

**McAllen International Toll Bridge**

Financial Statements  
And Report of Independent Certified Public Accountants

September 30, 2015 and 2014

# McALLEN INTERNATIONAL TOLL BRIDGE

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
McAllen International Toll Bridge

### Report on the financial statements

We have audited the accompanying financial statements of the McAllen International Toll Bridge (the “Bridge”), which comprise the statements of net position as of September 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years 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 audits. We conducted our audits 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of McAllen International Toll Bridge as of September 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### Emphasis of Matters

As discussed in Note 1, the financial statements present only the McAllen International Toll Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2015 and 2014, the changes in its financial position or where applicable, 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.

As further discussed in Note 1 to the financial statements, the McAllen International Toll Bridge adopted new guidance in 2015 related to the accounting for pensions. Our opinion is not modified with respect to this matter.

##### 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 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules as listed in the table of contents on pages 34 through 44 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 information has been subjected to the auditing

procedures applied in the audit of the 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 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 supplementary information is fairly stated, in all material respects, in relation to the 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 to the Anzalduas International Crossing and Schedule of Insurance Coverage on pages 46 through 54, 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 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 6, 2016, on our consideration of the McAllen International Toll 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 McAllen International Toll Bridge's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Houston, Texas

January 6, 2016

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**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

This discussion and analysis is intended to provide an overview of the McAllen International Toll Bridge's (Hidalgo Bridge) financial performance for the fiscal years ending September 30, 2015 and 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.

***BRIDGE OPERATIONAL HIGHLIGHTS***

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

<u>Category</u>	<u>FY 14-15</u>	<u>FY 13-14</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	2,822,746	2,834,249	(11,503)	-0.40%
Non-Commercial Trucks & Buses	33,211	33,008	203	0.60%
Passengers in cars	7,056,865	7,085,623	(28,758)	-0.40%

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, as a result of this year's operations, net position increased by \$1.2M. Operating revenues were up \$906K while operating expenses increased slightly by \$47K.

***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, 2015 as well as the previous fiscal year.

**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

***Required Financial Statements***

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

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

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

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

***FINANCIAL POSITION SUMMARY***

Net position, and its components, over time serve as a meaningful measure of the Hidalgo Bridge's financial position. As of September 30, 2015, net position increased by \$1.2M primarily as a result of increased toll and rental revenues. The Bridge restated net position in FY 13-14 from \$32,054,507 to \$32,044,167 due to the implementation of GASB Statement No. 68 which resulted in a prior year adjustment of \$10,340 to pension expense. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Governments providing defined benefit pensions should recognize their long-term obligation for pension benefits as a liability for the first time, and comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.



**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

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

	<b>Condensed Statement of Net Position Information</b>		
	FY 14-15	Restated FY 13-14	FY 12-13
<b>ASSETS:</b>			
Current assets	\$ 2,282,714	\$ 2,508,147	\$ 2,344,788
Restricted assets	9,649,873	7,118,442	6,237,767
Net capital assets	9,226,515	8,056,372	8,483,650
Other assets	<u>16,397,628</u>	<u>15,821,468</u>	<u>15,271,023</u>
 Total assets	 <u>\$ 37,556,730</u>	 <u>\$ 33,504,429</u>	 <u>\$ 32,337,228</u>
 Deferred outflows of resources - pension	 <u>30,667</u>	 <u>-</u>	 <u>-</u>
 Total assets and deferred outflow of resources	 <u>\$ 37,587,397</u>	 <u>\$ 33,504,429</u>	 <u>\$ 32,337,228</u>
 <b>LIABILITIES:</b>			
Current liabilities	\$ 2,493,166	\$ 1,058,588	\$ 942,307
Payable from restricted assets	834,712	433	37,054
Long-term liabilities	<u>1,011,738</u>	<u>401,241</u>	<u>343,656</u>
 Total liabilities	 <u>\$ 4,339,616</u>	 <u>\$ 1,460,262</u>	 <u>\$ 1,323,017</u>
 <b>NET POSITION:</b>			
Net investment in capital assets	\$ 9,226,515	\$ 8,056,372	\$ 8,483,650
Restricted	8,815,160	7,118,010	6,200,713
Unrestricted	<u>15,206,106</u>	<u>16,869,785</u>	<u>16,329,848</u>
 Total net position	 <u>\$ 33,247,781</u>	 <u>\$ 32,044,167</u>	 <u>\$ 31,014,211</u>

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

Southbound car crossings declined by .40% from 2014 to 2015, while the non-commercial trucks and bus crossing increased by .60% generating toll revenues of \$11M—an increase of \$338K when compared to the prior year due to higher toll charges for trucks and buses. Rental income increased by \$418K due to a change in the monthly GSA lease rate offset by UETA rental revenue which declined by \$85K. Operating expenses remained relatively the same from last year's level of \$3.1M, resulting in operating income increase of \$859K, leaving a \$1.2M increase to net position after distributions to the cities. In 2014, toll revenue also increased to \$10.7M, which was \$373K over 2013, and was attributed to an increase in car rates from \$3.00 to \$3.25 in March 2014. Operating expenses in 2014 increased slightly from 2013 by \$189K, which was due to 1% - 2% increases for the majority of operating expenses. Rental income increased by 20% when comparing 2013 to 2014 and is attributed to the increase in the monthly GSA lease rate.

**McAllen International Toll Bridge  
Management's Discussion and Analysis**  
September 30, 2015

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

**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

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

	FY 14-15	Restated FY 13-14	FY 12-13
Operating revenues:			
Tolls	\$ 11,011,370	\$ 10,673,408	\$ 10,300,629
Tolls - broker collections	210,556	-	-
Rental income	2,310,672	1,892,738	1,579,908
Other income	67,587	127,892	131,215
Total operating revenues	<u>13,600,185</u>	<u>12,694,038</u>	<u>12,011,752</u>
Operating expenses:			
Personnel	1,180,322	1,201,386	1,121,574
Supplies	89,069	90,115	73,889
Other services and charges	1,029,194	956,369	950,267
Maintenance	212,001	213,699	180,624
Depreciation	604,697	606,661	552,627
Total operating expenses	<u>3,115,283</u>	<u>3,068,230</u>	<u>2,878,981</u>
Operating income	<u>10,484,902</u>	<u>9,625,808</u>	<u>9,132,771</u>
Nonoperating revenues (expenses):			
Distribution of income to City of Hidalgo	(3,725,318)	(3,428,995)	(3,226,208)
Investment income	2,944	1,591	4,038
Interest expense	(38,270)	-	-
Interest on board advances	576,160	550,445	525,915
Total nonoperating revenues (expenses)	<u>(3,184,484)</u>	<u>(2,876,959)</u>	<u>(2,696,255)</u>
Income before transfers and contributions	7,300,418	6,748,849	6,436,516
Capital Contributions	-	-	774,388
Transfers to City of McAllen	(5,148,916)	(4,771,818)	(4,608,653)
Transfers to debt service Series "B"	(947,888)	(947,075)	(963,664)
Changes in net position	1,203,614	1,029,956	1,638,587
Total net position at beginning of year	<u>32,044,167</u>	<u>31,014,211</u>	<u>29,375,624</u>
Total net position at end of year	<u>\$ 33,247,781</u>	<u>\$ 32,044,167</u>	<u>\$ 31,014,211</u>

**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

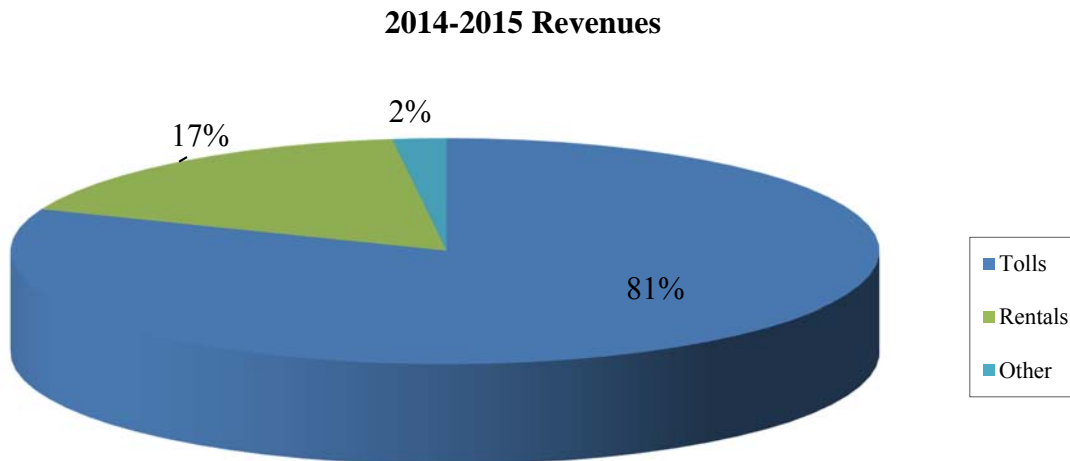
***TOLL RATES***

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

<u>Category</u>	<u>FY 14-15</u>	<u>FY 13-14</u>
Pedestrians	\$1.00	\$1.00
Cars	\$3.25	\$3.25
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

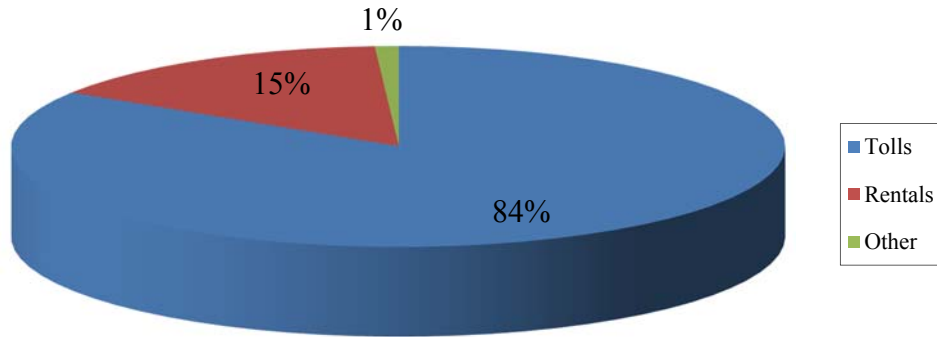
***REVENUES***

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



**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

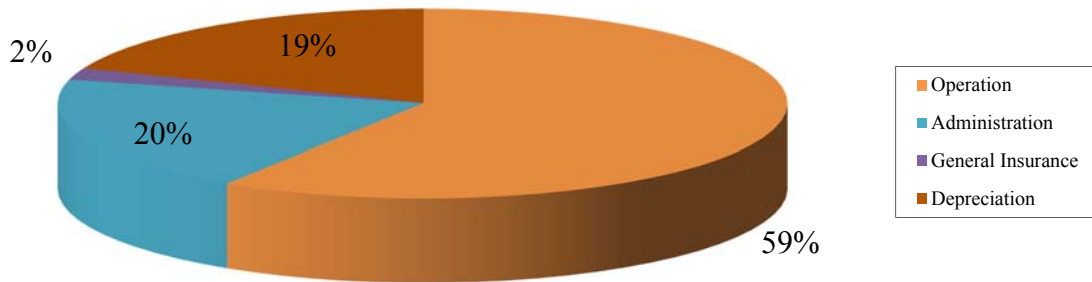
**2013-2014 Revenues**



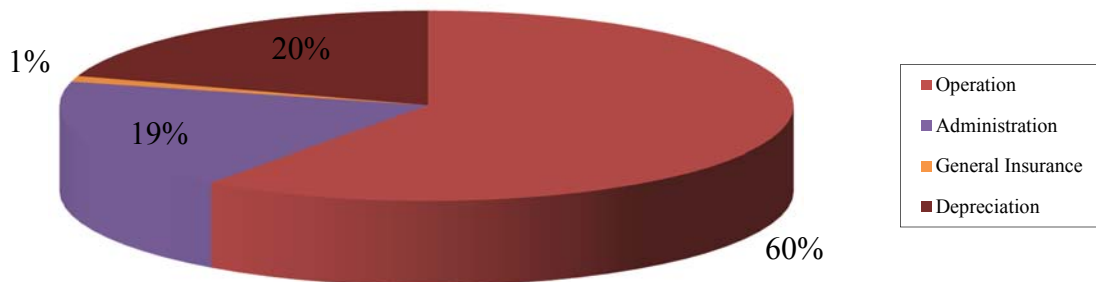
***EXPENSES***

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

**2014-2015 Expenses**



**2013-2014 Expenses**



**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

***Capital Assets***

At the end of this fiscal year, the Hidalgo Bridge had \$9.2M in capital assets, consisting of the following.

	<b>Capital Assets</b>		
	FY 14-15	FY 13-14	FY 12-13
Land	573,798	573,798	573,798
Buildings	11,015,806	10,698,086	10,698,086
Improvements other than buildings	4,215,438	3,422,281	3,378,790
Machinery and equipment	2,230,250	1,844,042	1,784,526
Construction in progress	1,147,685	869,930	757,138
Goodwill	609,713	609,713	609,713
	<u>19,792,690</u>	<u>18,017,850</u>	<u>17,802,051</u>
Total capital assets			
Accumulated depreciation	<u>(10,566,175)</u>	<u>(9,961,478)</u>	<u>(9,318,401)</u>
Total capital assets, net	<u>\$ 9,226,515</u>	<u>\$ 8,056,372</u>	<u>\$ 8,483,650</u>

In 2015, \$1.3 M was spent on engineering fees and upgrades of a tenant building, \$386K was spent for a new generator, \$22K for minor improvements to infrastructure, and total of \$797K of the construction projects started in prior years were completed this year. The completed projects included improvements to the port of entry, fencing, and improvements to the pedestrian canopy. For 2014, \$156K was spent for port of entry improvements and fencing, as well as \$23K for minor equipment. For 2013, \$681K of purchases were made for the pedestrian canopy and \$960K in road improvements.

**McAllen International Toll Bridge  
Management's Discussion and Analysis  
September 30, 2015**

***Debt***

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

On May 1, 2015, the Hidalgo Bridge secured two interfund loans from the City of McAllen for capital improvements:

1. A loan in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983 and a maturity date of May 1, 2020. Total interest paid as of September 30, 2015 was \$13,358.
2. A short-term loan in the amount of \$1,328,623 was issued on May 1, 2015 for the purpose of financing capital improvements to a tenant building. This short-term loan is expected to mature upon the completion date in February 2016. The interest rate on this loan is 4.5%. Total interest paid as of September 30, 2015 was \$24,912.

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

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 as well as the continued uncertainty in Mexico.

For budget year 2015-16, revenue was increased by 3% or \$386K to reflect an increase in toll revenue for cars from \$3.25 to \$3.50, effective December 1, 2015, as well as the change in the GSA lease, which increased by approximately \$179K over FY 2014-15. Operating expenses were increased by 14% or \$352K for increased costs in health care and professional consultants.

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

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

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# Basic Financial Statements

**McAllen International Toll Bridge**  
**Statements of Net Position**  
**September 30, 2015 and 2014**

Assets and Deferred Outflows of Resources

	2015	Restated 2014
<b>Current Assets</b>		
Cash	\$ 297,728	\$ 476,144
Investments	1,826,129	1,879,533
Due from other governments	150,669	150,985
Other receivables	8,188	1,485
Total unrestricted current assets	2,282,714	2,508,147
<b>Restricted Assets</b>		
Cash -current capital improvement	154,123	55,934
Investments - reserved for distribution	5,676,141	5,149,348
Investments	3,819,609	1,913,160
Total restricted assets	9,649,873	7,118,442
Total current assets	11,932,587	9,626,589
<b>Capital Assets – at cost</b>		
Capital assets not being depreciated:		
Land	573,798	573,798
Construction in progress	1,147,685	869,930
Goodwill	609,713	609,713
Capital assets net of accumulated depreciation:		
Buildings	11,015,806	10,698,086
Improvements other than buildings	4,215,438	3,422,281
Machinery and equipment	2,230,250	1,844,042
Total capital assets	19,792,690	18,017,850
Less accumulated depreciation	(10,566,175)	(9,961,478)
Net capital assets	9,226,515	8,056,372
<b>Other Assets</b>		
Board advances	16,397,628	15,821,468
Total assets	37,556,730	33,504,429
<b>Deferred outflows of resources - pension</b>	30,667	-
Total assets and deferred outflows of resources	\$ 37,587,397	\$ 33,504,429

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

**McAllen International Toll Bridge**  
**Statements of Net Position**  
**September 30, 2015 and 2014**

Liabilities and Net Position

	<u>2015</u>	<u>Restated 2014</u>
<b>Current Liabilities</b>		
Due to City of Hidalgo	\$ 950,066	\$ 925,525
Accounts payable	79,970	49,783
Compensated absences	84,435	36,904
Other payables	<u>1,378,695</u>	<u>46,376</u>
Total unrestricted current liabilities	<u>2,493,166</u>	<u>1,058,588</u>
<b>Liabilities Payable From Restricted Assets</b>		
Accounts payable	833,470	-
Due to City of McAllen-interest on investments	<u>1,242</u>	<u>433</u>
Total liabilities payable from restricted assets	<u>834,712</u>	<u>433</u>
Total current liabilities	<u>3,327,878</u>	<u>1,059,021</u>
<b>Long-Term Liabilities</b>		
Compensated absences	14,042	68,056
Unearned revenue	116,855	322,845
Other long term payables	856,384	-
Net pension liability	<u>24,457</u>	<u>10,340</u>
Total long-term liabilities	<u>1,011,738</u>	<u>401,241</u>
Total liabilities	<u>4,339,616</u>	<u>1,460,262</u>
<b>Net Position</b>		
Net investment in capital assets	9,226,515	8,056,372
Restricted for contingency	503,104	502,844
Restricted for improvements	2,637,157	1,466,250
Restricted for distribution to the City of McAllen	5,674,899	5,148,916
Unrestricted	<u>15,206,106</u>	<u>16,869,785</u>
Total net position	<u>33,247,781</u>	<u>32,044,167</u>
Total liabilities and net position	<u>\$ 37,587,397</u>	<u>\$ 33,504,429</u>

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

## McAllen International Toll Bridge

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

Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
Operating revenues:		
Tolls	\$ 11,011,370	\$ 10,673,408
Tolls - broker collections	210,556	-
Rental income	2,310,672	1,892,738
Other income	<u>67,587</u>	<u>127,892</u>
Total operating revenues	<u>13,600,185</u>	<u>12,694,038</u>
Operating expenses:		
Salaries	912,116	904,152
Payroll taxes and benefits	268,206	297,234
Insurance	50,368	50,368
Materials and supplies	89,069	90,115
Maintenance	212,001	213,699
Bridge security	291,976	300,465
Miscellaneous services	686,850	605,536
Depreciation	<u>604,697</u>	<u>606,661</u>
Total operating expenses	<u>3,115,283</u>	<u>3,068,230</u>
Operating income	<u>10,484,902</u>	<u>9,625,808</u>
Nonoperating revenues (expenses):		
Distribution of income to the City of Hidalgo	(3,725,318)	(3,428,995)
Investment income	2,944	1,591
Interest expense	(38,270)	-
Interest on board advances	<u>576,160</u>	<u>550,445</u>
Total net nonoperating revenues (expenses)	<u>(3,184,484)</u>	<u>(2,876,959)</u>
Income before transfers	7,300,418	6,748,849
Transfers to the City of McAllen	(5,148,916)	(4,771,818)
Transfers to debt service Series "B"	<u>(947,888)</u>	<u>(947,075)</u>
Changes in net position	1,203,614	1,029,956
Total net position at beginning of year	<u>32,044,167</u>	<u>31,014,211</u>
Total net position at end of year	<u>\$ 33,247,781</u>	<u>\$ 32,044,167</u>

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

# McAllen International Toll Bridge

## Statements of Cash Flows

Years Ended September 30, 2015 and 2014

	2015	2014
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 13,387,808	\$ 12,570,459
Payments to employees	(1,200,358)	(1,193,722)
Payments to suppliers	(1,299,378)	(1,313,010)
Net cash provided by operating activities	10,888,072	10,063,727
<b>Cash Flows From Noncapital Financing Activities</b>		
Distribution of income to the City of Hidalgo	(3,700,777)	(3,274,664)
Operating transfers to the City of McAllen	(5,148,107)	(4,772,634)
Board advance to Anzalduas International Crossing- Series B	(947,888)	(947,075)
Net cash used by noncapital financing activities	(9,796,772)	(8,994,373)
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital acquisitions	(941,371)	(179,383)
Interfund loan proceeds	2,239,581	-
Principal paid on interfund loan	(54,574)	-
Interest paid	(38,270)	-
Net cash provided (used) by capital and related financing activities	1,205,366	(179,383)
<b>Cash Flows From Investing Activities</b>		
Receipt of interest	2,944	1,591
Proceeds from sales and maturities of investments	16,362,716	17,035,233
Purchase of investments	(18,742,553)	(17,883,189)
Net cash used by investing activities	(2,376,893)	(846,365)
Net increase in cash	(80,227)	43,606
Cash at beginning of year	532,078	488,472
Cash at end of year	\$ 451,851	\$ 532,078

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

# McAllen International Toll Bridge

## Statements of Cash Flows

Years Ended September 30, 2015 and 2014

	2015	2014
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>		
Unrestricted cash	\$ 297,728	\$ 476,144
Restricted cash	154,123	55,934
	\$ 451,851	\$ 532,078
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
	\$ 10,484,902	\$ 9,625,808
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	604,697	606,661
Deferred outflows - pension	(30,667)	-
Changes in assets and liabilities:		
Accounts receivable	(6,387)	(152,470)
Accounts payable	30,887	(52,822)
Other payables	(7,344)	5,061
Net pension liability	24,457	10,340
Compensated absences	(6,483)	(7,741)
Unearned revenue	(205,990)	28,890
	403,170	437,919
	\$ 10,888,072	\$ 10,063,727
<b>Noncash capital and financing activities:</b>		
Capital asset additions in accounts payable	\$ 833,469	\$ -

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

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

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

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

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

**Basis of Accounting**

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

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

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

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

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

*Current Year GASB Implementation*

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Governments providing defined benefit pensions should recognize their long-term obligation for pension benefits as a liability for the first time, and comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. As a result of this new reporting requirement, the Hidalgo Bridge financial statements reflect a deferred outflow of resources of \$30,667 to account for its allocated deferred portion of pension costs and a net pension liability of \$24,457 under Long-term liabilities.

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* also resulted in a prior year adjustment of \$10,340 to pension expense and is reflected in the ending net position for FY 2014. The changes in the ending net position for FY 2014 are reflected in the table below:

	Ending Net Position 2014
Net position previously reported at 9/30/2014	\$ 32,054,507
Pension expense	(10,340)
Net position at 9/30/2014, restated	\$ 32,044,167



**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

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

**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. No interest was capitalized during the years ended September 30, 2015 and 2014.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Total depreciation expense for the years ended September 30, 2015 and 2014 was \$604,697 and \$606,661 respectively. The estimated useful lives are as follows:

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

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

**Advances**

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

Beginning with fiscal year ending September 30, 1991, the Hidalgo Bridge has financed the development costs for the Anzalduas International Crossing (Anzalduas Bridge) from a restricted account of that fund, the Anzalduas Special and Start Up Fund. According to the 2003 Agreement, the amount that may be spent from that fund for expenses relating to the obtaining of the Anzalduas Bridge Presidential Permit and for the design or construction costs, operation expenses of the Anzalduas Bridge, and initial debt service on bonds related to the Anzalduas Bridge is limited to no more than \$6,000,000. This advance is to be repaid with interest accruing at the interest rate on bonds issued to finance the Anzalduas Bridge, from the net revenues of the Anzalduas Bridge, after all bond ordinance requirements have been met. As of September 30, 2015, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas Bridge amounts to \$11,994,483, (\$11,440,278 in 2014) of which the City of McAllen's portion is \$7,676,469 and the City of Hidalgo's portion is \$4,318,014. During this fiscal year, the balance was increased by accrued interest in the amount of \$554,205.

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

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

*Board Advances Receivable from Anzalduas International Crossing*

The 2003 Agreement also provides for advances to be made between the Hidalgo Bridge and the Anzalduas Bridge as the need arises. The agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is to be repaid from the net revenues of the Anzalduas Bridge after all bond ordinance requirements have been met and the Anzalduas Special and Start Up Fund advance receivable has been paid. As of September 30, 2015 the board advance receivable to the Hidalgo Bridge amounts to \$4,403,145, (\$4,381,190 in 2014) of which the City of McAllen's portion is \$2,818,013 and the City of Hidalgo's portion is \$1,585,132. During this fiscal year, the balance was increased by accrued interest of \$21,955. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$947,888 (\$947,075 in 2014) to the Anzalduas Bridge in support of City of McAllen Series 2007B Bonds debt service requirements. The 2003 Agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is deducted from the City of McAllen's share of unallocated net surplus revenues of the Hidalgo Bridge. The City of Mission is responsible for repaying directly to the City of McAllen for its prorata 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 2007A have been paid.

As of September 30, 2015 the board advance owed by the City of Mission to the City of McAllen amounts to \$2,254,349, increasing from \$1,918,717 for the year ended September 30, 2014. This board advance is recorded in the General fund of the City of McAllen.

**Long-Term Obligations**

As of September 30, 2015, the Hidalgo Bridge has one outstanding long-term debt obligation. A loan in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983 and a maturity date of May 1, 2020. Total interest paid as of September 30, 2015 was \$13,358.

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

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

**Accumulated Unpaid Compensated Absences**

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

**Income Distributions**

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

**Restricted Assets**

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

**Goodwill**

The amount reflected as Goodwill under capital assets represents the excess of purchase price over assets acquired when the City purchased the Hidalgo Bridge. Since this asset has no limited term of existence and was acquired prior to November 1, 1970, no amortization is reflected.

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

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

**Cash and Cash Equivalents**

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

**2. Cash and Investments**

State statues authorize the Hidalgo Bridge to invest in obligations of the U.S. Treasury, U.S. government agency securities, direct obligations of the State of Texas or any other state, or its agencies, certificates of deposit, banker's acceptance, commercial paper, repurchase agreements, mutual funds and qualified investment pools. The City's Investment policy, which governs investments within the Hidalgo Bridge, however, limits investments to U.S. Treasuries, U.S. government agencies, investment pools, 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, 2015 and September 30, 2014 are presented on the following tables:

Investment Maturities (in Years) at the end of September 30, 2015					
	Fair Value	Less Than 1	1-2	2-3	3-4
Tex Pool	\$ 11,321,879	\$ 11,321,879	\$ -	\$ -	\$ -
	<u>\$ 11,321,879</u>	<u>\$ 11,321,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Maturities (in Years) at the end of September 30, 2014					
	Fair Value	Less Than 1	1-2	2-3	3-4
Tex Pool	\$ 8,942,042	\$ 8,942,042	\$ -	\$ -	\$ -
	<u>\$ 8,942,042</u>	<u>\$ 8,942,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**2. Cash and Investments-Continued**

*Public funds investment pools*

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

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

The Hidalgo Bridge’s 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 Hidalgo Bridge believes that TexPool operates as a 2a-7 like pool as described in GASB Statement No. 59, Financial Instruments 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 two years, as reflected in the schedule on the previous page, the Hidalgo Bridge reduces its risk to the rising interest rates.

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**2. Cash and Investments-Continued**

*Credit risk.* As of September 30, 2015 and 2014, 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 investment 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 Hidalgo Bridge investment holdings at September 30, 2015 and 2014 were strictly confined to TexPool. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

**3. Capital Assets**

Capital assets activities for the year ended September 30, 2015 and September 30, 2014 are presented in the following tables:

	Balance at September 30, 2014	Additions	(Retirement)/ Transfer	Balance at September 30, 2015
Capital assets not being depreciated:				
Land	\$ 573,798	\$ -	\$ -	\$ 573,798
Construction in progress	869,930	1,074,830	(797,075)	1,147,685
Goodwill	609,713	-	-	609,713
Capital assets net of accumulated depreciation:				
Buildings	10,698,086	291,703	26,017	11,015,806
Improvements other than buildings	3,422,281	22,099	771,058	4,215,438
Machinery and equipment	1,844,042	386,208	-	2,230,250
Total capital assets	18,017,850	1,774,840	-	19,792,690
Less accumulated depreciation	9,961,478	604,697	-	10,566,175
Net capital assets	\$ 8,056,372	\$ 1,170,143	\$ -	\$ 9,226,515

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**3. Capital Assets-Continued**

	Balance at September 30, 2013	Additions	(Retirement)/ Transfer	Balance at September 30, 2014
Capital assets not being depreciated:				
Land	\$ 573,798	\$ -	\$ -	\$ 573,798
Construction in progress	757,138	112,792	-	869,930
Goodwill	609,713	-	-	609,713
Capital assets net of accumulated depreciation:				
Buildings	10,698,086	-	-	10,698,086
Improvements other than buildings	3,378,790	43,491	-	3,422,281
Machinery and equipment	1,784,526	23,100	36,416	1,844,042
Total capital assets	17,802,051	179,383	36,416	18,017,850
Less accumulated depreciation	9,318,401	606,661	36,416	9,961,478
Net capital assets	\$ 8,483,650	\$ (427,278)	\$ -	\$ 8,056,372

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**4. Long Term Liabilities**

Long-term liability activities for the year ended September 30, 2015 and September 30, 2014 are reflected below:

	Balance at September 30, 2014	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2015	Amounts Due Within One Year
Note Payable - Bridge Shell Improvements	\$ -	\$ 910,958	\$ (54,574)	\$ 856,384	\$ 168,710
Net pension liability	10,340	58,140	(44,023)	24,457	
Compensated absences	104,960	47,531	(54,014)	98,477	84,435
	<u>\$ 115,300</u>	<u>\$ 1,016,629</u>	<u>\$ (152,611)</u>	<u>\$ 979,318</u>	<u>\$ 253,145</u>

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 112,701	\$ 44,675	\$ (52,416)	\$ 104,960	\$ 36,904
	<u>\$ 112,701</u>	<u>\$ 44,675</u>	<u>\$ (52,416)</u>	<u>\$ 104,960</u>	<u>\$ 36,904</u>

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

Year ending September 30,	Principal	Interest	Totals
2016	\$ 168,710	\$ 35,086	\$ 203,796
2017	176,461	27,335	203,796
2018	184,567	19,229	203,796
2019	193,046	10,750	203,796
2020	133,600	2,264	135,864
Totals	<u>\$ 856,384</u>	<u>\$ 94,664</u>	<u>\$ 951,048</u>



**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**5. Operating Leases**

The Hidalgo Bridge leases property and buildings to the United States Government, the state of Texas, and various commercial dealers under operating leases. The leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA) and a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc.

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

Year ending September 30,	GSA	UETA	Total
2016	\$ 2,118,988	\$ 240,000	\$2,358,988
2017	2,118,988	240,000	2,358,988
2018	2,118,988	240,000	2,358,988
2019	2,118,988	240,000	2,358,988
2020	2,118,988	240,000	2,358,988
2021-2025	10,594,940	1,315,000	11,909,940
2026-2029	8,475,952	1,195,000	9,670,952

**6. Retirement Plan**

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

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

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

**McAllen International Toll Bridge**  
Notes to Financial Statement  
Years Ended September 30, 2015 and 2014

**6. Retirement Plan-Continued**

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

	Plan Year 2014	Plan Year 2015
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retire)	0% of CPI	0% of CPI

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

**7. 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 Hidalgo Bridge has thirty full time employees. For the current year, the fund contributed \$13,014 towards the annual required contribution. Since the current staffing represents a fraction of total City employees, management believes that any future requirements will have minimal impact on the Hidalgo Bridge.

## **Supplemental Information**

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

	Year Ended September 30,			
	2006	2007	2008	2009
Bridge revenues (1)	\$ 13,148,044	\$ 12,650,077	\$ 14,571,541	\$ 12,950,583
Deductible operating expenses (1)	<u>2,193,028</u>	<u>2,298,633</u>	<u>2,478,982</u>	<u>2,339,137</u>
	10,955,016	10,351,444	12,092,559	10,611,446
Surplus from contingency, construction, and debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	10,955,016	10,351,444	12,092,559	10,611,446
Less:				
Required transfers to restricted assets (2)	288,340	293,755	294,467	295,996
Transfers to Capital Improvement Fund	-	-	-	-
Transfer to start up fund	1,318,579	1,229,780	-	-
Deductions for Capital Assets Acquisitions (3)	175,906	-	-	10,434
Board advance Series "A" 2007 Bonds	<u>-</u>	<u>112,851</u>	<u>1,272,986</u>	<u>1,455,414</u>
Base revenues	<u>\$ 9,172,191</u>	<u>\$ 8,715,058</u>	<u>\$ 10,525,106</u>	<u>\$ 8,849,602</u>
Distributions and reservations of surplus revenues:				
City of Hidalgo	<u>\$ 3,301,989</u>	<u>\$ 3,137,421</u>	<u>\$ 3,789,038</u>	<u>\$ 3,185,856</u>
Net distribution to City of Hidalgo	<u>3,301,989</u>	<u>3,137,421</u>	<u>3,789,489</u>	<u>3,185,885</u>
City of McAllen:	5,870,202	5,577,637	6,736,068	5,663,746
Less: Series "B" Bonds debt service	-	(54,682)	(607,836)	(776,829)
Less: Implied interest expense on Series "B" Bonds	<u>-</u>	<u>(168)</u>	<u>(451)</u>	<u>(29)</u>
Distribution to City of McAllen	<u>5,870,202</u>	<u>5,577,637</u>	<u>6,127,781</u>	<u>4,886,888</u>
<b>Base Revenue Only</b>	<u>\$ 9,172,191</u>	<u>\$ 8,715,058</u>	<u>\$ 10,525,106</u>	<u>\$ 8,849,602</u>

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

Year Ended September 30,

	2010	2011	2012	2013	2014	2015
\$	11,059,465	\$ 10,810,639	\$ 11,915,379	\$ 12,015,083	\$ 12,684,779	\$ 13,601,940
	<u>2,217,135</u>	<u>2,277,894</u>	<u>2,464,251</u>	<u>2,326,352</u>	<u>2,451,232</u>	<u>2,548,148</u>
	8,842,330	8,532,745	9,451,128	9,688,732	10,233,547	11,053,792
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	8,842,330	8,532,745	9,451,128	9,688,732	10,233,547	11,053,792
	296,661	297,615	124,776	-	-	-
	-	243,527	745,052	727,042	708,562	705,687
	-	-	-	-	-	-
	3,045	3,995	4,206	-	-	-
	<u>815,000</u>	<u>326,833</u>	<u>326,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>7,727,624</u></u>	<u><u>7,660,775</u></u>	<u><u>8,250,814</u></u>	<u><u>8,961,690</u></u>	<u><u>9,524,985</u></u>	<u><u>10,348,105</u></u>
\$	<u>2,781,945</u>	<u>2,757,879</u>	<u>2,970,293</u>	<u>3,226,208</u>	<u>3,428,995</u>	<u>3,725,318</u>
	<u>2,781,964</u>	<u>2,757,893</u>	<u>2,970,293</u>	<u>3,226,208</u>	<u>3,428,995</u>	<u>3,725,318</u>
	4,945,679	4,902,896	5,280,521	5,735,482	6,095,990	6,622,787
	(770,276)	(734,467)	(671,868)	(963,664)	(947,075)	(947,888)
	<u>(19)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,175,384</u>	<u>4,168,415</u>	<u>4,608,653</u>	<u>4,771,818</u>	<u>5,148,915</u>	<u>5,674,899</u>
\$	<u><u>7,727,624</u></u>	<u><u>7,660,775</u></u>	<u><u>8,250,814</u></u>	<u><u>8,961,690</u></u>	<u><u>9,524,985</u></u>	<u><u>10,348,105</u></u>

**McAllen International Toll Bridge**  
 Schedule of Changes in Restricted Assets – Cash and Investments

Year Ended September 30, 2015

	<u>Reserved for City Distribution</u>	<u>Contingency</u>
Cash and investments at September 30, 2014	<u>\$ 5,149,348</u>	<u>\$ 502,843</u>
Add:		
Transfers in	5,674,899	-
Other	-	-
Interest earned	<u>810</u>	<u>261</u>
Total additions	<u>5,675,709</u>	<u>261</u>
Less payments:		
Capital assets	-	-
Interfund transfers	<u>5,148,916</u>	<u>-</u>
Total payments	<u>5,148,916</u>	<u>-</u>
Cash and investments at September 30, 2015	<u><u>\$ 5,676,141</u></u>	<u><u>\$ 503,104</u></u>
Cash and investments at September 30, 2015 are comprised of the following:		
Cash	\$ -	\$ -
Investments	5,676,141	503,069
Accrued interest	<u>-</u>	<u>35</u>
	<u><u>\$ 5,676,141</u></u>	<u><u>\$ 503,104</u></u>

Bridge Capital Improvement	Total
\$ 1,466,251	\$ 7,118,442
705,687	6,380,586
2,239,581	2,239,581
1,183	2,254
2,946,451	8,622,421
942,074	942,074
-	5,148,916
942,074	6,090,990
\$ 3,470,628	\$ 9,649,873
\$ 154,123	154,123
3,316,273	9,495,483
232	267
\$ 3,470,628	\$ 9,649,873

**McAllen International Toll Bridge**  
Schedule of Rental Income  
Year Ended September 30, 2015

<u>Lessee</u>	<u>Amount</u>
General Services Administration	\$ 1,734,303
Texas Alcoholic Beverage Commission	24,110
United Export Traders Association	474,930
Valley Transit Bus Company	-
Taxi Space Rental	-
Sprint	23,335
AT&T	47,274
Verizon	3,000
ATM	3,720
	<u>\$ 2,310,672</u>



**McAllen International Toll Bridge**  
**Schedule of Expenses by Department**  
**Years Ended September 30, 2015 and 2014**

	Department		Total 2015	Total 2014
	Administration	Bridge Operations		
<b>Personnel Services</b>				
Exempt salaries	\$ 139,343	\$ 50,370	\$ 189,713	\$ 190,564
Nonexempt wages and part time	29,457	606,547	636,004	624,972
Board of trustees fees	3,000	-	3,000	7,450
Overtime	771	82,628	83,398	81,166
Total salaries and wages	<u>172,571</u>	<u>739,545</u>	<u>912,116</u>	<u>904,152</u>
<b>Payroll Taxes and Benefits</b>				
Social security and unemployment tax	12,600	54,638	67,238	72,738
Employee retirement	8,293	35,024	43,317	59,055
Employee benefits	17,086	132,033	149,119	146,125
Transportation and telephone allowance	6,132	2,400	8,532	8,976
Total payroll taxes and benefits	<u>44,111</u>	<u>224,095</u>	<u>268,206</u>	<u>286,894</u>
<b>Materials and Supplies</b>				
Janitorial	-	40,556	40,556	41,693
Office supplies	4,457	-	4,457	4,905
Clothing and uniforms	-	9,374	9,374	12,899
Operating supplies	10,521	24,160	34,681	30,618
Total materials and supplies	<u>14,979</u>	<u>74,090</u>	<u>89,069</u>	<u>90,115</u>
<b>Maintenance</b>				
Vehicles	6,940	-	6,940	8,935
Buildings	-	102,842	102,842	92,814
Fuel	2,817	171	2,988	5,605
Equipment	63	99,167	99,230	106,345
Total maintenance	<u>9,820</u>	<u>202,181</u>	<u>212,001</u>	<u>213,699</u>
<b>Other Services and Charges</b>				
Auditing services	16,751	-	16,751	12,000
Advertising	37,623	-	37,623	41,399
Dues and subscription	26,071	-	26,071	24,827
Management fee	135,000	-	135,000	135,000
Postage	150	-	150	258
Professional services	47,927	-	47,927	33,738
Photocopier rental	1,122	-	1,122	1,215
Rental and contractual	7,070	237,569	244,639	233,934
Bridge security	-	291,976	291,976	300,465
Travel and training	21,359	-	21,359	8,106
Telephone	19,659	-	19,659	12,808
Utilities	-	50,888	50,888	54,093
General insurance	50,368	-	50,368	50,368
Miscellaneous	55,120	30,543	85,663	48,158
Total other services and charges	<u>418,219</u>	<u>610,976</u>	<u>1,029,194</u>	<u>956,369</u>
Total expenses before depreciation	659,699	1,850,887	2,510,586	2,451,229
Depreciation and amortization	<u>604,697</u>		<u>604,697</u>	<u>606,661</u>
Total operating expenses	<u>\$ 1,264,395</u>	<u>\$ 1,850,887</u>	<u>\$ 3,115,283</u>	<u>\$ 3,057,890</u>

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
Combining Schedule of Net Position  
September 30, 2015

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Assets</b>			
Cash	\$ 297,728	\$ 114,774	\$ 412,502
Investments	1,826,129	1,122,154	2,948,283
Due from other governments	150,669	-	150,669
Other receivables	8,188	-	8,188
	<u>2,282,714</u>	<u>1,236,928</u>	<u>3,519,642</u>
<b>Restricted Assets</b>			
Cash (all interest-bearing):			
Capital improvement	154,123	79,879	234,002
	<u>154,123</u>	<u>79,879</u>	<u>234,002</u>
Investments- reserved for distribution	5,676,141	-	5,676,141
Investments	3,819,609	1,859,807	5,679,416
Total restricted assets – excluding current bond installments	<u>9,649,873</u>	<u>1,939,686</u>	<u>11,589,559</u>
<b>Capital Assets – at cost</b>			
Capital assets not being depreciated:			
Land	573,798	2,936,598	3,510,396
Construction in progress	1,147,685	88,343	1,236,028
Goodwill	609,713	-	609,713
Capital assets net of accumulated depreciation:			
Buildings	11,015,806	2,997,470	14,013,276
Improvements other than buildings	4,215,438	47,842,819	52,058,257
Machinery and equipment	2,230,250	970,334	3,200,584
	<u>19,792,690</u>	<u>54,835,564</u>	<u>74,628,254</u>
Less accumulated depreciation	<u>(10,566,175)</u>	<u>(8,778,399)</u>	<u>(19,344,574)</u>
	<u>9,226,515</u>	<u>46,057,165</u>	<u>55,283,680</u>
<b>Other Assets</b>			
Board advances	16,397,628	-	16,397,628
	<u>37,556,730</u>	<u>49,233,779</u>	<u>86,790,509</u>
<b>Deferred outflows of resources - pension</b>	<u>30,667</u>	<u>11,500</u>	<u>42,167</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 37,587,397</u>	<u>\$ 49,245,279</u>	<u>\$ 86,832,676</u>

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
Combining Schedule of Net Position  
September 30, 2015

	McAllen Int'l <u>Toll Bridge</u>	Anzalduas Int'l <u>Crossing</u>	<u>Total</u>
<b>Current Liabilities</b>			
Due to City of Hidalgo	\$ 950,066	\$ -	\$ 950,066
Accounts payable	79,970	44,405	124,375
Compensated absences	84,435	-	84,435
Other payables	1,378,695	-	1,378,695
	<u>2,493,166</u>	<u>44,405</u>	<u>2,537,571</u>
<b>Liabilities Payable From Restricted Assets</b>			
Accounts payable	833,470	89,343	922,813
Due to City of McAllen-interest on investments	1,242	-	1,242
Current installments of revenue bonds	-	1,305,000	1,305,000
Accrued revenue bond interest	-	133,934	133,934
	<u>834,712</u>	<u>1,528,277</u>	<u>2,362,989</u>
<b>Long-Term Liabilities</b>			
Revenue bonds – excluding current installments	-	32,305,987	32,305,987
Compensated absences	14,042	16,646	30,688
Unearned revenue	116,855	-	116,855
Other long term payables	856,384	16,397,628	17,254,012
Net pension liability	24,457	9,171	33,628
	<u>1,011,738</u>	<u>48,729,432</u>	<u>49,741,170</u>
Total long-term liabilities	<u>1,011,738</u>	<u>48,729,432</u>	<u>49,741,170</u>
Total liabilities	<u>4,339,616</u>	<u>50,302,114</u>	<u>54,641,730</u>
<b>Net Assets</b>			
Net investment in capital assets	9,226,515	12,446,180	21,672,695
Restricted per revenue bond ordinances	503,104	976,340	1,479,444
Restricted for improvements	2,637,157	740,036	3,377,193
Restricted for distribution to the City of McAllen	5,674,899	-	5,674,899
Unrestricted	15,206,106	(15,219,391)	(13,285)
	<u>33,247,781</u>	<u>(1,056,835)</u>	<u>32,190,946</u>
Total net position	<u>33,247,781</u>	<u>(1,056,835)</u>	<u>32,190,946</u>
Total liabilities and net position	<u>\$ 37,587,397</u>	<u>\$ 49,245,279</u>	<u>\$ 86,832,676</u>

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**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, 2015**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Operating revenues:			
Tolls	\$ 11,011,370	\$ 3,182,441	\$ 14,193,811
Tolls- broker collections	210,556	-	210,556
Rental income	2,310,672	-	2,310,672
Other income	67,587	37,528	105,115
	<u>13,600,185</u>	<u>3,219,969</u>	<u>16,820,154</u>
Total operating revenues			
Operating expenses:			
Salaries	912,116	345,009	1,257,125
Payroll taxes and benefits	268,206	92,307	360,513
Insurance	50,368	12,000	62,368
Materials and supplies	89,069	22,177	111,246
Maintenance	212,001	67,296	279,297
Bridge security	291,976	-	291,976
Miscellaneous services	686,850	277,798	964,648
Depreciation	604,697	1,530,387	2,135,084
	<u>3,115,283</u>	<u>2,346,974</u>	<u>5,462,257</u>
Total operating expenses			
Operating income	<u>10,484,902</u>	<u>872,995</u>	<u>11,357,897</u>
Nonoperating revenues (expenses):			
Distribution of income to the City of Hidalgo	(3,725,318)	-	(3,725,318)
Interest income	2,944	1,494	4,438
Interest expense	(38,270)	(1,600,510)	(1,638,780)
Interest on Board advances	576,160	(576,160)	-
	<u>(3,184,484)</u>	<u>(2,175,176)</u>	<u>(5,359,660)</u>
Total nonoperating (expenses) revenues			
Income (loss) before transfers	7,300,418	(1,302,181)	5,998,237
Transfers to the City of McAllen	(5,148,916)	-	(5,148,916)
Transfers to debt service Series "B" 2007 bonds	(947,888)	947,888	-
	<u>1,203,614</u>	<u>(354,293)</u>	<u>849,321</u>
Changes in net position			
Total net position at beginning of year, restated	<u>32,044,167</u>	<u>(702,542)</u>	<u>31,341,625</u>
Total net position at end of year	<u>\$ 33,247,781</u>	<u>\$ (1,056,835)</u>	<u>\$ 32,190,946</u>

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Cash Flows**  
**Years Ended September 30, 2015**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 13,387,808	\$ 3,219,969	\$ 16,607,777
Payments to employees	(1,200,358)	(443,259)	(1,643,617)
Payments to suppliers	(1,299,378)	(367,448)	(1,666,826)
Net cash provided by operating activities	<u>10,888,072</u>	<u>2,409,262</u>	<u>13,297,334</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Distribution of income to the City of Hidalgo	(3,700,777)	-	(3,700,777)
Operating transfers to the City of McAllen	(5,148,107)	-	(5,148,107)
Transfer from McAllen International Toll Bridge-Board B	(947,888)	947,888	-
Net cash provided (used) by noncapital financing activities	<u>(9,796,772)</u>	<u>947,888</u>	<u>(8,848,884)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(941,371)	(42,742)	(984,113)
Interfund loan proceeds	2,239,581	-	2,239,581
Principal paid on long-term debt	(54,574)	(1,250,000)	(1,304,574)
Interest paid	(38,270)	(1,635,364)	(1,673,634)
Net cash provided (used) by capital and related financing activities	<u>1,205,366</u>	<u>(2,928,106)</u>	<u>(1,722,740)</u>
<b>Cash Flows From Investing Activities</b>			
Receipt of interest	2,944	1,494	4,438
Proceeds from sales and maturities of investments	16,362,716	3,779,373	20,142,089
Purchase of investments	(18,742,553)	(4,118,524)	(22,861,077)
Net cash used by investing activities	<u>(2,376,893)</u>	<u>(337,657)</u>	<u>(2,714,550)</u>
Net increase (decrease) in cash	(80,227)	91,387	11,160
Cash at beginning of year	<u>532,078</u>	<u>103,266</u>	<u>635,344</u>
Cash at end of year	<u>\$ 451,851</u>	<u>\$ 194,653</u>	<u>\$ 646,504</u>

**Toll Bridge System**  
 McAllen International Toll Bridge and Anzalduas International Crossing  
 Combining Schedule of Cash Flows  
 Years Ended September 30, 2015  
 (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	\$ 297,728	\$ 114,774	\$ 412,502
Restricted cash	154,123	79,879	234,002
	<u>\$ 451,851</u>	<u>\$ 194,653</u>	<u>\$ 646,504</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
	<u>\$ 10,484,902</u>	<u>\$ 872,995</u>	<u>\$ 11,357,897</u>
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	604,697	1,530,387	2,135,084
Deferred outflows - pension	(30,667)	(11,500)	(42,167)
Changes in assets and liabilities:			
Accounts receivable	(6,387)	-	(6,387)
Accounts payable	30,887	11,824	42,711
Other payables	(7,344)	(3,914)	(11,258)
Net pension liability	24,457	9,171	33,628
Compensated absences	(6,483)	299	(6,184)
Unearned revenue	(205,990)	-	(205,990)
Total adjustments	<u>403,170</u>	<u>1,536,267</u>	<u>1,939,437</u>
Net cash provided by operating activities	<u>\$ 10,888,072</u>	<u>\$ 2,409,262</u>	<u>\$ 13,297,334</u>
<b>Noncash capital and financing activities:</b>			
Capital assets additions in accounts payable	<u>\$ 833,469</u>	<u>\$ 83,317</u>	<u>\$ 916,786</u>

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

	Year Ended September 30,			
	2006	2007	2008	2009
Vehicular traffic southbound:				
Cars	5,275,085	4,952,968	5,005,822	4,493,785
Trucks	15,583	4,339	5,295	4,383
Buses	28,231	29,301	29,837	28,890
Total vehicles	(1) <u>5,318,899</u>	(1) <u>4,986,608</u>	(1) <u>5,040,954</u>	(1) <u>4,527,058</u>
Passenger traffic southbound:				
Passengers in cars	(2) 11,710,689	(2) 12,382,420	(2) 12,514,555	(2) 11,234,463
Pedestrians	1,520,307	1,683,666	1,547,848	1,575,193
Passengers and drivers – buses and trucks	818,699	849,729	865,273	837,810
Total persons	<u>14,049,695</u>	<u>14,915,815</u>	<u>14,927,676</u>	<u>13,647,466</u>

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

(2) Calculation based on historical average of 2.2  
For FY 07-08, 2.5 occupancy was used for  
passengers in cars



Year Ended September 30,

	2010	2011	2012	2013	2014	2015
	3,564,188	2,997,696	2,986,097	2,908,166	2,834,249	2,822,746
	2,629	1,641	6,620	9,119	13,075	13,284
	<u>20,433</u>	<u>17,464</u>	<u>16,680</u>	<u>16,160</u>	<u>19,933</u>	<u>19,927</u>
(1)	<u><u>3,587,250</u></u> (1)	<u><u>3,016,801</u></u> (1)	<u><u>3,009,397</u></u> (1)	<u><u>2,933,445</u></u> (1)	<u><u>2,867,257</u></u> (1)	<u><u>2,855,957</u></u>
(2)	8,910,470 (2)	7,494,240 (2)	7,465,243 (2)	7,270,415 (2)	7,085,623 (2)	7,056,865
	1,578,295	1,540,559	1,479,032	1,502,399	1,503,611	1,562,990
	<u>592,557</u>	<u>506,456</u>	<u>483,720</u>	<u>468,640</u>	<u>578,057</u>	<u>577,883</u>
	<u><u>11,081,322</u></u>	<u><u>9,541,255</u></u>	<u><u>9,427,995</u></u>	<u><u>9,241,454</u></u>	<u><u>9,167,291</u></u>	<u><u>9,197,738</u></u>

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

	Year Ended September 30,			
	2006	2007	2008	2009
Southbound traffic:				
Cars	5,275,085	4,952,968	5,005,822	4,493,785
Trucks	<u>15,583</u>	<u>4,339</u>	<u>5,295</u>	<u>4,383</u>
Total car and truck traffic	<u><u>5,290,668</u></u>	<u><u>4,957,307</u></u>	<u><u>5,011,117</u></u>	<u><u>4,498,168</u></u>
Truck traffic percentage	0.29%	0.09%	0.11%	0.10%
Car and truck revenue:				
Cars	\$ 10,550,170	\$ 9,905,936	\$ 11,161,245	\$ 10,111,016
Trucks	<u>121,022</u>	<u>29,724</u>	<u>37,003</u>	<u>30,669</u>
Total car and truck revenue	<u><u>\$ 10,671,192</u></u>	<u><u>\$ 9,935,660</u></u>	<u><u>\$ 11,198,248</u></u>	<u><u>\$ 10,141,685</u></u>
Truck revenue percentage	1.13%	0.30%	0.33%	0.30%
Average revenue per car	\$ 2.00	\$ 2.00	\$ 2.23	\$ 2.25
Average revenue per truck	\$ 7.77	\$ 6.85	\$ 6.99	\$ 7.00

Year Ended September 30,

2010	2011	2012	2013	2014	2015
3,564,188	2,997,696	2,986,097	2,908,166	2,834,249	2,822,746
2,629	1,641	6,620	9,119	13,075	13,284
<u>3,566,817</u>	<u>2,999,337</u>	<u>2,992,717</u>	<u>2,917,285</u>	<u>2,847,324</u>	<u>2,836,030</u>
0.07%	0.05%	0.22%	0.31%	0.46%	0.47%
\$ 8,325,166	\$ 7,982,692	\$ 8,820,614	\$ 8,724,498	\$ 8,910,274	\$ 9,447,892
19,325	11,487	46,384	63,833	91,525	92,988
<u>\$ 8,344,491</u>	<u>\$ 7,994,179</u>	<u>\$ 8,866,998</u>	<u>\$ 8,788,331</u>	<u>\$ 9,001,799</u>	<u>\$ 9,540,880</u>
0.23%	0.14%	0.52%	0.73%	1.02%	0.97%
\$ 2.34	\$ 2.66	\$ 2.95	\$ 3.00	\$ 3.14	\$ 3.35
\$ 7.35	\$ 7.00	\$ 7.01	\$ 7.00	\$ 7.00	\$ 7.00

**McAllen International Toll Bridge**  
Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2015  
(Unaudited)

Anzalduas Special & Startup Fund:

Balance at September 30, 2014	Additions		Balance at September 30, 2015
	Advances	Implied Interest	
\$ 11,440,278	\$ -	\$ 554,205	\$ 11,994,483

Board advance "A" to Anzalduas International Crossing:

Balance at September 30, 2014	Additions		Balance at September 30, 2015
	Advances	Implied Interest	
\$ 4,381,190	\$ -	\$ 21,955	\$ 4,403,145

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2014	Additions		Balance at September 30, 2015
	Advances	Implied Interest	
\$ 15,821,468	\$ -	\$ 576,160	\$ 16,397,628

**Distribution of Advances:**

City of McAllen- Share @ 64%	\$ 10,125,740	\$ -	\$ 368,742	\$ 10,494,482
City of Hidalgo- Share @ 36%	5,695,728	-	207,418	5,903,146
	\$ 15,821,468	\$ -	\$ 576,160	\$ 16,397,628

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2015**  
**(Unaudited)**

Activity Schedule-Anzalduas Special & Startup Fund:

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

	<u>Bond Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>(Payment)</u>	<u>Balance</u>
10/1/2014	Opening balance →					\$ 11,440,278
10/31/2014	4.74%	31	-	46,056	-	11,486,334
11/30/2014	4.74%	30	-	44,749	-	11,531,083
12/31/2014	4.74%	31	-	46,421	-	11,577,505
1/31/2015	4.74%	31	-	46,608	-	11,624,113
2/28/2015	4.74%	28	-	42,267	-	11,666,380
3/31/2015	4.74%	31	-	46,966	-	11,713,346
4/30/2015	4.74%	30	-	45,634	-	11,758,980
5/31/2015	4.74%	31	-	47,339	-	11,806,319
6/30/2015	4.74%	30	-	45,996	-	11,852,315
7/31/2015	4.74%	31	-	47,714	-	11,900,029
8/31/2015	4.74%	31	-	47,907	-	11,947,936
9/30/2015	4.74%	30	-	46,548	-	11,994,483

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2015**  
**(Unaudited)**

Activity Schedule-Board Advances "A":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>(Payment)</u>	<u>Balance</u>
Opening balance						\$ 4,381,190
10/1/2014				-	-	4,381,190
10/31/2014	0.50%	31		1,861	-	4,383,051
11/1/2014				-	-	4,383,051
11/30/2014	0.50%	30		1,801	-	4,384,852
12/1/2014				-	-	4,384,853
12/31/2014	0.50%	31		1,862	-	4,386,714
1/1/2015				-	-	4,386,714
1/31/2015	0.50%	31		1,863	-	4,388,577
2/1/2015				-	-	4,388,577
2/28/2015	0.50%	28		1,683	-	4,390,260
3/1/2015				-	-	4,390,260
3/31/2015	0.50%	31		1,864	-	4,392,124
4/1/2015				-	-	4,392,125
4/30/2015	0.50%	30		1,805	-	4,393,929
5/1/2015				-	-	4,393,929
5/31/2015	0.50%	31		1,866	-	4,395,795
6/1/2015				-	-	4,395,795
6/30/2015	0.50%	30		1,806	-	4,397,602
7/1/2015				-	-	4,397,602
7/31/2015	0.50%	31		1,867	-	4,399,469
8/1/2015				-	-	4,399,469
8/31/2015	0.50%	31		1,868	-	4,401,337
9/1/2015				-	-	4,401,337
9/30/2015	0.50%	30		1,808	-	4,403,145

**McAllen International Toll Bridge**  
**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2015**  
**(Unaudited)**

Activity Schedule-Board Advances "B":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>		<u>Interest</u>	<u>(Payment)</u>	<u>Balance</u>
			<u>Total</u>	<u>Applicable to Mission</u>			
Opening balance							\$ 1,918,717
10/1/2014			78,809	\$ 27,055	-	-	1,945,772
10/31/2014	0.500%	31	-	-	826	-	1,946,599
11/1/2014			78,809	\$ 27,055	-	-	1,973,654
11/30/2014	0.500%	30	-	-	811	-	1,974,465
12/1/2014			78,809	\$ 27,055	-	-	2,001,520
12/31/2014	0.500%	31	-	-	850	-	2,002,370
1/1/2015			78,809	\$ 27,055	-	-	2,029,425
1/31/2015	0.500%	31	-	-	862	-	2,030,287
2/1/2015			78,809	\$ 27,055	-	-	2,057,342
2/28/2015	0.500%	28	-	-	789	-	2,058,130
3/1/2015			79,006	\$ 27,123	-	-	2,085,252
3/31/2015	0.500%	31	-	-	886	-	2,086,138
4/1/2015			79,006	\$ 27,123	-	-	2,113,260
4/30/2015	0.500%	30	-	-	868	-	2,114,129
5/1/2015			79,006	\$ 27,123	-	-	2,141,252
5/31/2015	0.500%	31	-	-	909	-	2,142,161
6/1/2015			79,006	\$ 27,123	-	-	2,169,283
6/30/2015	0.500%	30	-	-	891	-	2,170,175
7/1/2015			79,006	\$ 27,123	-	-	2,197,297
7/31/2015	0.500%	31	-	-	933	-	2,198,232
8/1/2015			79,007	\$ 27,123	-	-	2,225,354
8/31/2015	0.500%	31	-	-	945	-	2,226,300
9/1/2015			79,006	\$ 27,123	-	-	2,253,423
9/30/2015	0.500%	30	-	-	925	-	2,254,349

**McAllen International Toll Bridge**  
**Schedule of Insurance Coverage**  
**September 30, 2015**  
**(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	10/01/14 to 09/30/15	Fire and extended coverage and physical damage and business (\$10,000 deductible, except \$25,000 flood and earthquake)	\$ 17,368,233
Bridge and surrounding area	Texas Municipal League	10/01/14 to 09/30/15	Bridge use, occupancy, and business interruptions (\$10,000 deductible, except \$25,000 flood and earthquake)	\$ 14,283,858
Workers' compensation	Tristar Risk Management	10/01/14 to 09/30/15	Employer's liability - job-related injuries	\$ 1,000,000
Workers' compensation excess	Star Insurance Company	10/01/14 to 09/30/15	Aggregate excess and specific (\$500,000 SIR per occurrence)	Statutory
General liability	Texas Municipal League	10/01/14 to 09/30/15	General: (\$10,000 deductible) Bodily injury Property damage	\$ 2,000,000
General liability excess	Star Insurance Company	10/01/14 to 09/30/15	Aggregate excess and specific (\$3,000,000 aggregate)	\$ 1,000,000
Errors and omissions liability	Texas Municipal League	10/01/14 to 09/30/15	Each wrongful act (\$25,000 deductible) (\$4,000,000 aggregate)	\$ 2,000,000
<u>Crime section:</u>	Texas Municipal League			
Employee dishonesty	Texas Municipal League	10/01/14 to 09/30/15	Limit of coverage (\$5,000 deductible)	\$ 1,000,000
Forgery or alteration	Texas Municipal League	10/01/14 to 09/30/15	Limit of coverage (\$1,000 deductible)	\$ 50,000
Crime coverage and computer fraud	Texas Municipal League	10/01/14 to 09/30/15	Limit of coverage (\$5,000 deductible)	\$ 1,000,000
Theft, disappearance and destruction	Texas Municipal League	10/01/14 to 09/30/15	Limit of coverage (\$1,000 deductible)	\$ 50,000



**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  
McAllen International Toll Bridge

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 McAllen International Toll Bridge (the “Bridge”), which comprise the statements of net position as of September 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2016.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Bridge’s internal control over financial reporting (“internal control”) to 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 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 Bridge'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 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 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 Bridge's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

Houston, Texas  
January 6, 2016