\$ 2,347,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

***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.

The Anzalduas Bridge investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at amortized cost. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexPool 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. 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 and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value. The Anzalduas Bridge believes that TexPool operates as a 2a-7 like pool as described in GASB Statement No. 59, Financial Instrument Omnibus.

*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 one year as reflected in the previous schedule, the Anzalduas Bridge reduces its risk to the rising interest rates.

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

***Cash and Investments-Continued***

*Credit risk.* As of September 30, 2014 and 2013, the investments in the TexPool 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 investments objective a \$1.00 net asset value, certificates of deposits, U.S. Treasuries and U.S. government agencies, excluding Student Loan Marketing Association and Tennessee Valley Authority.

*Concentration of credit risk.* The Anzalduas Bridge investment holdings at September 30, 2014 and 2013 were strictly confined to TexPool. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

**3. Capital Assets**

Capital assets activity for the year ended September 30, 2014 and September 30, 2013 are presented in the following tables:

	Balance at September 30, 2013	Additions	Retirement/ Transfer	Balance at September 30, 2014
Capital assets not being depreciated:				
Land	\$ 2,936,598	\$ -	\$ -	\$ 2,936,598
Construction in progress	-	54,659	-	54,659
Capital assets net of accumulated depreciation:				
Buildings	2,997,470	-	-	2,997,470
Improvements other than buildings	47,783,199	-	-	47,783,199
Machinery and equipment	930,395	7,184	-	937,579
Total capital assets	54,647,662	61,843	-	54,709,505
Less accumulated depreciation	5,704,334	1,543,678	-	7,248,012
Net capital assets	\$ 48,943,328	\$ (1,481,835)	\$ -	\$ 47,461,493

	Balance at September 30, 2012	Additions	Retirement/ Transfer	Balance at September 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,936,598	\$ -	\$ -	\$ 2,936,598
Capital assets net of accumulated depreciation:				
Buildings	2,997,470	-	-	2,997,470
Improvements other than buildings	47,775,249	7,950	-	47,783,199
Machinery and equipment	930,395	-	-	930,395
Total capital assets	54,639,712	7,950	-	54,647,662
Less accumulated depreciation	4,169,998	1,534,336	-	5,704,334
Net capital assets	\$ 50,469,714	\$ (1,526,386)	\$ -	\$ 48,943,328

# **Anzalduas International Crossing**

## Notes to Financial Statement

September 30, 2014 and 2013

### **4. Revenue Bonds Payable**

Long term liability activities for the year ended September 30, 2014 and September 30, 2013 are reflected as follows:

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2014	Amounts Due Within One Year
Revenue bonds payable	\$ 35,645,000	\$ -	\$ (1,200,000)	\$ 34,445,000	\$ 1,250,000
Unamortized bond premium	476,559	-	(30,142)	446,417	-
Total bonds payable & premium	<u>36,121,559</u>	<u>-</u>	<u>(1,230,142)</u>	<u>34,891,417</u>	<u>1,250,000</u>

	Balance at September 30, 2012	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2013	Amounts Due Within One Year
Revenue bonds payable	\$ 36,795,000	\$ -	\$ (1,150,000)	\$ 35,645,000	\$ 1,200,000
Unamortized bond premium	502,436	-	(25,877)	476,559	-
Total bonds payable & premium	<u>37,297,436</u>	<u>-</u>	<u>(1,175,877)</u>	<u>36,121,559</u>	<u>1,200,000</u>

The aggregate maturities of revenue bonds payable as of September 30, 2014, including interest payments, are as follows:

Year Ending	Interest Rate	Principal	Interest	Total
2015	4.25%	\$ 1,250,000	\$ 1,633,756	\$ 2,883,756
2016	4.25%	1,305,000	1,579,463	2,884,463
2017	4.20-4.30%	1,360,000	1,522,831	2,882,831
2018	4.50-5.00%	1,420,000	1,463,874	2,883,874
2019	4.50-5.00%	1,495,000	1,397,926	2,892,926
2020-2024	4.20-4.30%	8,600,000	5,808,378	14,408,378
2025-2029	4.625-5.00%	10,985,000	3,425,484	14,410,484
2030-2032	5.00%	<u>8,030,000</u>	<u>615,500</u>	<u>8,645,500</u>
		<u>\$ 34,445,000</u>	<u>\$ 17,447,212</u>	<u>\$ 51,892,212</u>

**Anzalduas International Crossing**  
Notes to Financial Statement  
September 30, 2014 and 2013

**5. Long Term Liabilities**

Long term liability activities for the year ended September 30, 2014 and September 30, 2013 are reflected as follows:

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014
Compensated absences	\$ 10,711	\$ 7,209	\$ (1,573)	\$ 16,347
	<u>\$ 10,711</u>	<u>\$ 7,209</u>	<u>\$ (1,573)</u>	<u>\$ 16,347</u>
	Balance at September 30, 2012	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2013
Compensated absences	\$ 9,120	\$ 1,591	\$ -	\$ 10,711
	<u>\$ 9,120</u>	<u>\$ 1,591</u>	<u>\$ -</u>	<u>\$ 10,711</u>

**6. Deficit Unrestricted Net Position**

The unrestricted portion of net position reflects a deficit in the amount of \$14,815,009 primarily as a result of advances from the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. The Hidalgo Bridge Board of trustees has no intention of calling these advances, which will be repaid once the fund is able to.

**7. Retirement Plan**

The City and Anzalduas 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).



## **Anzalduas International Crossing**

### **Notes to Financial Statement**

**September 30, 2014 and 2013**

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

The table describes the plan provisions adopted by the City:

	Plan Year 2013	Plan Year 2014
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	100%, Transfers	100%, Transfers
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 Anzalduas 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.

#### **8. *Accounting for Postemployment Benefits Other Than Pensions***

The City, as an entity wide, will report all required disclosures of GASB Statement Number 45 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 Anzalduas Bridge has eight full time employees. For the current year, the fund contributed \$3,841 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 Anzalduas Bridge fund.

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# Supplemental Information

**Anzalduas International Crossing**  
**Schedule of Income Distribution**  
**Last Five Years**

	<u>Year Ended September 30,</u>	
	<u>2010</u>	<u>2011</u>
Revenues	\$ 1,766,490	\$ 2,394,420
Maintenance, operation expenses, and capital assets purchase	<u>487,072</u>	<u>708,795</u>
Net Revenues	1,279,418	1,685,625
Less:		
Bond Requirements:		
Transfer to Debt Service Fund - Series 2007 "A" (\$26M Issue)	1,697,834	1,663,765
Less: Amount Provided by Board Advance from McAllen Intl Bridge Fund	<u>(815,001)</u>	<u>(326,833)</u>
Net Transfer Provided by Anzalduas Intl Crossing Revenues for Debt Service	882,833	1,336,932
Transfer to Contingency Fund	-	33,750
Transfer to Capital Improvement Fund	<u>-</u>	<u>67,685</u>
Balance Available After Bond Requirements	<u>396,585</u>	<u>247,258</u>
Repayment of Advances from McAllen International Toll Bridge "Anzalduas Special and Start-Up Advancement Fund" (\$6M Limit)	(1) (396,585)	-
"Board Advancement to Anzalduas Bridge Board" (with respect to advances for transfers to debt service fund Series 2007 "A" (\$26M Issue)		
Retain in Working Capital	<u>-</u>	<u>(247,258)</u>
Unallocated Balance of Surplus Net Revenue Attributable to Cities	<u>\$ -</u>	<u>\$ -</u>

(1) As per agreement dated 2003, start up fund must be reimbursed first before any other distributions.



**Anzalduas International Crossing**  
**Schedule of Changes in Restricted Assets-Cash and Investments**  
**Year Ended September 30, 2014**

	Contingency Reserve	Current Debt Service Series A-\$26M
Cash and investments at September 30, 2013	\$ 123,922	\$ 564,226
Add:		
Transfers	45,000	1,964,732
Interest earned	49	-
Total additions	45,049	1,964,732
Less payments:		
Principal payments	-	800,000
Capital assets	-	-
Other expenses	-	-
Interest and fiscal charges	-	1,147,153
Total payments	-	1,947,153
Cash and investments at September 30, 2014	\$ 168,971	\$ 581,805
Cash and investments at September 30, 2014 are comprised of the following:		
Cash	\$ -	\$ -
Investments	168,971	581,805
	\$ 168,971	\$ 581,805

Current Debt Service Series B-\$13M	Capital Improvement	Total
\$ 279,096	\$ 487,988	\$ 1,455,232
947,075	235,426	3,192,233
113	179	341
947,188	235,605	3,192,574
400,000	-	1,200,000
-	55,818	55,818
-	14,432	14,432
539,741	-	1,686,894
939,741	70,250	2,957,144
\$ 286,543	\$ 653,343	\$ 1,690,662
\$ -	\$ 19,200	\$ 19,200
286,543	634,143	1,671,462
\$ 286,543	\$ 653,343	\$ 1,690,662

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Net Position**  
**September 30, 2014**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Assets</b>			
Cash	\$ 476,144	\$ 84,066	\$ 560,210
Investments	1,879,533	971,348	2,850,881
Due from other governments	150,985	-	150,985
Other receivables	1,485	-	1,485
Total current assets	2,508,147	1,055,414	3,563,561
<b>Restricted Assets</b>			
Cash (all interest-bearing)			
Capital improvement	55,934	19,200	75,134
Total restricted cash	55,934	19,200	75,134
Investments- reserved for distribution	5,149,348	-	5,149,348
Investments	1,913,160	1,671,462	3,584,622
Total restricted assets – excluding current bond installments	7,118,442	1,690,662	8,809,104
<b>Capital Assets – at cost</b>			
Capital assets not being depreciated:			
Land	573,798	2,936,598	3,510,396
Construction in progress	869,930	54,659	924,589
Goodwill	609,713	-	609,713
Capital assets net of accumulated depreciation:			
Buildings	10,698,086	2,997,470	13,695,556
Improvements other than buildings	3,422,281	47,783,199	51,205,480
Machinery and equipment	1,844,042	937,579	2,781,621
Total capital assets	18,017,850	54,709,505	72,727,355
Less accumulated depreciation	(9,961,478)	(7,248,012)	(17,209,490)
Net capital assets	8,056,372	47,461,493	55,517,865
<b>Other Assets</b>			
Board advances	15,821,468	-	15,821,468
Total other assets	15,821,468	-	15,821,468
Total assets	\$ 33,504,429	\$ 50,207,569	\$ 83,711,998



## Liabilities and Net Position

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Liabilities</b>			
Due to City of Hidalgo	\$ 925,525	\$ -	\$ 925,525
Accounts payable and accrued liabilities	49,783	32,618	82,401
Compensated absences	36,904	-	36,904
Other payables	46,376	-	46,376
Total current liabilities	1,058,588	32,618	1,091,206
<b>Liabilities Payable From Restricted Assets</b>			
Accounts payable	-	6,023	6,023
Due to City of McAllen-interest on investments	433	-	433
Current installments of revenue bonds	-	1,250,000	1,250,000
Accrued revenue bond interest	-	138,360	138,360
Total liabilities payable from restricted assets	433	1,394,383	1,394,816
<b>Long-Term Liabilities</b>			
Revenue bonds – excluding current installments	-	33,195,000	33,195,000
Bond premium	-	446,417	446,417
Compensated absences	68,056	16,347	84,403
Unearned revenue	322,845	-	322,845
Other long term payables	-	15,821,468	15,821,468
Total long-term liabilities	390,901	49,479,232	49,870,133
Total liabilities	1,449,922	50,906,233	52,356,155
<b>Net Position</b>			
Net investment in capital assets	8,056,372	12,570,076	20,626,448
Restricted per revenue bond ordinances	502,844	898,947	1,401,791
Restricted for improvements	1,466,250	647,320	2,113,570
Restricted for distribution to the City of McAllen	5,148,916	-	5,148,916
Unrestricted	16,880,125	(14,815,007)	2,065,118
Total net position	32,054,507	(698,664)	31,355,843
Total liabilities and net position	\$ 33,504,429	\$ 50,207,569	\$ 83,711,998

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position**  
**Years Ended September 30, 2014**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Operating revenues:			
Tolls	\$ 10,673,408	\$ 2,998,333	\$ 13,671,741
Rental income	1,892,738	-	1,892,738
Other income	127,892	55,378	183,270
Total operating revenues	12,694,038	3,053,711	15,747,749
Operating expenses:			
Salaries	904,152	329,074	1,233,226
Payroll taxes and benefits	286,894	98,052	384,946
Insurance	50,368	12,000	62,368
Materials and supplies	90,115	16,994	107,109
Maintenance	213,699	60,812	274,511
Bridge security	300,465	-	300,465
Miscellaneous services	605,536	280,872	886,408
Depreciation and amortization	606,661	1,543,678	2,150,339
Total operating expenses	3,057,890	2,341,482	5,399,372
Operating income	9,636,148	712,229	10,348,377
Nonoperating revenues (expenses):			
Distribution of income to the City of Hidalgo	(3,428,995)	-	(3,428,995)
Interest income	1,591	870	2,461
Interest expense	-	(1,652,502)	(1,652,502)
Interest expense-Board advance relating to Series 2007 A Bonds and Start up fund	550,445	(550,445)	-
Total nonoperating (expenses) revenues	(2,876,959)	(2,202,077)	(5,079,036)
Income before transfers and contributions	6,759,189	(1,489,848)	5,269,341
Capital contributions	-	-	-
Transfers to the City of McAllen	(4,771,818)	-	(4,771,818)
Transfers to/from debt service Series "B" 2007 bonds	(947,075)	947,075	-
Changes in net position	1,040,296	(542,773)	497,523
Total net position at beginning of year (as restated for Anzalduas International Crossing)	31,014,211	(155,891)	30,858,320
Total net position at end of year	\$ 32,054,507	\$ (698,664)	\$ 31,355,843

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Cash Flows**  
**Years Ended September 30, 2014**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 12,570,459	\$ 3,053,711	\$ 15,624,170
Payments to employees	(1,193,722)	(419,280)	(1,613,002)
Payments to suppliers	(1,313,010)	(372,659)	(1,685,669)
Net cash provided by operating activities	10,063,727	2,261,772	12,325,499
<b>Cash Flows From Noncapital Financing Activities</b>			
Distribution of income to the City of Hidalgo	(3,274,664)	-	(3,274,664)
Operating transfers to the City of McAllen	(4,772,634)	-	(4,772,634)
Transfer to/from McAllen International Toll Bridge-Board B	(947,075)	947,075	-
Net cash provided (used) by noncapital financing activities	(8,994,373)	947,075	(8,047,298)
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	-	-	-
Acquisition and construction of capital assets	(179,383)	(55,817)	(235,200)
Principal paid on long-term debt	-	(1,200,000)	(1,200,000)
Interest paid	-	(1,686,895)	(1,686,895)
Net cash used by capital and related financing activities	(179,383)	(2,942,712)	(3,122,095)
<b>Cash Flows From Investing Activities</b>			
Receipt of interest	1,591	870	2,461
Proceeds from sales and maturities of investments	17,035,233	3,509,890	20,545,123
Purchase of investments	(17,883,189)	(3,804,977)	(21,688,166)
Net cash used by investing activities	(846,365)	(294,217)	(1,140,582)
Net increase (decrease) in cash	43,606	(28,082)	15,524
Cash at beginning of year	488,472	131,348	619,820
Cash at end of year	\$ 532,078	\$ 103,266	\$ 635,344

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Cash Flows**  
**Years Ended September 30, 2014**

(Continued)

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>			
Unrestricted cash	\$ 476,144	\$ 84,066	\$ 560,210
Restricted cash	55,934	19,200	75,134
	<u>\$ 532,078</u>	<u>\$ 103,266</u>	<u>\$ 635,344</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
	<u>\$ 9,636,148</u>	<u>\$ 712,229</u>	<u>\$ 10,348,377</u>
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	606,661	1,543,678	2,150,339
Changes in assets and liabilities:			
Accounts receivable	(152,470)	-	(152,470)
Accounts payable	(52,823)	(1,981)	(54,804)
Other payables	5,062	-	5,062
Compensated absences	(7,741)	7,846	105
Unearned revenue	28,890	-	28,890
	<u>427,579</u>	<u>1,549,543</u>	<u>1,977,122</u>
Total adjustments			
	<u>\$ 10,063,727</u>	<u>\$ 2,261,772</u>	<u>\$ 12,325,499</u>

**Anzalduas International Crossing**  
**Schedule of Vehicle and Passenger Traffic**  
(Unaudited)

		Year Ended September 30,				
		2010	2011	2012	2013	2014
Vehicular traffic southbound:						
Cars		705,035	846,077	858,488	933,694	950,143
Trucks		768	742	732	960	859
Buses		1,746	3,355	3,878	4,417	1,922
Total vehicles	(1)	<u>707,549</u>	<u>850,174</u>	<u>863,098</u>	<u>939,071</u>	<u>952,924</u>
Passenger traffic southbound:						
Passengers in cars	(2)	1,762,588	2,115,193	2,146,220	2,334,235	2,375,358
Passengers and drivers -- buses	(2)	<u>50,634</u>	<u>97,295</u>	<u>112,462</u>	<u>128,093</u>	<u>55,738</u>
Total persons		<u>1,813,222</u>	<u>2,212,488</u>	<u>2,258,682</u>	<u>2,462,328</u>	<u>2,431,096</u>

(1) Source: Anzalduas International Crossing Traffic Count Report.

(2) Calculation based on historical average of 2.5  
as per Hidalgo bridge crossings.

**Anzalduas International Crossing**  
**Schedule of Car and Truck Traffic Revenue**  
(Unaudited)

	Year Ended September 30,				
	2010	2011	2012	2013	2014
Southbound traffic:					
Cars	705,035	846,077	858,488	933,694	950,143
Trucks	768	742	732	960	859
Total car and truck traffic	<u>705,803</u>	<u>846,819</u>	<u>859,220</u>	<u>934,654</u>	<u>951,002</u>
Truck traffic percentage	0.11%	0.09%	0.09%	0.10%	0.09%
Car and truck revenue:					
Cars	\$ 1,684,515	\$ 2,249,809	\$ 2,537,957	\$ 2,795,401	\$ 2,964,866
Trucks	5,732	5,194	5,221	6,720	6,013
Total car and truck revenue	<u>\$ 1,690,247</u>	<u>\$ 2,255,003</u>	<u>\$ 2,543,178</u>	<u>\$ 2,802,121</u>	<u>\$ 2,970,879</u>
Truck revenue percentage	0.34%	0.23%	0.21%	0.24%	0.20%
Average revenue per car	\$ 2.39	\$ 2.66	\$ 2.96	\$ 2.99	\$ 3.12
Average revenue per truck	\$ 7.46	\$ 7.00	\$ 7.13	\$ 7.00	\$ 7.00

**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2014**  
**(Unaudited)**

**Anzalduas Special & Startup Fund:**

Balance at September 30, 2013	Additions Advances	Implied Interest	Balance at September 30, 2014
<u>\$ 10,911,680</u>	<u>\$ -</u>	<u>\$ 528,598</u>	<u>\$ 11,440,278</u>

**Board advance "A" to Anzalduas International Crossing:**

Balance at September 30, 2013	Additions Advances	Implied Interest	Balance at September 30, 2014
<u>\$ 4,359,343</u>	<u>\$ -</u>	<u>\$ 21,847</u>	<u>\$ 4,381,190</u>

**Combined totals of advances to Anzalduas International Crossing:**

Balance at September 30, 2013	Additions Advances	Implied Interest	Balance at September 30, 2014
<u>\$ 15,271,023</u>	<u>\$ -</u>	<u>\$ 550,445</u>	<u>\$ 15,821,468</u>

**Distribution of Advances:**

City of McAllen- Share @ 64%	\$ 9,773,455	\$ -	\$ 352,285	\$ 10,125,740
City of Hidalgo- Share @ 36%	<u>5,497,568</u>	<u>-</u>	<u>198,160</u>	<u>5,695,728</u>
	<u>\$ 15,271,023</u>	<u>\$ -</u>	<u>\$ 550,445</u>	<u>\$ 15,821,468</u>

**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2014**  
**(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>Balance</u>
10/1/2013 Opening balance					\$ 10,911,680
10/31/2013	4.74%	31	-	43,928	10,955,608
11/30/2013	4.74%	30	-	42,682	10,998,290
12/31/2013	4.74%	31	-	44,276	11,042,566
1/31/2014	4.74%	31	-	44,455	11,087,021
2/28/2014	4.74%	28	-	40,314	11,127,335
3/31/2014	4.74%	31	-	44,796	11,172,131
4/30/2014	4.74%	30	-	43,525	11,215,656
5/31/2014	4.74%	31	-	45,151	11,260,808
6/30/2014	4.74%	30	-	43,871	11,304,679
7/31/2014	4.74%	31	-	45,510	11,350,188
8/31/2014	4.74%	31	-	45,693	11,395,881
9/30/2014	4.74%	30	-	44,397	11,440,278



**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2014**  
**(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>Balance</u>
Opening balance					\$ 4,359,343
10/01/13			-	-	4,359,343
10/31/13	0.500%	31		1,851	4,361,193
11/01/13			-	-	4,361,193
11/30/13	0.500%	30		1,792	4,362,985
12/01/13			-	-	4,362,985
12/31/13	0.500%	31		1,853	4,364,838
01/01/14			-	-	4,364,838
01/31/14	0.500%	31		1,854	4,366,692
02/01/14			-	-	4,366,692
02/28/14	0.500%	28		1,675	4,368,367
03/01/14			-	-	4,368,367
03/31/14	0.500%	31		1,855	4,370,222
04/01/14			-	-	4,370,222
04/30/14	0.500%	30		1,796	4,372,018
05/01/14			-	-	4,372,018
05/31/14	0.500%	31		1,857	4,373,874
06/01/14			-	-	4,373,874
06/30/14	0.500%	30		1,797	4,375,672
07/01/14			-	-	4,375,672
07/31/14	0.500%	31		1,858	4,377,530
08/01/14			-	-	4,377,530
08/31/14	0.500%	31		1,859	4,379,389
09/01/14			-	-	4,379,389
09/30/14	0.500%	30		1,800	4,381,190

**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2014**  
**(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>Balance</u>
			<u>Total</u>	<u>Applicable to Mission</u>		
Opening balance						\$ 1,584,762
10/01/13			78,975	27,112	-	1,611,874
10/31/13	0.50%	31	-	-	684	1,612,559
11/01/13			78,975	27,112	-	1,639,671
11/30/13	0.50%	30	-	-	674	1,640,345
12/01/13			78,975	27,112	-	1,667,457
12/31/13	0.50%	31	-	-	708	1,668,165
01/01/14			78,975	27,112	-	1,695,277
01/31/14	0.50%	31	-	-	720	1,695,998
02/01/14			78,975	27,112	-	1,723,110
02/28/14	0.50%	28	-	-	661	1,723,771
03/01/14			78,809	27,055	-	1,750,826
03/31/14	0.50%	31	-	-	745	1,751,569
04/01/14			78,809	27,055	-	1,778,624
04/30/14	0.50%	30	-	-	731	1,779,355
05/01/14			78,809	27,055	-	1,806,411
05/31/14	0.50%	31	-	-	767	1,807,178
06/01/14			78,809	27,055	-	1,834,233
06/30/14	0.50%	30	-	-	754	1,834,987
07/01/14			78,809	27,055	-	1,862,042
07/31/14	0.50%	31	-	-	791	1,862,832
08/01/14			79,347	27,240	-	1,890,071
08/31/14	0.50%	31	-	-	803	1,890,875
09/01/14			78,809	27,055	-	1,917,930
09/30/14	0.50%	30	-	-	788	1,918,717

**Anzalduas International Crossing**  
**Schedule of Insurance Coverage**  
**Year Ended September 30, 2014**  
**(Unaudited)**

<u>Property</u>	<u>Insurance Company</u>	<u>Period of Coverage</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Bridge and surrounding area	Texas Municipal League	10/01/13 to 09/30/14	Fire and extended coverage and physical damage and business (\$10,000 deductible except \$25,000 flood and earthquake)	\$ 31,261,076
Bridge and surrounding area	Texas Municipal League	10/01/13 to 09/30/14	Bridge use, occupancy, and business interruptions (\$10,000 deductible, except \$25,000 flood and earthquake)	\$ 28,436,076
Workers' compensation	1-2-1 Claims Inc.	10/01/13 to 09/30/14	Employer's liability - job-related injuries	Statutory
Workers' compensation excess	Star Insurance Co.	10/01/13 to 09/30/14	Aggregate excess and specific (\$400,000 per occurrence)	Statutory
General liability	Texas Municipal League	10/01/13 to 09/30/14	General: (\$10,000 deductible) Bodily injury and property damage	\$ 2,000,000
Errors and omissions liability	Texas Municipal League	10/01/13 to 09/30/14	Each wrongful act (\$25,000 deductible)	\$ 4,000,000
<u>Crime section:</u>				
Employee dishonesty	Texas Municipal League	10/01/13 to 09/30/14	Limit of coverage (\$5,000 deductible)	\$ 1,000,000
Forgery or alteration	Texas Municipal League	10/01/13 to 09/30/14	Limit of coverage (\$1,000 deductible)	\$ 50,000
Theft, disappearance and destruction	Texas Municipal League	10/01/13 to 09/30/14	Limit of coverage (\$1,000 deductible)	\$ 50,000
Computer fraud	Texas Municipal League	10/01/13 to 09/30/14	Limit of coverage (\$5,000 deductible)	\$ 1,000,000

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# Grant Thornton

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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Board of Trustees  
Anzalduas International Crossing

We have audited, 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, the financial statements of Anzalduas International Crossing (the "Anzalduas Bridge"), which comprise the statement of net position as of September 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2015.

### Internal control over financial reporting

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

**Intended purpose**

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 Anzalduas Bridge'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 Anzalduas Bridge's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

Houston, Texas  
January 28, 2015