



Anzalduas International Crossing

**Financial Statements
And Report of Independent Certified Public Accountants
September 30, 2022 and 2021**



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Independent Auditor's Report

To the Board of Trustees
Anzalduas International Crossing

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Anzalduas International Crossing (the Bridge) as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Anzalduas International Crossing, as of September 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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, 2022 and 2021, 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.

The Board of Trustees
Anzalduas International Crossing

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.

Supplementary 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, Combining Schedule of Net Position (except the McAllen International Toll Bridge information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the McAllen International Toll Bridge information), and Combining Schedule of Cash Flows (except the McAllen International Toll Bridge 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, Combining Schedule of Net Position (except the McAllen International Toll Bridge information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the McAllen International Toll Bridge information), and Combining Schedule of Cash Flows (except the McAllen International Toll Bridge 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 from McAllen International Toll Bridge Fund, 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.

The Board of Trustees
Anzalduas International Crossing

We have also audited the financial statements of McAllen International Toll Bridge as of and for the years ended September 30, 2022 and 2021, and have issued our report thereon dated March 10, 2023 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, 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
March 10, 2023

Management's Discussion and Analysis (Unaudited)

September 30, 2022

This discussion and analysis is intended to provide an overview of the Anzalduas International Crossing's (Anzalduas Bridge) financial performance for the fiscal years ending September 30, 2022 and 2021 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.

OPERATIONAL HIGHLIGHTS

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, operating income amounted to \$2.53M. Net position for FY 2022 increased by \$1.3M, resulting in a deficit ending net position of \$0.79M.

The southbound car crossings at Anzalduas increased by 57.50% from last year's crossing, while bus crossings increased by 61.91% from last year. In August 2016, the Anzalduas Bridge began accepting the southbound crossings of trucks with empty cargo. For FY 2022, empty truck traffic increased by 10.83% from FY 2021. The table below reflects the activities for southbound traffic.

For more information in regards of the average revenue per vehicle, refer to Supplemental Information pg 32-49.

Category	FY 2022	FY 2021	Increase (Decrease)	% Increase (Decrease)
Cars	1,141,646	724,838	416,808	57.50%
Trucks - empties	30,564	27,577	2,987	10.83%
Buses	1,917	1,184	733	61.91%
Passengers in cars	2,854,115	1,812,095	1,042,020	57.50%

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, 2022 as well as the previous fiscal year.

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 Anzalduas Bridge and provides information about the nature of the resources and obligations to creditors. The Anzalduas 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 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 provides comparative information for the previous fiscal year. The statement illustrates the Anzalduas 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.

Management's Discussion and Analysis (Unaudited)

September 30, 2022

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, 2022, net position amounted to a deficit of \$0.79M. Total liabilities, which consist of current, restricted, and long-term liabilities, increased by \$62.08M when comparing FY 2021 to FY 2022.

A summary of the Anzalduas Bridge's condensed Statement of Net Position Information as of September 30 is presented below:

Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS:			
Current assets	\$ 4,324,216	\$ 2,730,532	\$ 2,266,182
Noncurrent restricted assets	65,820,142	2,754,407	5,917,400
Net capital assets	<u>36,400,307</u>	<u>37,647,809</u>	<u>39,014,815</u>
 Total assets	 <u>106,544,665</u>	 <u>43,132,748</u>	 <u>47,198,397</u>
 Deferred outflows of resources	 <u>20,620</u>	 <u>21,872</u>	 <u>24,055</u>
 Total assets and deferred outflows of resources	 <u><u>106,565,285</u></u>	 <u><u>43,154,620</u></u>	 <u><u>47,222,452</u></u>
 LIABILITIES:			
Current liabilities	2,443,062	2,124,526	2,152,865
Other noncurrent liabilities	<u>104,594,128</u>	<u>42,834,353</u>	<u>46,598,831</u>
 Total liabilities	 <u>107,037,190</u>	 <u>44,958,879</u>	 <u>48,751,696</u>
 Deferred inflows of resources	 <u>321,368</u>	 <u>293,373</u>	 <u>317,722</u>
 Total liabilities and deferred inflows of resources	 <u><u>107,358,558</u></u>	 <u><u>45,252,252</u></u>	 <u><u>49,069,418</u></u>
 NET POSITION:			
Net investment in capital assets	13,903,079	13,240,604	12,750,544
Restricted for:			
Capital projects	1,702,189	1,286,740	860,413
Debt service	1,550,273	1,502,646	1,425,199
Distribution of net surplus revenues	-	-	491,253
Unrestricted	<u>(17,948,814)</u>	<u>(18,127,622)</u>	<u>(17,374,375)</u>
 Total net position	 <u><u>\$ (793,273)</u></u>	 <u><u>\$ (2,097,632)</u></u>	 <u><u>\$ (1,846,966)</u></u>

Management's Discussion and Analysis (Unaudited)

September 30, 2022

Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides additional information on the changes in the Anzalduas Bridge fund and is presented below as of September 30.

Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021	2020
Operating revenues:			
Charges for services	\$ 4,559,048	\$ 3,064,295	\$ 2,898,204
Rentals	11,677	12,735	12,205
Other	218,380	58,651	70,475
Total operating revenues	<u>4,789,105</u>	<u>3,135,681</u>	<u>2,980,884</u>
Operating expenses:			
Salaries, wages, and employee benefits	336,474	350,279	362,382
Supplies	19,286	10,437	14,379
Contractual and other services	425,827	3,487,293	337,270
Repairs and maintenance	22,384	34,256	60,631
Depreciation and amortization	1,450,778	1,429,963	1,476,747
Total operating expenses	<u>2,254,749</u>	<u>5,312,228</u>	<u>2,251,410</u>
Operating income (loss)	<u>2,534,356</u>	<u>(2,176,547)</u>	<u>729,474</u>
Nonoperating revenues (expenses):			
Investment earnings	43,288	14,656	64,051
Net increase (decrease) in fair value of investments	(13,038)	-	-
Interest expense	(965,178)	(975,858)	(1,026,825)
Interest on board advances	(794,704)	(758,926)	(726,727)
Bond related charges-issuance cost	(243,124)	262,068	263,608
Gain (loss) on sale of capital assets	-	-	(7,000)
Intergovernmental	435	-	-
Other	(106,003)	(95,065)	(17,431)
Total nonoperating expenses, net	<u>(2,078,324)</u>	<u>(1,553,125)</u>	<u>(1,450,324)</u>
Income (loss) before contributions and transfers	456,032	(3,729,672)	(720,850)
Capital contributions	-	2,635,200	-
Transfers in	850,792	846,642	842,725
Transfers out	(2,465)	(2,836)	(12,108)
Changes in net position	1,304,359	(250,666)	109,767
Total net position at beginning of year	<u>(2,097,632)</u>	<u>(1,846,966)</u>	<u>(1,956,733)</u>
Total net position at end of year	<u>\$ (793,273)</u>	<u>\$ (2,097,632)</u>	<u>\$ (1,846,966)</u>

Management's Discussion and Analysis (Unaudited)

September 30, 2022

TOLL RATES

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

Category	FY 2022	FY 2021
Cars	\$3.50	\$3.50
Trucks (Depending on # of Axles)	\$10.25 - \$23.00	\$10.25 - \$23.00
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 forecast for toll revenues was estimated at \$3.02M. Actual toll revenues came in at \$4.6M, which included southbound commercial truck tolls of \$530K. Rental income remained steady at \$11.7K for FY 2022 due to agreements with RBT and UETA. Other operating income increased by \$159K as a result of gains over the Mexican Peso and a grant from the North American Development Bank (NADBank). Investment income increased by \$28.6K in FY 2022 as compared to the previous year. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$850.8K, creating a difference of \$4K when compared to FY 2021. This transfer supported debt service requirements of Refunding Series 2017B bonds.

EXPENSES

In FY 2022, operating expenses came in at \$2.3M including depreciation and amortization in the amount of \$1.5M. In FY 2021, operating expenses were \$5.3M including depreciation and amortization in the amount of \$1.4M. The decrease was due to project expenses related to the northbound passenger inspection station in the prior fiscal year. Nonoperating expenses remained relatively flat.

CAPITAL ASSETS AND DEBT ADMINISTRATION*Capital Assets*

Total capital assets net of depreciation at September 30, 2022 were reported at \$36.4M. At September 30, 2021, total capital assets net of depreciation were reported at \$37.6M. The decrease of \$1.2M in net capital assets over the previous year is a result of an increase in accumulated depreciation.

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

Management's Discussion and Analysis (Unaudited)

September 30, 2022

The table below reflects capital assets for the Anzalduas Bridge:

	FY 2022	FY 2021	FY 2020
Land	\$ 2,922,772	\$ 2,922,772	\$ 2,922,772
Buildings and systems	10,429,987	10,429,987	10,429,987
Improvements other than buildings	41,187,040	40,729,289	40,513,317
Machinery and equipment	1,053,075	1,053,075	1,041,609
Construction in progress	<u>84,176</u>	<u>338,651</u>	<u>503,132</u>
Total capital assets	55,677,050	55,473,774	55,410,817
Less accumulated depreciation	<u>(19,276,743)</u>	<u>(18,430,456)</u>	<u>(16,396,002)</u>
Total capital assets, net	<u>\$ 36,400,307</u>	<u>\$ 37,043,318</u>	<u>\$ 39,014,815</u>

Debt

On September 30, 2022, the Anzalduas Bridge had \$83.9M in revenue bonds compared to \$22.5M for the previous fiscal year. During the current fiscal year, the Anzalduas Bridge issued revenue bonds in the amount of \$63M in relation to the construction of commercial vehicle inspection facilities at the Anzalduas Bridge to support the processing of commercial vehicles. These bonds have a rating of "A" from FitchRatings as well as Standard & Poors. The Anzalduas Bridge previously issued bonds in 2007 of which the proceeds, as well as other sources of funding, were used to construct the bridge structure, including all related infrastructure and facilities.

For more detailed information on debt activity, refer to Note 5 – Revenue Bonds Payable and Long-Term Liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the fiscal year 2023 budget process, the elected and appointed officials considered many factors affecting bridge crossings including the uncertainty surrounding COVID-19. As a result, Bridge management prepared the annual budget conservatively. Budgeted revenues and expenses remained flat and there was no increase to toll rates.

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 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, 1300 W Houston, McAllen, TX 78501.

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BASIC FINANCIAL STATEMENTS

Statements of Net Position
September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 39,565	\$ 140,274
Investments	4,088,035	2,400,651
Receivables, net:		
Accounts	87,645	-
Due from other governments	11,277	58,400
Restricted assets:		
Cash and cash equivalents	97,694	131,207
Total current assets	4,324,216	2,730,532
Noncurrent assets:		
Restricted assets:		
Investments	64,783,707	2,754,407
Accrued interest	1,485	-
Other	996,577	-
Total noncurrent restricted assets	65,781,769	2,754,407
Net pension asset	38,373	-
Capital assets:		
Land	2,922,772	2,922,772
Buildings and systems	10,429,987	10,429,987
Improvements other than buildings	41,187,040	40,729,289
Machinery and equipment	1,053,075	1,053,075
Construction in progress	84,176	338,651
Less accumulated depreciation and amortization	(19,276,743)	(17,825,965)
Total capital assets (net of accumulated depreciation and amortization)	36,400,307	37,647,809
Total noncurrent assets	102,220,449	40,402,216
Total assets	106,544,665	43,132,748
Deferred outflows of resources		
Pension related	20,620	21,872
Total deferred outflows of resources	20,620	21,872
Total assets and deferred outflows of resources	\$ 106,565,285	\$ 43,154,620

The accompanying notes are an integral part of these statements

Statements of Net Position
September 30, 2022 and 2021
(Continued)

	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 122,407	\$ 29,645
Accrued expenses	358,396	200,023
Compensated absences	15,538	9,452
Current portion of revenue bonds	1,946,721	1,885,406
Total current liabilities	2,443,062	2,124,526
Other noncurrent liabilities:		
Revenue bonds, net of current portion	83,317,088	22,263,809
Compensated absences	9,562	12,209
Board advances	21,267,478	20,472,774
Net pension liability	-	85,561
Total other noncurrent liabilities	104,594,128	42,834,353
Total liabilities	107,037,190	44,958,879
Deferred inflows of resources		
Refunding related	233,419	257,989
Pension related	87,949	35,384
Total deferred inflows of resources	321,368	293,373
Total liabilities and deferred inflows of resources	107,358,558	45,252,252
NET POSITION		
Net investments in capital assets	13,903,079	13,240,604
Restricted for:		
Capital projects	1,702,189	1,286,740
Debt service	1,550,273	1,502,646
Unrestricted	(17,948,814)	(18,127,622)
Total net position	(793,273)	(2,097,632)
Total liabilities, deferred inflows of resources and net position	\$ 106,565,285	\$ 43,154,620

The accompanying notes are an integral part of these statements

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Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2022 and 2021

	2022	2021
Operating revenues:		
Charges for services	\$ 4,559,048	\$ 3,064,295
Rentals	11,677	12,735
Other	218,380	58,651
Total operating revenues	4,789,105	3,135,681
Operating expenses:		
Salaries, wages and employee benefits	336,474	350,279
Supplies	19,286	10,437
Contractual and other services	425,827	3,487,293
Repairs and maintenance	22,384	34,256
Depreciation and amortization	1,450,778	1,429,963
Total operating expenses	2,254,749	5,312,228
Operating income (loss)	2,534,356	(2,176,547)
Nonoperating revenues (expenses)		
Investment earnings	43,288	14,656
Net increase (decrease) in fair value of investments	(13,038)	-
Interest expense	(965,178)	(975,858)
Interest on board advances	(794,704)	(758,926)
Bond related charges--issuance cost	(243,124)	262,068
Intergovernmental	435	-
Other	(106,003)	(95,065)
Net nonoperating expenses	(2,078,324)	(1,553,125)
Income (loss) before contributions and transfers	456,032	(3,729,672)
Capital contributions	-	2,635,200
Transfers in	850,792	846,642
Transfers out	(2,465)	(2,836)
Change in net position	1,304,359	(250,666)
Total net position-beginning	(2,097,632)	(1,846,966)
Total net position-ending	\$ (793,273)	\$ (2,097,632)

The accompanying notes are an integral part of these statements

Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Receipts from customers	\$ 4,701,460	\$ 3,135,681
Payments to employees	(399,564)	(346,034)
Payments to suppliers	(1,353,595)	(582,168)
	2,948,301	2,207,479
Cash Flows From Noncapital Financing Activities		
Transfers from other funds	850,792	846,642
Transfers to other funds	(2,465)	(2,836)
Subsidy from federal grant	47,558	325,371
Distribution of income to SCT	(9,738)	-
	886,147	1,169,177
Cash Flows From Capital and Related Financing Activities		
Purchases of capital assets	(203,276)	(62,957)
Bond issuance cost	(503,100)	-
Proceeds from bond issuance	63,000,000	-
Principal repayments-bonds and notes	(1,650,000)	(1,595,000)
Interest paid	(924,375)	(980,175)
	59,719,249	(2,638,132)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	57,208,293	5,781,493
Purchase of investments	(120,924,977)	(6,694,907)
Net decrease in fair value of investments	(13,038)	-
Receipt of interest	41,803	14,727
	(63,687,919)	(898,687)
Net change in cash	(134,222)	(160,163)
Cash at beginning of year	271,481	431,644
Cash at end of year	\$ 137,259	\$ 271,481

The accompanying notes are an integral part of these statements

Statements of Cash Flows
Years Ended September 30, 2022 and 2021
(Continued)

	2022	2021
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ 2,534,356	\$ (2,176,547)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,450,778	1,429,963
(Increase) decrease in deferred contributions	(996,577)	3,126,452
(Increase) decrease in deferred outflows of resources - pension	1,252	2,183
Increase (decrease) in deferred inflows of resources - pension	52,565	222
(Increase) decrease in accounts receivable	(87,645)	0
Increase (decrease) in accounts payable	110,479	(176,634)
Increase (decrease) in compensated absences payable	3,439	15,142
Increase (decrease) in accrued liabilities	3,588	1,705
Increase (decrease) in net pension asset	(123,934)	(15,007)
	413,945	4,384,026
Net cash provided by operating activities	\$ 2,948,301	\$ 2,207,479
Reconciliation to statement of net position:		
Cash	\$ 39,565	\$ 140,274
Cash restricted	97,694	131,207
Total cash	\$ 137,259	\$ 271,481
Noncash investing, capital and financing activities:		
Decrease in fair value of investments	(13,038)	-

The accompanying notes are an integral part of these statements

NOTE 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 the 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 the 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"). Its financial statements are included in the basic financial statements of the City of McAllen as promulgated by requirements defining the reporting entity.

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, 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. 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 nonoperating 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 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 nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Deferred Contributions**

Deferred contributions include the construction of separate northbound and southbound commercial inspection stations which upon completion will be transferred to another government entity and expensed in the Statement of Revenues, Expenses, and Changes in Net Position.

Restricted Assets

Restricted cash and investments represent interest-bearing checking accounts and investments that are restricted for debt service and capital improvements. Per bond ordinance, a contingency fund was established and funded monthly until the fund reached \$500,000. As of September 30, 2022, the contingency fund has a balance of \$512,936. 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.

Capital Assets

Capital assets which include property, equipment and infrastructure are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are capitalized because they are used in operations to provide services. Capital assets are recorded at cost if purchased or constructed.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended September 30, 2022 was \$1.5M (\$1.4M in 2021).

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.

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 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, 2022, the Anzalduas Special and Start Up Fund advance payable to the Hidalgo Bridge amounts to \$16,707,401 (\$15,935,434 in 2021), of which the City of McAllen's portion is \$10,692,737 and the City of Hidalgo's portion is \$6,014,664. During this fiscal year, the balance was increased by accrued interest in the amount of \$771,967. No board advances were made during the year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Board Advances Payable 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, 2022 the board advances payable to the Hidalgo Bridge amounts to \$4,560,077 (\$4,537,340 in 2021), of which the City of McAllen's portion is \$2,918,449 and the City of Hidalgo's portion is \$1,641,628. During this fiscal year, the balance was increased by accrued interest of \$22,737. No board advances were made during the year.

Board Advance "B"

During this fiscal year, the Hidalgo Bridge also transferred \$850,792 (\$846,642 in 2021) to the Anzalduas Bridge in support of the Refunding Series 2017 B bond 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 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 Refunding Series 2017 A have been paid.

As of September 30, 2022 the board advance owed by the City of Mission to the City of McAllen amounts to \$4,465,134, increasing from \$4,151,465 for the year ended September 30, 2021. This board advance is recorded in the General fund of the City of McAllen.

Bond Premium

Bond premium is amortized using 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.

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.

NOTE 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, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds, fully collateralized repurchase agreements, as well as certificates of deposit. Investments are stated at fair value, cost, or amortized cost, as required under Governmental Accounting Standards Board Statement No. 72.

Investments*Fair Value Measurement*

The City 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.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments at fair value, as of September 30, 2022 were as follows:

Investments by fair value level	Carrying Value	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
United States government agency securities	\$ 52,861,295	\$ 52,861,295	\$ -	\$ 52,861,295	\$ -
Total investments by fair value level	\$ 52,861,295	\$ 52,861,295	\$ -	\$ 52,861,295	\$ -

There were no government security investments or certificates of deposit for the year ended September 30, 2021.

Investments in local government pools which are reported at amortized cost. These investments total \$16,010,447 and \$5,151,058 as of September 30, 2022 and September 30, 2021 respectively.

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 amortized cost.

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 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 one year, the Anzalduas Bridge reduces its risk to the rising interest rates.

Credit risk

As of September 30, 2022 and 2021, 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 investments 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, and full collateralized repurchase agreements.

Concentration of credit risk

The Anzalduas Bridge investment holdings at September 30, 2022 were confined to TexPool Prime. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2022 and September 30, 2021 are presented in the following tables:

	Balance at September 30, 2021	Additions	(Retirement)/ Transfer	Balance at September 30, 2022
Capital assets, not being depreciated				
Land	\$ 2,922,772	\$ -	\$ -	\$ 2,922,772
Construction in progress	338,651	4,128	(258,603)	84,176
Capital assets, being depreciated				
Buildings and systems	10,429,987	-	-	10,429,987
Improvements other than buildings	40,729,289	199,148	258,603	41,187,040
Machinery and equipment	1,053,075	-	-	1,053,075
Total capital assets	55,473,774	203,276	-	55,677,050
Less accumulated depreciation	(17,825,965)	(1,450,778)	-	(19,276,743)
Net capital assets	<u>\$ 37,647,809</u>	<u>\$ (1,247,502)</u>	<u>\$ -</u>	<u>\$ 36,400,307</u>
	Balance at September 30, 2021	Additions	(Retirement)/ Transfer	Balance at September 30, 2022
Capital assets, not being depreciated				
Land	\$ 2,922,772	\$ -	\$ -	\$ 2,922,772
Construction in progress	503,132	-	(164,481)	338,651
Capital assets, being depreciated				
Buildings and systems	10,429,987	-	-	10,429,987
Improvements other than buildings	40,513,317	51,491	164,481	40,729,289
Machinery and equipment	1,041,609	11,466	-	1,053,075
Total capital assets	55,410,817	62,957	-	55,473,774
Less accumulated depreciation	(16,396,002)	(1,429,963)	-	(17,825,965)
Net capital assets	<u>\$ 39,014,815</u>	<u>\$ (1,367,006)</u>	<u>\$ -</u>	<u>\$ 37,647,809</u>

NOTE 4 - SOUTHBOUND COMMERCIAL AGREEMENT

On August 27, 2015, the Anzalduas International Bridge Board (“ABB”) and the Mexico Federal Agency La Secretaria de Comunicaciones y Transportes de los Estados Unidos Mexicanos (“SCT”) agreed to improve the infrastructure and operation of the Anzalduas Bridge to allow the crossings of southbound commercial empty truck traffic. The ABB agreed to finance the construction of one additional lane and equipment on the Mexico side of the Anzalduas Bridge, which would be provided by funds from the Anzalduas Capital Improvement fund. The ABB and the SCT agreed that after the initial operation of the installations, 100% of the toll revenue generated from southbound empties will be used to reimburse the cost of the project to the Anzalduas Bridge. Presently, the Anzalduas International Bridge is responsible for collecting and accounting for the toll revenue. For the fiscal year ended September 30, 2022, the Anzalduas Bridge recorded \$530,015 for southbound commercial truck traffic tolls. The total cost of construction in the amount of \$1,030,865 has been reimbursed to ABB as of July 31, 2020.

The ABB and SCT agreed that future toll revenues generated on the U.S. side for crossings of southbound empty truck traffic, after expenses of operation, maintenance, administrative, and fiscal responsibility, will be divided 80% to Anzalduas Bridge and 20% to the SCT. For the year ending September 30, 2022, a total of \$208,761 is due to the SCT.

The division of toll revenues for southbound empty traffic will continue with no changes until the ABB completes the construction of one lane and equipment on the United States side of the Anzalduas Bridge for the crossing and operation of northbound commercial empty truck traffic. After the initial opening of the northbound commercial facility for empty trucks, then each party will receive 100% of their own tolls.

NOTE 5 - REVENUE BONDS PAYABLE AND LONG-TERM LIABILITIES

Long-term liability activities for the year ended September 30, 2022 and September 30, 2021 are reflected as follows:

	Balance at September 30, 2021	Additions and Net Increases	Retirements and Net (Decreases)	Balance at September 30, 2022	Amounts Due Within One Year
Revenue bonds payable	\$ 22,525,000	\$ 63,000,000	\$ (1,650,000)	\$ 83,875,000	\$ 1,720,000
Unamortized bond premium	1,624,215	-	(235,406)	1,388,809	226,721
Net pension liability (asset)	85,561	-	(123,934)	(38,373)	-
Compensated absences	21,661	12,891	(9,452)	25,100	15,538
	<u>\$ 24,256,437</u>	<u>\$ 63,012,891</u>	<u>\$ (2,018,792)</u>	<u>\$ 85,250,536</u>	<u>\$ 1,962,259</u>
	Balance at September 30, 2020	Additions and Net Increases	Retirements and Net (Decreases)	Balance at September 30, 2021	Amounts Due Within One Year
Revenue bonds payable	\$ 24,120,000	\$ -	\$ (1,595,000)	\$ 22,525,000	\$ 1,650,000
Unamortized bond premium	1,861,712	-	(237,497)	1,624,215	235,406
Net pension liability	100,568	-	(15,007)	85,561	-
Compensated absences	6,519	25,094	(9,952)	21,661	9,452
	<u>\$ 26,088,799</u>	<u>\$ 25,094</u>	<u>\$ (1,857,456)</u>	<u>\$ 24,256,437</u>	<u>\$ 1,894,858</u>

NOTE 5 - REVENUE BONDS PAYABLE AND LONG-TERM LIABILITIES (CONTINUED)

The aggregate maturities of revenue bonds payable as of September 30, 2022, including interest payments, are as follows:

Year Ending	Interest Rate	Principal	Interest	Total
2023	5.00%	\$ 1,720,000	\$ 3,053,713	\$ 2,577,275
2024	5.00%	1,790,000	3,117,431	2,574,931
2025	5.00%	3,175,000	3,019,788	2,571,063
2026	5.00%	3,300,000	2,893,350	2,573,000
2027	5.00%	3,435,000	2,760,594	12,869,951
2028-2032	5.00%	19,430,000	11,551,907	2,571,687
2033-2037	5.00%	9,460,000	8,645,213	18,105,213
2038-2042	5.00%	11,375,000	6,731,325	18,106,325
2043-2047	5.00%	13,690,000	4,411,613	18,101,613
2048-2052	5.00%	16,500,000	1,596,338	18,096,338
		<u>\$ 83,875,000</u>	<u>\$ 47,781,272</u>	<u>\$ 98,147,396</u>

NOTE 6 - DEFICIT UNRESTRICTED NET POSITION

The unrestricted portion of net position reflects a deficit in the amount of \$17,948,814, as a result of advances payable to the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. Anzalduas Bridge's management does not believe the Hidalgo Bridge Board of trustees has current intention of calling these advances, which will be repaid once the fund is able.

NOTE 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 Annual Comprehensive 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.

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

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

	Plan Year 2021	Plan Year 2020
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

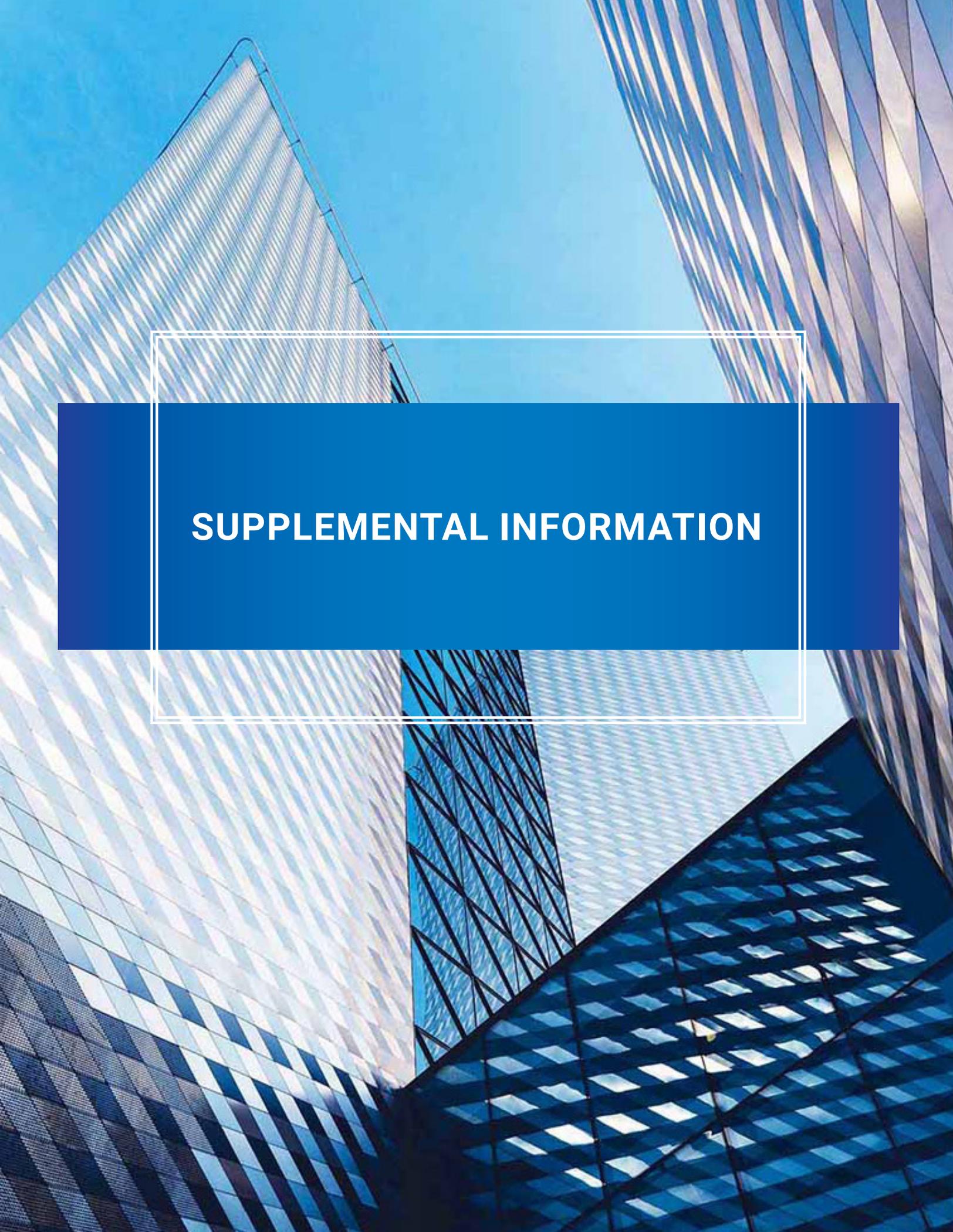
NOTE 7 - RETIREMENT PLAN (CONTINUED)

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 Annual Comprehensive Financial Report. Included in the financial statements are the Anzalduas Bridge's allocable share of net pension asset of \$38,373, deferred outflow of resources, \$20,620, and deferred inflows of resources, \$87,949.

NOTE 8 - 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 Annual Comprehensive Financial Report. The City instituted an internal service fund to account for health benefits related to current and future retirees. The Anzalduas Bridge has five full time employees. For the current year, the fund contributed \$3,690 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

**Schedule of Income Distribution
Last Ten Years**

	Year Ended September 30,		
	2013	2014	2015
Revenues	\$ 2,892,328	\$ 3,054,289	\$ 3,220,899
Maintenance, operation expenses, and capital assets purchase	760,403	797,804	816,588
Net Revenues	2,131,925	2,256,485	2,404,311
Less:			
Bond Requirements:			
Transfer to Debt Service Fund - Series 2007 "A" (\$26M Issue)	1,962,319	1,964,736	1,965,137
Less: Amount Provided by Board Advance from McAllen Intl Bridge Fund	-	-	-
Net Transfer Provided by Anzalduas Intl Crossing Revenues for Debt Service	1,962,319	1,964,736	1,965,137
Transfer to Contingency Fund	45,000	45,000	45,000
Transfer to Capital Improvement Fund	232,326	235,426	240,910
Balance Available After Bond Requirements	(107,720)	11,323	153,264
Repayment of Advances from McAllen International Toll Bridge			
"Anzalduas Special and Start-Up Advancement Fund" (\$6M Limit) (1)	-	-	-
"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	107,720	(11,323)	(153,264)
Unallocated Balance of Surplus Net Revenue Attributable to Cities	\$ -	\$ -	\$ -

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

Year Ended September 30,

	2016	2017	2018	2019	2020	2021	2022
\$	3,687,962	\$ 3,723,945	\$ 3,588,201	\$ 3,889,920	\$ 3,034,273	\$ 3,148,904	\$ 4,828,030
	1,940,489	873,718	1,618,094	853,113	774,663	3,882,265	803,971
	1,747,473	2,850,227	1,970,107	3,036,807	2,259,610	(733,361)	4,024,059
	1,963,782	2,044,158	1,754,715	1,755,092	1,755,583	1,755,700	1,759,133
	-	-	-	-	-	-	-
	1,963,782	2,044,158	1,754,715	1,755,092	1,755,583	1,755,700	1,759,133
	45,000	45,000	45,000	45,000	45,000	45,000	7,500
	443,237	642,950	753,715	773,217	603,165	354,814	563,446
	(704,546)	118,119	(583,323)	463,498	(144,138)	(2,888,875)	1,693,980
	-	-	-	-	-	-	-
	704,546	(118,119)	583,323	(463,498)	144,138	2,888,875	(1,693,980)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Combining Schedule of Net Position
September 30, 2022**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
ASSETS			
Current assets:			
Cash	\$ 170,325	\$ 39,565	\$ 209,890
Investments	3,163,118	4,088,035	7,251,153
Accounts	-	87,645	87,645
Accrued interest	1,206	-	1,206
Lease receivable - current	1,863,684	-	1,863,684
Other	60	-	60
Due from other governments	20,092	11,277	31,369
Cash and cash equivalents	<u>184,842</u>	<u>97,694</u>	<u>282,536</u>
Total current assets	<u>5,403,327</u>	<u>4,324,216</u>	<u>9,727,543</u>
Noncurrent assets:			
Restricted assets:			
Investments	8,146,898	64,783,707	72,930,605
Accrued interest	-	1,485	1,485
Other	-	996,577	996,577
Total noncurrent restricted assets	<u>8,146,898</u>	<u>65,781,769</u>	<u>73,928,667</u>
Net pension asset	149,653	38,373	188,026
Capital assets:			
Land	787,486	2,922,772	3,710,258
Buildings and systems	16,019,315	10,429,987	26,449,302
Improvements other than buildings	4,957,133	41,187,040	46,144,173
Machinery and equipment	3,952,762	1,053,075	5,005,837
Construction in progress	1,112,939	84,176	1,197,115
Less accumulated depreciation and amortization	<u>(17,871,765)</u>	<u>(19,276,743)</u>	<u>(37,148,508)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>8,957,870</u>	<u>36,400,307</u>	<u>45,358,177</u>
Other noncurrent assets:			
Lease receivable - noncurrent	2,767,667	-	2,767,667
Board advances	<u>21,267,478</u>	<u>-</u>	<u>21,267,478</u>
Total other noncurrent assets	<u>24,035,145</u>	<u>-</u>	<u>24,035,145</u>
Total noncurrent assets	<u>41,289,566</u>	<u>102,220,449</u>	<u>143,510,015</u>
Total assets	<u>46,692,893</u>	<u>106,544,665</u>	<u>153,237,558</u>
Deferred outflows of resources			
Pension related	<u>80,418</u>	<u>20,620</u>	<u>101,038</u>
Total deferred outflows of resources	<u>80,418</u>	<u>20,620</u>	<u>101,038</u>
Total assets and deferred outflows of resources	<u>\$ 46,773,311</u>	<u>\$ 106,565,285</u>	<u>\$ 153,338,596</u>

Combining Schedule of Net Position
September 30, 2022
(Continued)

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 66,667	\$ 122,407	\$ 189,074
Accrued expenses	43,435	358,396	401,831
Due to other funds	21,825	-	21,825
Due to other government agencies	799,160	-	799,160
Compensated absences	87,556	15,538	103,094
Current portion of revenue bonds	-	1,946,721	1,946,721
Current portion of capital lease	1,932	-	1,932
	<u>1,020,575</u>	<u>2,443,062</u>	<u>3,463,637</u>
Total current liabilities			
Other noncurrent liabilities:			
Revenue bonds, net of current portion	-	83,317,088	83,317,088
Compensated absences	82,811	9,562	92,373
Unearned revenues	213,255	-	213,255
Capital lease payable	6,153	-	6,153
Board advances	-	21,267,478	21,267,478
	<u>302,219</u>	<u>104,594,128</u>	<u>104,896,347</u>
Total other non current liabilities			
Total liabilities			
	<u>1,322,794</u>	<u>107,037,190</u>	<u>108,359,984</u>
Deferred inflows of resources			
Leases related	4,607,311	-	4,607,311
Refunding related	-	233,419	233,419
Pension related	343,000	87,949	430,949
	<u>4,950,311</u>	<u>321,368</u>	<u>5,271,679</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources			
	<u>6,273,105</u>	<u>107,358,558</u>	<u>113,631,663</u>
NET POSITION			
Net investments in capital assets	8,949,784	13,903,079	22,852,863
Restricted for:			
Capital projects	4,070,964	1,702,189	5,773,153
Debt service	542,994	1,550,273	2,093,267
Distribution of net surplus revenues	4,884,666	-	4,884,666
Unrestricted	22,051,798	(17,948,814)	4,102,984
	<u>40,500,206</u>	<u>(793,273)</u>	<u>39,706,933</u>
Total net position			
Total liabilities, deferred inflows of resources and net position			
	<u>\$ 46,773,311</u>	<u>\$ 106,565,285</u>	<u>\$ 153,338,596</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2022

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Operating revenues:			
Charges for services	\$ 10,361,157	\$ 4,559,048	\$ 14,920,205
Rentals	2,684,385	11,677	2,696,062
Other	207,846	218,380	426,226
Total operating revenues	<u>13,253,388</u>	<u>4,789,105</u>	<u>18,042,493</u>
Operating expenses:			
Salaries, wages and employee benefits	1,547,617	336,474	1,884,091
Supplies	131,019	19,286	150,305
Contractual and other services	1,108,256	425,827	1,534,083
Repairs and maintenance	221,351	22,384	243,735
Depreciation and amortization	1,063,463	1,450,778	2,514,241
Total operating expenses	<u>4,071,706</u>	<u>2,254,749</u>	<u>6,326,455</u>
Operating income	<u>9,181,682</u>	<u>2,534,356</u>	<u>11,716,038</u>
Nonoperating revenues (expenses)			
Investment earnings	58,376	43,288	101,664
Net increase (decrease) in fair value of investments	-	(13,038)	(13,038)
Interest expense	(302)	(965,178)	(965,480)
Interest on board advances	794,704	(794,704)	-
Bond related charges--issuance cost	-	(243,124)	(243,124)
Intergovernmental	17,697	435	18,132
Interest revenue - leases	27,096	-	27,096
Other	(3,226,195)	(106,003)	(3,332,198)
Net nonoperating revenues (expenses)	<u>(2,328,624)</u>	<u>(2,078,324)</u>	<u>(4,406,948)</u>
Income (loss) before contributions and transfers	6,853,058	456,032	7,309,090
Capital contributions	144,029	-	144,029
Transfers in	-	850,792	850,792
Transfers out	(4,275,380)	(2,465)	(4,277,845)
Change in net position	2,721,707	1,304,359	4,026,066
Total net position-beginning	<u>37,778,499</u>	<u>(2,097,632)</u>	<u>35,680,867</u>
Total net position-ending	<u>\$ 40,500,206</u>	<u>\$ (793,273)</u>	<u>\$ 39,706,933</u>

**Combining Schedule of Cash Flows
Year Ended September 30, 2022**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 13,481,577	\$ 4,701,460	\$ 18,183,037
Payments to employees	(1,680,994)	(399,564)	(2,080,558)
Payments to suppliers	(1,450,160)	(1,353,595)	(2,803,755)
Net cash provided by operating activities	<u>10,350,423</u>	<u>2,948,301</u>	<u>13,298,724</u>
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	-	850,792	850,792
Transfers to other funds	(4,275,380)	(2,465)	(4,277,845)
Subsidy from federal grant	7,171	47,558	54,729
Distribution of income to SCT	-	(9,738)	(9,738)
Distribution of income to the City of Hidalgo	(3,209,003)	-	(3,209,003)
Net cash provided by (used for) noncapital financing activities	<u>(7,477,212)</u>	<u>886,147</u>	<u>(6,591,065)</u>
Cash Flows From Capital and Related Financing Activities			
Capital contributions	144,029	-	144,029
Acquisition and construction of capital assets	(276,974)	(203,276)	(480,250)
Bond issuance cost	-	(503,100)	(503,100)
Proceeds from bond issuance	-	63,000,000	63,000,000
Principal repayments-bonds and notes	(1,875)	(1,650,000)	(1,651,875)
Interest paid	(302)	(924,375)	(924,677)
Net cash provided by (used for) capital and related financing activities	<u>(135,122)</u>	<u>59,719,249</u>	<u>59,584,127</u>
Cash Flows From Investing Activities			
Proceeds from sales and maturities of investments	17,781,844	57,208,293	74,990,137
Purchase of investments	(20,439,483)	(120,924,977)	(141,364,460)
Net decrease in fair value of investments	-	(13,038)	(13,038)
Receipt of interest	84,266	41,803	126,069
Net cash used for investing activities	<u>(2,573,373)</u>	<u>(63,687,919)</u>	<u>(66,261,292)</u>
Net change in cash	164,716	(134,222)	30,494
Cash at beginning of year	<u>190,451</u>	<u>271,481</u>	<u>461,932</u>
Cash at end of year	<u>\$ 355,167</u>	<u>\$ 137,259</u>	<u>\$ 492,426</u>

Combining Schedule of Cash Flows
Year Ended September 30, 2022
(Continued)

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 9,181,682	\$ 2,534,356	\$ 11,716,038
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,063,463	1,450,778	2,514,241
(Increase) decrease in deferred contributions	-	(996,577)	(996,577)
(Increase) decrease in deferred outflows of resources - pension	1,750	1,252	3,002
Increase (decrease) in deferred inflows of resources - pension	210,072	52,565	262,637
Increase (decrease) in deferred inflows of resources - leases	4,607,311	-	4,607,311
(Increase) decrease in lease receivable	(4,631,351)	-	(4,631,351)
(Increase) decrease in accounts receivable	226,900	(87,645)	139,255
Increase (decrease) in accounts payable	(8,584)	110,479	101,895
Increase (decrease) in compensated absences payable	1,883	3,439	5,322
Increase (decrease) in accrued liabilities	11,518	3,588	15,106
Increase (decrease) due to other funds	19,050	-	19,050
Increase (decrease) in net pension asset	(358,600)	(123,934)	(482,534)
Increase (decrease) in unearned revenue	25,329	-	25,329
	<u>1,168,741</u>	<u>413,945</u>	<u>1,582,686</u>
Total adjustments			
Net cash provided by operating activities	<u>\$ 10,350,423</u>	<u>\$ 2,948,301</u>	<u>\$ 13,298,724</u>
Reconciliation to statement of net position:			
Cash	\$ 170,325	\$ 39,565	\$ 209,890
Cash restricted	184,842	97,694	282,536
Total cash	<u>\$ 355,167</u>	<u>\$ 137,259</u>	<u>\$ 492,426</u>
Noncash investing, capital and financing activities:			
Decrease in fair value of investments	-	(13,038)	(13,038)

**Schedule of Vehicle and Passenger Traffic
Last Ten Years
(Unaudited)**

	Year Ended September 30,			
	2013	2014	2015	2016
Vehicular traffic southbound:				
Cars	933,694	950,143	974,930	1,015,219
Trucks - empties	960	859	-	732
Buses	4,417	1,922	1,342	1,636
Total vehicles (1)	<u>939,071</u>	<u>952,924</u>	<u>976,272</u>	<u>1,017,587</u>
Passenger traffic southbound:				
Passengers in cars (2)	2,334,235	2,375,358	2,437,325	2,538,048
Passengers and drivers – buses	128,093	55,738	38,918	47,444
Total persons	<u>2,462,328</u>	<u>2,431,096</u>	<u>2,476,243</u>	<u>2,585,492</u>

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

(2) Calculation based on historical average of 2.5 passengers per vehicle.

Year Ended September 30,

2017	2018	2019	2020	2021	2022
966,364	875,430	965,077	724,046	724,838	1,141,646
15,528	28,036	21,467	19,359	27,577	30,564
1,374	1,577	1,429	1,194	1,184	1,917
<u>983,266</u>	<u>905,043</u>	<u>987,973</u>	<u>744,599</u>	<u>753,599</u>	<u>1,174,127</u>
2,415,910	2,188,575	2,412,693	1,810,115	1,812,095	2,854,115
39,846	45,733	41,441	34,626	34,336	55,593
<u>2,455,756</u>	<u>2,234,308</u>	<u>2,454,134</u>	<u>1,844,741</u>	<u>1,846,431</u>	<u>2,909,708</u>

**Schedule of Car and Truck Traffic Revenue
Last Ten Years
(Unaudited)**

	Year Ended September 30,			
	2013	2014	2015	2016
Southbound traffic:				
Cars	933,694	950,143	974,930	1,015,219
Trucks - empties	960	859	-	732
Total car and truck traffic	<u>934,654</u>	<u>951,002</u>	<u>974,930</u>	<u>1,015,951</u>
Truck traffic percentage	0.10%	0.09%	0.00%	0.07%
Car and truck revenue:				
Cars	\$ 2,795,401	\$ 2,964,866	\$ 3,173,047	\$ 3,504,191
Trucks	6,720	6,013	-	9,927
Total car and truck revenue	<u>\$ 2,802,121</u>	<u>\$ 2,970,879</u>	<u>\$ 3,173,047</u>	<u>\$ 3,514,118</u>
Truck revenue percentage	0.24%	0.20%	0.00%	0.28%
Average revenue per car	\$ 2.99	\$ 3.12	\$ 3.25	\$ 3.45
Average revenue per truck	\$ 7.00	\$ 7.00	\$ -	\$ 13.56

Year Ended September 30,					
2017	2018	2019	2020	2021	2022
966,364	875,430	965,077	724,046	724,838	1,141,646
15,528	28,036	21,467	19,359	27,577	30,564
<u>981,892</u>	<u>903,466</u>	<u>986,544</u>	<u>743,405</u>	<u>752,415</u>	<u>1,172,210</u>
1.58%	3.10%	2.18%	2.60%	3.67%	2.61%
\$ 3,389,172	\$ 3,094,093	\$ 3,400,254	\$ 2,648,672	\$ 2,588,970	\$ 4,029,038
166,651	327,644	302,148	249,532	475,325	530,015
<u>\$ 3,555,823</u>	<u>\$ 3,421,737</u>	<u>\$ 3,702,402</u>	<u>\$ 2,898,204</u>	<u>\$ 3,064,295</u>	<u>\$ 4,559,053</u>
4.69%	9.58%	8.16%	8.61%	15.51%	11.63%
\$ 3.51	\$ 3.53	\$ 3.52	\$ 3.66	\$ 3.57	\$ 3.53
\$ 10.73	\$ 11.69	\$ 14.07	\$ 12.89	\$ 17.24	\$ 17.34

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**Schedule of Board Advances from McAllen International Toll Bridge Fund
September 30, 2022
(Unaudited)**

Anzalduas Special & Startup Fund:

Balance at September 30, 2021	Additions		Balance at September 30, 2022
	Advances	Implied Interest	
\$ 15,935,434	\$ -	\$ 771,967	\$ 16,707,401

Board advance "A" to Anzalduas International Crossing:

Balance at September 30, 2021	Additions		Balance at September 30, 2022
	Advances	Implied Interest	
\$ 4,537,340	\$ -	\$ 22,737	\$ 4,560,077

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2021	Additions		Balance at September 30, 2022
	Advances	Implied Interest	
\$ 20,472,774	\$ -	\$ 794,704	\$ 21,267,478

Distribution of Advances:

City of McAllen - 64% Share	\$ 13,102,574	\$ -	\$ 508,611	\$ 13,611,185
City of Hidalgo - 36% Share	7,370,200	-	286,094	7,656,293
	<u>\$ 20,472,774</u>	<u>\$ -</u>	<u>\$ 794,704</u>	<u>\$ 21,267,478</u>

**Schedule of Board Advances from McAllen International Toll Bridge Fund
September 30, 2022
(Unaudited)**

Activity Schedule-Anzalduas Special & Startup Fund:

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

	<u>Bond Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>(Payment)</u>	<u>Balance</u>
10/01/2021	Opening balance					\$ 15,935,434
10/31/2021	4.74%	31	\$ -	\$ 64,152	\$ -	15,999,586
11/30/2021	4.74%	30	-	62,333	-	16,061,919
12/31/2021	4.74%	31	-	64,661	-	16,126,580
01/31/2022	4.74%	31	-	64,922	-	16,191,502
02/28/2022	4.74%	28	-	58,875	-	16,250,377
03/31/2022	4.74%	31	-	65,420	-	16,315,797
04/30/2022	4.74%	30	-	63,565	-	16,379,362
05/31/2022	4.74%	31	-	65,939	-	16,445,301
06/30/2022	4.74%	30	-	64,069	-	16,509,370
07/31/2022	4.74%	31	-	66,463	-	16,575,833
08/31/2022	4.74%	31	-	66,730	-	16,642,563
09/30/2022	4.74%	30	-	64,838	-	16,707,401

**Schedule of Board Advances from McAllen International Toll Bridge Fund
September 30, 2022
(Unaudited)**

Activity Schedule-Board Advances "A":

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

	Bank Rate	# Days	Advance	Interest	(Payment)	Balance
Opening balance						\$ 4,537,340
10/01/2021			\$	-	\$	4,537,340
10/31/2021	0.50%	31	-	1,927	-	4,539,267
11/01/2021				-	-	4,539,267
11/30/2021	0.50%	30	-	1,865	-	4,541,132
12/01/2021				-	-	4,541,132
12/31/2021	0.50%	31	-	1,928	-	4,543,060
01/01/2022				-	-	4,543,060
01/31/2022	0.50%	31	-	1,929	-	4,544,989
02/01/2022				-	-	4,544,989
02/28/2022	0.50%	28	-	1,743	-	4,546,732
03/01/2022				-	-	4,546,732
03/31/2022	0.50%	31	-	1,931	-	4,548,663
04/01/2022				-	-	4,548,663
04/30/2022	0.50%	30	-	1,869	-	4,550,532
05/01/2022				-	-	4,550,532
05/31/2022	0.50%	31	-	1,932	-	4,552,464
06/01/2022				-	-	4,552,464
06/30/2022	0.50%	30	-	1,871	-	4,554,335
07/01/2022				-	-	4,554,335
07/31/2022	0.50%	31	-	1,934	-	4,556,269
08/01/2022				-	-	4,556,269
08/31/2022	0.50%	31	-	1,935	-	4,558,204
09/01/2022				-	-	4,558,204
09/30/2022	0.50%	30	-	1,873	-	4,560,077

**Schedule of Board Advances from McAllen International Toll Bridge Fund
September 30, 2022
(Unaudited)**

Activity Schedule-Board Advances "B":

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

	Bank Rate	# Days	Advance		Interest	(Payment)	Balance
			Total	Applicable to Mission			
Opening balance							\$ 4,151,465
10/01/2021			\$ 70,831	\$ 24,316	\$ -	\$ -	4,175,781
10/31/2021	0.50%	31	-	-	1,773	-	4,177,554
11/01/2021			70,831	24,316	-	-	4,201,870
11/30/2021	0.50%	30	-	-	1,727	-	4,203,597
12/01/2021			70,831	24,316	-	-	4,227,913
12/31/2021	0.50%	31	-	-	1,795	-	4,229,708
01/01/2022			70,831	24,316	-	-	4,254,024
01/31/2022	0.50%	31	-	-	1,807	-	4,255,831
02/01/2022			70,831	24,316	-	-	4,280,147
02/28/2022	0.50%	28	-	-	1,642	-	4,281,789
03/01/2022			70,948	24,356	-	-	4,306,145
03/31/2022	0.50%	31	-	-	1,829	-	4,307,974
04/01/2022			70,948	24,356	-	-	4,332,330
04/30/2022	0.50%	30	-	-	1,780	-	4,334,110
05/01/2022			70,948	24,356	-	-	4,358,466
05/31/2022	0.50%	31	-	-	1,851	-	4,360,317
06/01/2022			70,948	24,356	-	-	4,384,673
06/30/2022	0.50%	30	-	-	1,802	-	4,386,475
07/01/2022			70,948	24,356	-	-	4,410,831
07/31/2022	0.50%	31	-	-	1,873	-	4,412,704
08/01/2022			70,948	24,356	-	-	4,437,060
08/31/2022	0.50%	31	-	-	1,884	-	4,438,944
09/01/2022			70,948	24,356	-	-	4,463,300
09/30/2022	0.50%	30	-	-	1,834	-	4,465,134

Schedule of Insurance Coverage
September 30, 2022
(Unaudited)

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit	Aggregate	Occurrence Retention / Deductible
Property Insurance	Texas Municipal League	10/1/2021 to 10/1/2022	Real & Personal Property	\$375,716,199		\$500,000*
- Bridge & Surrounding Area			Loss of Revenue / Extra Expense	\$15,188,455**		*\$50,000 Flood & Earthquake Deductible or 1% of Building Value whichever is greater
				**Loss of Revenue / Extra Expense / Rental Value for all City owned locations		
Excess Workers' Compensation	Safety National Casualty	10/1/2021 to 10/1/2022	Workers' Compensation Employer's Liability	Statutory \$2,000,000		\$750,000 (OR)
- Third Party Claims Admin	Tristar Risk Management					
All Lines Aggregate - General Liability - Automobile Liability - Errors & Omissions Liability - Employee Benefits Liability	Self-Insured	10/1/2021 to 10/1/2022		\$250,000 per person / \$500,000 per claim Tort Claims cap		
Crimes Insurance	Alliant	7/1/2021 to 7/1/2023	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

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**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
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 the Anzalduas International Crossing (the Bridge) as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on 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) as a basis for designing 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees
Anzalduas International Crossing

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
March 10, 2023