



## **McAllen International Toll Bridge**

**Financial Statements  
And Report of Independent Certified Public Accountants  
September 30, 2020 and 2019**



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## Table of Contents

	<u>Page</u>
Report of Independent Certified Public Accountants .....	5
Management’s Discussion and Analysis (Unaudited) .....	9
<b>Basic Financial Statements</b>	
Assets and Deferred Outflows of Resources .....	19
Statements of Revenues, Expenses, and Changes in Net Position .....	21
Statements of Cash Flows .....	22
Notes to the Financial Statements.....	24
<b>Supplemental Information</b>	
Schedule of Income Distribution-Last Ten Years .....	32
Schedule of Rental Income.....	34
Schedule of Expenses by Department.....	35
Toll Bridge System(Combined)McAllen International Toll Bridge and Anzalduas International Crossing:	
Combining Schedule of Net Position .....	36
Combining Schedule of Revenues, Expenses, and Changes in Net Position .....	39
Combining Schedule of Cash Flows.....	40
Schedule of Vehicle and Passenger Traffic-Last Ten Years(Unaudited) .....	42
Schedule of Car and Truck Traffic Revenue-Last Ten Years ( Unaudited ) .....	44
Schedule of Board Advances to Anzalduas International Crossing ( Unaudited ).....	47
Schedule of Insurance Coverage ( Unaudited ) .....	51
<b>Government Auditing Standards</b>	
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	53

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## Independent Auditor's Report

To the Board of Trustees  
McAllen International Toll Bridge

### Report on the Financial Statements

We have audited the accompanying financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McAllen International Toll Bridge as of September 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

#### Financial Reporting Unit

As discussed in Note 1, the financial statements present only the Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2020 and 2019, 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

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

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

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

We have also audited the financial statements of Anzalduas International Crossing as of and for the years ended September 30, 2020 and 2019, and have issued our report thereon dated March 5, 2021 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. Such information, which is included in the supplemental combining schedules of this report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare those financial statements. The information has been subjected to the auditing procedures applied in that audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to those financial statements as a whole.

The Board of Trustees  
McAllen International Toll Bridge

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, 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 5, 2021

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**Management’s Discussion and Analysis (Unaudited)**

September 30, 2020

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, 2020 and 2019 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 had a decrease from last year’s levels.

<u>Category</u>	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Cars	1,890,935	2,642,179	(751,244)	-28.43%
Buses & others	19,326	29,777	(10,451)	-35.10%
Passengers in cars	4,727,338	6,605,448	(1,878,111)	-28.43%

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, as a result of this year’s operations, net position decreased by \$1.2M. Operating revenues a decrease of \$3.1M while operating expenses decreased by \$187K.

**Overview of the Financial Statements**

The financial statements include the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statement of Cash Flows for the fiscal years ending September 30, 2020 and 2019.

**Required Financial Statements**

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

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

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

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

**FINANCIAL POSITION SUMMARY**

Net position, and its components, over time serve as a meaningful measure of the Hidalgo Bridge’s financial position. For the year ended September 30, 2020, net position decreased \$1.2M due to a decrease in toll revenue. In FY 18-19 net position decreased by \$238K, as a result of increased operating expenses.

**Management's Discussion and Analysis (Unaudited)**

September 30, 2020

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

**Condensed Statements of Net Position Information**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>			
Current assets	\$ 2,563,995	\$ 3,326,404	\$ 2,283,608
Restricted assets	6,113,297	7,751,448	8,302,900
Net capital assets	10,206,559	9,919,666	11,593,326
Other assets	<u>19,713,848</u>	<u>18,987,121</u>	<u>18,294,979</u>
<b>Total assets</b>	<u><b>38,597,699</b></u>	<u><b>39,984,639</b></u>	<u><b>40,474,813</b></u>
Deferred outflows of resources - pension	<u>116,632</u>	<u>353,349</u>	<u>233,858</u>
<b>Total assets and deferred outflow of resources</b>	<u><b>38,714,331</b></u>	<u><b>40,337,988</b></u>	<u><b>40,708,671</b></u>
<b>LIABILITIES:</b>			
Current liabilities	566,344	1,048,310	1,346,358
Payable from restricted assets	242,182	61,796	113,374
Long-term liabilities	<u>436,333</u>	<u>704,927</u>	<u>309,309</u>
<b>Total liabilities</b>	<u><b>1,244,859</b></u>	<u><b>1,815,033</b></u>	<u><b>1,769,041</b></u>
Deferred inflows of resources	<u>170,481</u>	<u>23,571</u>	<u>202,490</u>
<b>Total liabilities and deferred inflow of resources</b>	<u><b>1,415,340</b></u>	<u><b>1,838,604</b></u>	<u><b>1,971,531</b></u>
<b>NET POSITION:</b>			
Net investment in capital assets	10,194,779	9,906,120	11,593,326
Restricted	6,680,786	8,868,240	8,339,344
Unrestricted	<u>20,423,426</u>	<u>19,725,024</u>	<u>18,804,470</u>
<b>Total net position</b>	<u><b>\$ 37,298,991</b></u>	<u><b>\$ 38,499,384</b></u>	<u><b>\$ 38,737,140</b></u>

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

Southbound car crossings had a 28.43% decrease from 2019 to 2020, while the bus and others crossing had a 35.10% decrease. This generated toll revenue of \$7.8M, a decrease of \$3.2M when compared to the prior year, Rental income increased by \$188K from 2019 to 2020 due to an increase in the monthly GSA and AT&T rental revenue. Operating expenses decreased from last year's level from \$4.3M to \$4.2M. The operating expense decrease of \$187K can be attributed to decreased spending in miscellaneous service and a decrease in depreciation expense. While operating expenses remained relatively flat, a decrease in operating revenues in the amount of \$3.1M contributed to the \$1.2M decrease in net position.

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.

## Management's Discussion and Analysis (Unaudited)

September 30, 2020

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

	2020	2019	2018
Operating revenues:			
Tolls	\$ 7,845,234	\$ 11,032,437	\$ 11,572,352
Rental income	2,716,343	2,528,751	2,510,503
Other income	163,229	247,242	309,552
Total operating revenues	<u>10,724,806</u>	<u>13,808,430</u>	<u>14,392,407</u>
Operating expenses:			
Personnel	1,695,747	1,638,836	1,509,576
Supplies	176,015	89,749	79,699
Other services and charges	974,564	1,147,035	1,035,803
Maintenance	185,227	178,535	179,854
Depreciation	1,128,158	1,292,102	1,147,670
Total operating expenses	<u>4,159,710</u>	<u>4,346,257</u>	<u>3,952,602</u>
Operating income	<u>6,565,096</u>	<u>9,462,173</u>	<u>10,439,805</u>
Nonoperating revenues (expenses):			
Distribution of income to City of Hidalgo	(2,469,797)	(3,375,018)	(3,627,039)
Investment income	87,225	143,637	94,391
Interest expense	(2,676)	(11,576)	(19,229)
Interest on board advances	726,727	692,142	661,086
Sale of fixed assets	-	(609,412)	(834)
Total nonoperating expenses, net	<u>(1,658,521)</u>	<u>(3,160,227)</u>	<u>(2,891,625)</u>
Income before transfers and contributions	4,906,575	6,301,946	7,548,180
Transfers to City of McAllen	(5,223,378)	(5,601,810)	(5,711,863)
Transfers to debt service Series "B"	(842,725)	(844,742)	(846,258)
Transfer to Health Insurance	(40,865)	(93,150)	(14,863)
Changes in net position	(1,200,393)	(237,756)	975,196
Total net position at beginning of year	<u>38,499,384</u>	<u>38,737,140</u>	<u>37,761,944</u>
Total net position at end of year	<u>\$ 37,298,991</u>	<u>\$ 38,499,384</u>	<u>\$ 38,737,140</u>

**Management’s Discussion and Analysis (Unaudited)**

September 30, 2020

**TOLL RATES**

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

Category	FY 19-20	FY 18-19
Pedestrians	\$1.00	\$1.00
Cars	\$3.50	\$3.50
Trucks (Depending on # of Axles)	\$7.00-\$20.00	\$7.00-\$20.00
Buses (Depending on # of Axles)	\$7.00-\$9.00	\$7.00-\$9.00
Motorcycles	\$3.50	\$3.50
Extra Axle	\$3.00	\$3.00

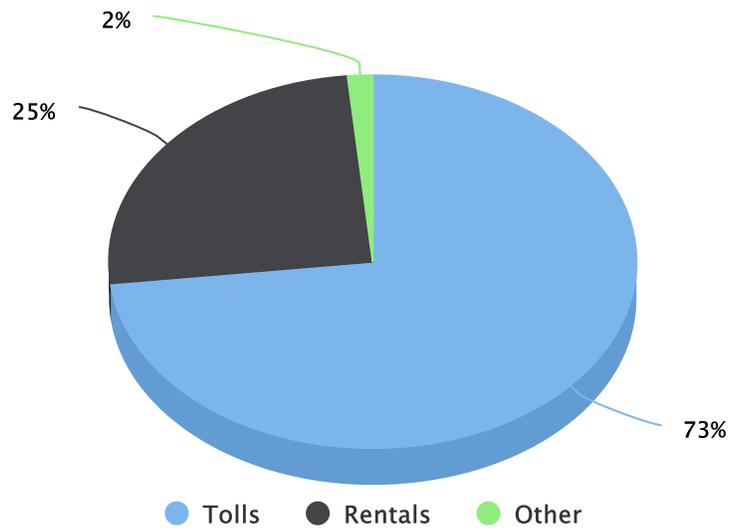
Management's Discussion and Analysis (Unaudited)

September 30, 2020

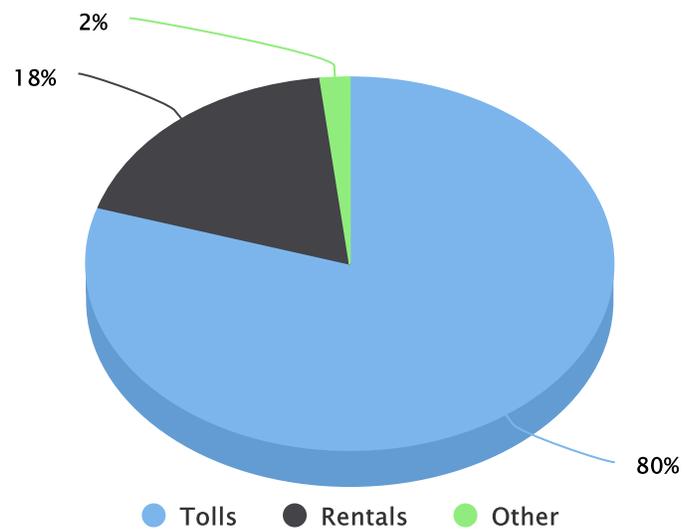
REVENUES

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

2019-2020 Revenues



2018-2019 Revenues



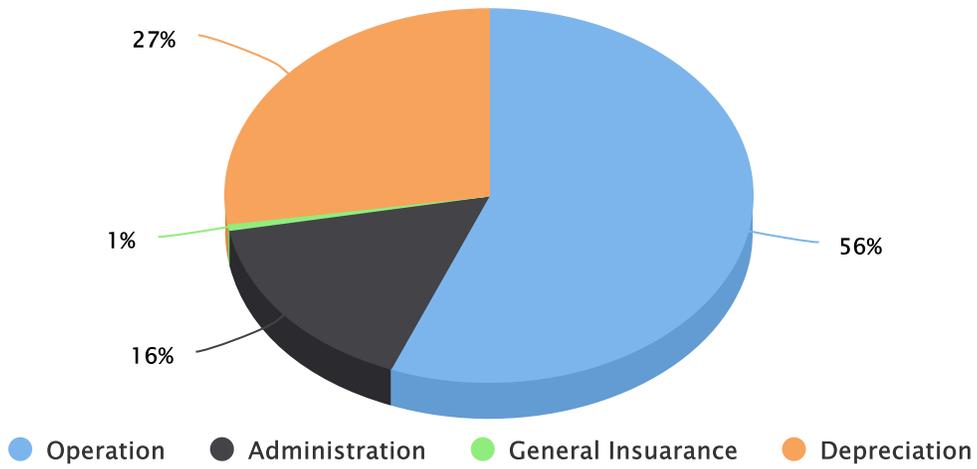
Management's Discussion and Analysis (Unaudited)

September 30, 2020

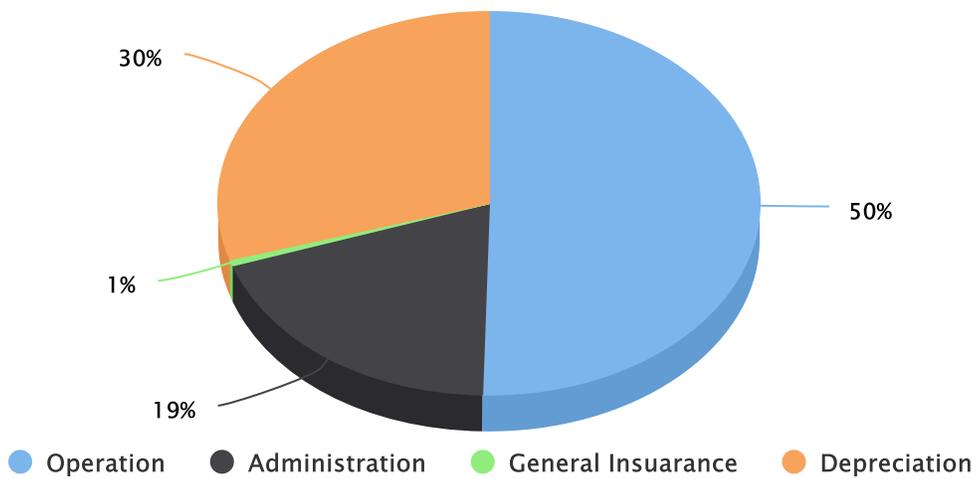
EXPENSES

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

2019-2020 Expenses



2018-2019 Expenses



## Management's Discussion and Analysis (Unaudited)

September 30, 2020

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

At the end of this fiscal year, the Hidalgo Bridge had \$10.2M in capital assets, consisting of the following.

	<u>Capital Assets</u>		
	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>FY 17-18</u>
Land	\$ 809,233	\$ 809,233	\$ 809,233
Buildings	14,434,100	14,434,100	14,415,500
Improvements other than buildings	4,905,136	4,848,785	4,730,271
Machinery and equipment	3,832,685	3,801,914	3,825,705
Construction in progress	1,994,310	666,381	598,500
Goodwill	-	-	609,713
	<hr/>	<hr/>	<hr/>
Total capital assets	25,975,464	24,560,413	24,988,922
Accumulated depreciation	<u>(15,768,905)</u>	<u>(14,640,747)</u>	<u>(13,395,596)</u>
	<hr/>	<hr/>	<hr/>
Total capital assets, net	<u>\$ 10,206,559</u>	<u>\$ 9,919,666</u>	<u>\$ 11,593,326</u>

In 2020 total capital assets increased by \$1.4M. The increase is mostly attributable to an increase of \$1.3M in construction in progress for the Federal Motor Carrier Project. In 2019, \$34K was spent on the office building upgrades, \$23K on the Point of Entry masterplan update, \$19K in fence restoration, \$45K on the bicycle park, and \$84K toward Southbound lane resurface.

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

**Management’s Discussion and Analysis (Unaudited)**

September 30, 2020

**Debt**

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

On September 30, 2020, the Hidalgo Bridge had one interfund loan from the City of McAllen for capital improvements:

1. A loan in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983. Total interest paid this fiscal year was \$2,264 and total principal paid was \$133,560. As of September 30, 2020 the loan has been paid off.

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

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

During the budget process for fiscal year 2020-21, the elected and appointed officials considered many factors affecting bridge crossing Bridge management prepared the FY 2021 budget conservatively. With the impact of Covid-19 and a freeze on non essential travel from Mexico, budget revenues and expenses remained flat 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, 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.



# **BASIC FINANCIAL STATEMENTS**

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Statements of Net Position  
September 30, 2020 and 2019

Assets and Deferred Outflows of Resources

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash	\$ 148,471	\$ 303,918
Investments	2,237,159	2,846,148
Receivables	1,500	-
Due from other governments	<u>176,865</u>	<u>176,338</u>
Total unrestricted current assets	<u>2,563,995</u>	<u>3,326,404</u>
<b>Restricted Assets</b>		
Cash-current capital improvement	52,210	114,557
Investments-reserved for distribution	3,479,937	5,223,378
Investments	<u>2,581,150</u>	<u>2,413,513</u>
Total restricted assets	<u>6,113,297</u>	<u>7,751,448</u>
Total current assets	<u>8,677,292</u>	<u>11,077,852</u>
<b>Capital Assets – at cost</b>		
Capital assets not being depreciated:		
Land	809,233	809,233
Construction in progress	1,994,310	666,381
Capital assets being depreciated:		
Buildings	14,434,100	14,434,100
Improvements other than buildings	4,905,136	4,848,785
Machinery and equipment	<u>3,832,685</u>	<u>3,801,914</u>
Total capital assets	25,975,464	24,560,413
Less accumulated depreciation	<u>(15,768,905)</u>	<u>(14,640,747)</u>
Net capital assets	10,206,559	9,919,666
<b>Other Assets</b>		
Board advances	<u>19,713,848</u>	<u>18,987,121</u>
Total assets	<u>38,597,699</u>	<u>39,984,639</u>
<b>Deferred outflows of resources - pension</b>	<u>116,632</u>	<u>353,349</u>
Total assets and deferred outflows of resources	<u>\$ 38,714,331</u>	<u>\$ 40,337,988</u>

The accompanying notes are an integral part of these statements

**Statements of Net Position  
September 30, 2020 and 2019**

**Liabilities and Net Position**

	2020	2019
<b>Current Liabilities</b>		
Due to City of Hidalgo	\$ 336,512	\$ 727,692
Accounts payable	65,137	69,512
Compensated absences	85,560	84,098
Capital lease	1,820	1,766
Note payable	-	133,600
Other payables	77,315	31,642
Total unrestricted current liabilities	566,344	1,048,310
<b>Liabilities Payable From Restricted Assets</b>		
Accounts payable	197,335	8,310
Due to City of McAllen-interest on investments	44,847	53,486
Total liabilities payable from restricted assets	242,182	61,796
Total current liabilities	808,526	1,110,106
<b>Long-Term Liabilities</b>		
Compensated absences	23,494	34,376
Capital lease payable	9,960	11,780
Unearned revenue	137,555	137,179
Net pension liability	265,324	521,592
Total long-term liabilities	436,333	704,927
Total liabilities	1,244,859	1,815,033
<b>Deferred inflows of resources - pension</b>		
Total liabilities and deferred inflows of resources	170,481	23,571
Total liabilities and deferred inflows of resources	1,415,340	1,838,604
<b>Net Position</b>		
Net investment in capital assets	10,194,779	9,906,120
Restricted for contingency	538,021	531,811
Restricted for improvements	2,662,828	3,113,051
Restricted for distribution to the City of McAllen	3,479,937	5,223,378
Unrestricted	20,423,426	19,725,024
Total net position	37,298,991	38,499,384
Total liabilities, deferred inflows of resources and net position	\$ 38,714,331	\$ 40,337,988

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

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Tolls	\$ 7,845,234	\$ 11,032,437
Rental income	2,716,343	2,528,751
Other income	<u>163,229</u>	<u>247,242</u>
Total operating revenues	<u>10,724,806</u>	<u>13,808,430</u>
Operating expenses:		
Salaries	1,201,420	1,203,614
Payroll taxes and benefits	494,327	435,222
Insurance	23,171	23,171
Materials and supplies	176,015	89,749
Maintenance	185,226	178,535
Bridge security	293,647	283,609
Miscellaneous services	657,746	840,255
Depreciation	<u>1,128,158</u>	<u>1,292,102</u>
Total operating expenses	<u>4,159,710</u>	<u>4,346,257</u>
Operating income	<u>6,565,096</u>	<u>9,462,173</u>
Nonoperating revenues (expenses):		
Distribution of income to the City of Hidalgo	(2,469,797)	(3,375,018)
Investment income	87,225	143,637
Interest expense	(2,676)	(11,576)
Interest on board advances	726,727	692,142
Sale of fixed assets	<u>-</u>	<u>(609,412)</u>
Total net nonoperating expenses, net	<u>(1,658,521)</u>	<u>(3,160,227)</u>
Income before transfers and contributions	4,906,575	6,301,946
Transfers to the City of McAllen	(5,223,378)	(5,601,810)
Transfers to debt service Series "B"	(842,725)	(844,742)
Transfer to Health Insurance	<u>(40,865)</u>	<u>(93,150)</u>
Changes in net position	(1,200,393)	(237,756)
Total net position at beginning of year	<u>38,499,384</u>	<u>38,737,140</u>
Total net position at end of year	<u>\$ 37,298,991</u>	<u>\$ 38,499,384</u>

The accompanying notes are an integral part of these statements

**Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 10,723,155	\$ 13,820,997
Payments to employees	(1,113,675)	(1,560,678)
Payments to suppliers	(1,578,254)	(2,277,962)
	8,031,226	9,982,357
<b>Cash Flows From Noncapital Financing Activities</b>		
Distribution of income to the City of Hidalgo	(2,860,977)	(2,540,652)
Operating transfers to the City of McAllen	(5,223,378)	(5,601,810)
Board advance to Anzalduas International Crossing- Series B	(842,725)	(844,742)
Transfers to Health Insurance fund	(40,865)	(93,150)
	(8,967,945)	(9,080,354)
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital acquisitions	(1,415,051)	(228,154)
Proceeds from sale of capital assets	-	300
Principal paid on interfund loan	-	-
Principal repayment -bonds and notes	(135,366)	(314,866)
Interest paid	(2,676)	(11,576)
	(1,553,093)	(554,296)
<b>Cash Flows From Investing Activities</b>		
Receipt of interest	87,225	152,387
Proceeds from sales and maturities of investments	13,585,920	21,649,641
Purchase of investments	(11,401,127)	(22,115,813)
	2,272,018	(313,785)
Net cash provided (used) by investing activities	2,272,018	(313,785)
Net change in cash	(217,794)	33,922
Cash at beginning of year	418,475	384,553
Cash at end of year	\$ 200,681	\$ 418,475

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

**Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	Continued	
	2020	2019
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>		
Unrestricted cash	\$ 148,471	\$ 303,918
Restricted cash	52,210	114,557
	<u>\$ 200,681</u>	<u>\$ 418,475</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
	<u>\$ 6,565,097</u>	<u>\$ 9,462,173</u>
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,128,158	1,292,102
Changes in assets and liabilities:		
(Increase) decrease in deferred outflows of resources	236,717	(119,491)
Increase (decrease) in deferred inflows of resources	146,910	(178,919)
(Increase) decrease in accounts receivable	(2,027)	-
Increase (decrease) in accounts payable	184,650	(867,013)
Increase (decrease) due to other funds	(8,639)	-
Increase (decrease) in other payables	45,673	9,896
Increase (decrease) in net pension liability	(256,268)	374,408
Increase (decrease) in compensated absences payable	(9,420)	(3,366)
Increase (decrease) in unearned revenue	376	12,567
	<u>1,466,130</u>	<u>520,184</u>
Total adjustments		
	<u>\$ 8,031,226</u>	<u>\$ 9,982,357</u>

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

**NOTE 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 the 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.

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

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

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

**Capital Assets**

Capital assets are capitalized because they are property, plant and equipment with a life expectancy of over one year. Capital assets are recorded at cost if purchased or constructed. Net interest cost pertaining to qualifying assets which are related to construction in progress is capitalized. No interest was capitalized during the years ended September 30, 2020 and 2019.

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, 2020 and 2019 was \$1,128,158 and \$1,292,102 respectively.

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

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, 2020, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas Bridge amounts to \$15,199,134, (\$14,494,983 in 2019) of which the City of McAllen's portion is \$9,727,446 and the City of Hidalgo's portion is \$5,471,688. During this fiscal year, the balance was increased by accrued interest in the amount of \$704,151.

*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, 2020 the board advance receivable to the Hidalgo Bridge amounts to \$4,514,714, (\$4,492,138 in 2019) of which the City of McAllen's portion is \$2,889,417 and the City of Hidalgo's portion is \$1,625,297. During this fiscal year, the balance was increased by accrued interest of \$22,576. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$842,725 (\$844,742 in 2019) to the Anzalduas Bridge in support of City of McAllen Series 2017B Bonds debt service requirements. The 2003 Agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is deducted from the City of McAllen's share of unallocated net surplus revenues of the Hidalgo Bridge. The City of Mission is responsible for repaying directly to the City of McAllen for its prorata share from its share of the net revenues of the Anzalduas Bridge after all bond ordinance requirements have been met and the Anzalduas Special and Start Up Fund advance and the board advances for Series 2017A have been paid.

As of September 30, 2020 the board advance owed by the City of Mission to the City of McAllen amounts to \$3,840,779, increasing from \$3,532,927 for the year ended September 30, 2019. This board advance is recorded in the General fund of the City of McAllen.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Long-Term Obligations**

A loan from the General Depreciation and General Insurance funds in the amount of \$910,958 was issued on May 1, 2015 for the purpose of financing capital improvements to the port of entry (shell improvements) at a rate of 4.5%, with monthly installment payments of \$16,983. Total interest paid for the year ended September 30, was \$2,264, and total principal paid was \$133,600. As of September 30, 2020, the loan has been paid off.

**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.

**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.

**NOTE 2 - CASH AND INVESTMENTS**

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

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Investments**

*Fair Value Measurement:*

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

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

Investments at fair value, including accrued interest, for the year ended September 30, 2020 and September 30, 2019 are presented in the following tables:

		<u>Fair Value Measurements Using</u>			
2020	Carrying Value	Fair Value	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>					
Certificates of Deposit	\$ 1,023,808	\$ 1,023,808	\$ -	\$ 1,023,808	\$ -
Total investments by fair value level	\$ 1,023,808	\$ 1,023,808	\$ -	\$ 1,023,808	\$ -
		<u>Fair Value Measurements Using</u>			
2019	Carrying Value	Fair Value	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>					
Certificates of Deposit	\$ 5,030,575	\$ 5,030,575	\$ -	\$ 5,030,575	\$ -
Total investments by fair value level	\$ 5,030,575	\$ 5,030,575	\$ -	\$ 5,030,575	\$ -

The total amount excludes investments in local government pools which are recorded at amortized cost. These investments total \$7,274,438 and \$5,452,464 as of September 30, 2020 and September 30, 2019 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.

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

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

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

	<u>Certificates of Deposit</u>	
< 1 Year	\$	1,023,808
Total	\$	<u>1,023,808</u>
Weighted Average Maturity		313 days

*Credit risk.* As of September 30, 2020 and 2019, the investments in the TexPool Prime investment pool are rated AAAM by Standards and Poor's. The City's investment policy limits authorized investments to local government investment pools of political subdivisions in the State of Texas that invest in instruments and follow practices allowed by current law and that maintains as an investment objective a \$1.00 net asset value, certificates of deposits, U.S. Treasuries and U.S. government agencies, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds, fully collateralized repurchase agreements.

*Concentration of credit risk.* The Hidalgo Bridge investment holdings at September 30, 2020 and 2019 were confined to TexPool Prime and Certificates of Deposit. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

**NOTE 3 - CAPITAL ASSETS**

Capital assets activities for the year ended September 30, 2020 and September 30, 2019 are presented in the following tables:

	Balance at September 30, 2019	Additions	(Retirement)/ Transfer	Balance at September 30, 2020
Capital assets not being depreciated:				
Land	\$ 809,233	\$ -	\$ -	\$ 809,233
Construction in progress	666,381	1,327,929		1,994,310
Capital assets net of accumulated depreciation:				
Buildings	14,434,100	-	-	14,434,100
Improvements other than buildings	4,848,785	56,351	-	4,905,136
Machinery and equipment	3,801,914	30,771		3,832,685
Total capital assets	<u>24,560,413</u>	<u>1,415,051</u>	-	<u>25,975,464</u>
Less accumulated depreciation	<u>(14,640,747)</u>	<u>(1,128,158)</u>		<u>(15,768,905)</u>
Net capital assets	<u>\$ 9,919,666</u>	<u>\$ 286,893</u>	<u>\$ -</u>	<u>\$ 10,206,559</u>
	Balance at September 30, 2018	Additions	(Retirement)/ Transfer	Balance at September 30, 2019
Capital assets not being depreciated:				
Land	\$ 809,233	\$ -	\$ -	\$ 809,233
Construction in progress	598,500	67,881		666,381
Goodwill	609,713	-	(609,713)	-
Capital assets net of accumulated depreciation:				
Buildings	14,415,500	18,600	-	14,434,100
Improvements other than buildings	4,730,271	118,514	-	4,848,785
Machinery and equipment	3,825,705	23,159	(46,950)	3,801,914
Total capital assets	<u>24,988,922</u>	<u>228,154</u>	<u>(656,663)</u>	<u>24,560,413</u>
Less accumulated depreciation	<u>(13,395,596)</u>	<u>(1,292,102)</u>	<u>(46,951)</u>	<u>(14,734,649)</u>
Net capital assets	<u>\$ 11,593,326</u>	<u>\$ (1,063,948)</u>	<u>\$ (609,712)</u>	<u>\$ 9,825,764</u>

**NOTE 4 - LONG TERM LIABILITIES**

Long-term liability activities for the year ended September 30, 2020 and September 30, 2019 are reflected in the following tables:

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2020	Amounts Due Within One Year
Note Payable - Bridge Shell Improvements	\$ 133,600	\$ -	\$ (133,600)	\$ -	\$ -
Capital Lease - Motorola	11,780	1,766	(3,586)	9,960	1,820
Net pension liability	521,592		(256,268)	265,324	-
Compensated absences	118,474	108,961	(118,382)	109,053	85,560
	<u>\$ 785,446</u>	<u>\$ 110,727</u>	<u>\$ (511,836)</u>	<u>\$ 384,337</u>	<u>\$ 87,380</u>

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

**NOTE 5 - OPERATING LEASES**

The Hidalgo Bridge leases property and buildings to the United States Government, the state of Texas, and various commercial dealers under operating leases. The leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA) and a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc. UETA exercised their first of three options to extend their lease commencing on December 1, 2018. The lease extension is for five years through November 30, 2023.

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
2021	\$ 2,116,056	\$ 240,000	\$ 2,356,056
2022	2,116,056	40,000	2,156,056
2023	2,116,056	-	2,116,056
2024	2,116,056	-	2,116,056
2025	2,116,056	-	2,116,056
2026-2029	7,582,534	-	7,582,534

**NOTE 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.

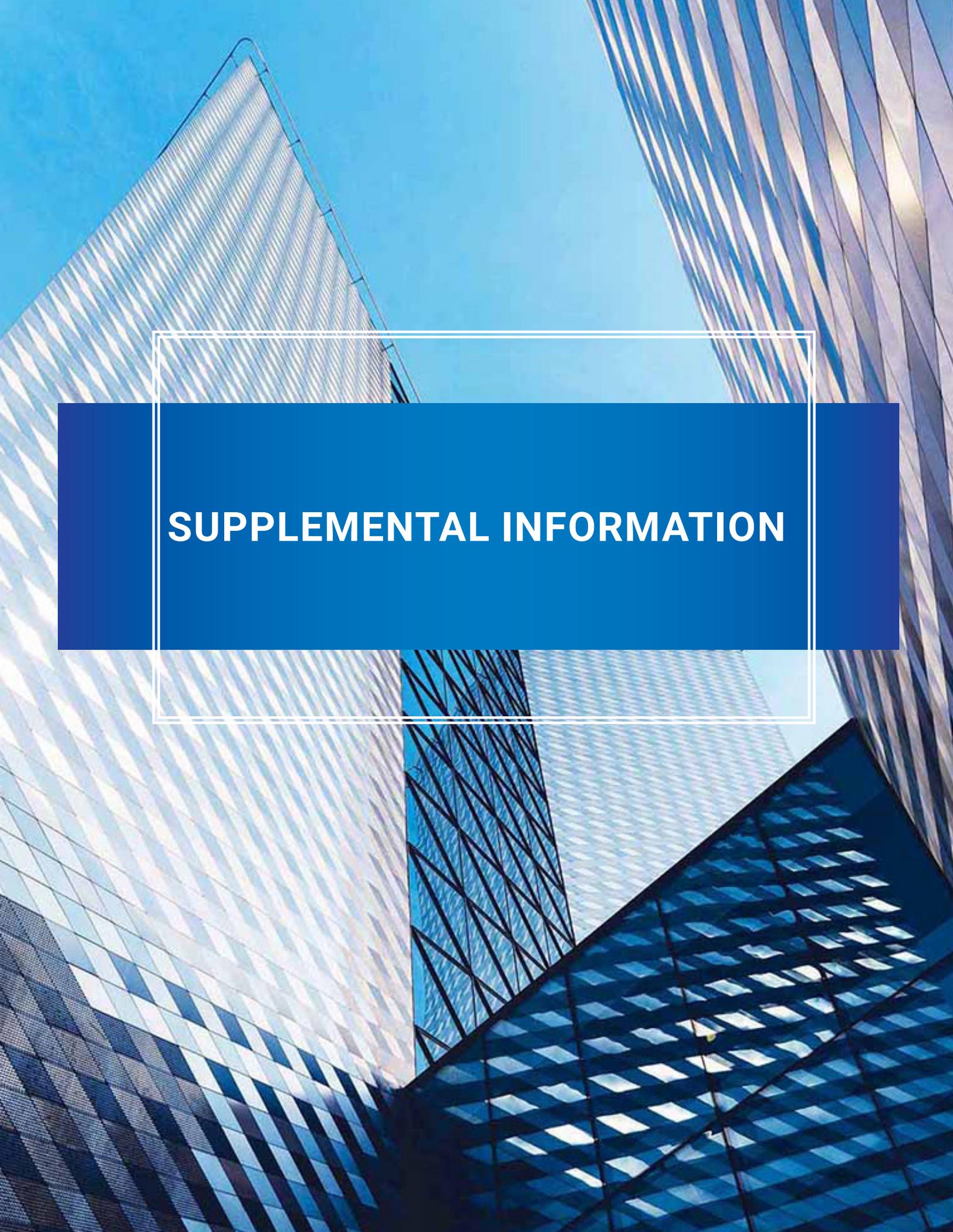
The table below describes the plan provisions adopted by the City:

	<b>Plan Year 2018</b>	<b>Plan Year 2019</b>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retire)	0% of CPI	0% of CPI

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. Since the Hidalgo Bridge is a component of the overall financial City wide audit report, additional pension disclosures are reflected in the City’s Comprehensive Annual Financial Report. Included in the financial statements are Hidalgo Bridge’s allocable share of the net pension liability of \$265,324, deferred outflow of resources – pension of \$116,632, and deferred inflow of resources – pension of \$170,481.

**NOTE 7 - ACCOUNTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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



**SUPPLEMENTAL INFORMATION**

Schedule of Income Distribution  
Last Ten Years

	Year Ended September 30,			
	2011	2012	2013	2014
Bridge revenues (1)	\$ 10,810,639	\$ 11,915,379	\$ 12,015,083	\$ 12,684,779
Deductible operating expenses (1)	<u>2,277,894</u>	<u>2,464,251</u>	<u>2,326,352</u>	<u>2,451,232</u>
	8,532,745	9,451,128	9,688,731	10,233,547
Surplus from contingency, construction, and debt service funds	-	-	-	-
	<u>8,532,745</u>	<u>9,451,128</u>	<u>9,688,731</u>	<u>10,233,547</u>
Less:				
Required transfers to restricted assets (2)	297,615	124,776	-	-
Transfers to Anzalduas International Bridge Fund (3)	-	-	-	-
Transfers to Capital Improvement Fund	243,527	745,052	727,042	708,562
Transfer to Health Insurance Fund	-	-	-	-
Long term note principal	-	-	-	-
Capital Lease - Motorola Principal	-	-	-	-
Transfer to start up fund	-	-	-	-
Deductions for Capital Assets Acquisitions (3)	3,995	4,206	-	-
Board advance Series "A" 2007 Bonds	326,833	326,280	-	-
Base revenues	<u>\$ 7,660,775</u>	<u>\$ 8,250,814</u>	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</u>
Distributions and reservations of surplus revenues:				
Net distribution to City of Hidalgo	<u>2,757,893</u>	<u>2,970,293</u>	<u>3,226,208</u>	<u>3,428,995</u>
City of McAllen:	4,902,896	5,280,521	5,735,482	6,095,990
Less: Series "B" Bonds debt service	(734,467)	(671,868)	(963,664)	(947,075)
Less: Implied interest expense on Series "B" Bonds	(14)	-	-	-
Distribution to City of McAllen	<u>4,168,415</u>	<u>4,608,653</u>	<u>4,771,818</u>	<u>5,148,915</u>
<b>Base Revenue Only</b>	<u>\$ 7,660,775</u>	<u>\$ 8,250,814</u>	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</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,

	2015	2016	2017	2018	2019	2020
\$	13,601,940	\$ 14,521,021	\$ 14,761,094	\$ 14,447,224	\$ 13,888,525	\$ 10,764,761
	2,548,148	2,653,694	2,791,331	2,776,938	2,798,776	2,889,650
	<u>11,053,792</u>	<u>11,867,327</u>	<u>11,969,763</u>	<u>11,670,286</u>	<u>11,089,749</u>	<u>7,875,111</u>
	-	-	-	-	-	-
	<u>11,053,792</u>	<u>11,867,327</u>	<u>11,969,763</u>	<u>11,670,286</u>	<u>11,089,749</u>	<u>7,875,111</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	705,687	1,251,894	1,431,298	1,395,748	1,319,338	944,722
	-	55,744	8,443	14,863	93,150	40,865
	-	168,710	176,460	184,568	195,824	133,600
	-	-	-	-	-	1,766
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>10,348,105</u>	<u>10,390,979</u>	<u>10,353,562</u>	<u>10,075,107</u>	<u>9,481,437</u>	<u>6,754,158</u>
	<u>3,725,318</u>	<u>3,740,752</u>	<u>3,727,282</u>	<u>3,627,039</u>	<u>3,375,018</u>	<u>2,469,797</u>
	6,622,787	6,650,227	6,626,280	6,448,068	6,068,119	4,322,662
	(947,888)	(949,755)	(914,417)	(846,258)	(844,742)	(842,725)
	-	-	-	-	-	-
	<u>5,674,899</u>	<u>5,700,472</u>	<u>5,711,863</u>	<u>5,601,810</u>	<u>5,223,377</u>	<u>3,479,937</u>
\$	<u>10,348,105</u>	<u>10,390,979</u>	<u>10,353,562</u>	<u>10,075,107</u>	<u>9,481,437</u>	<u>6,754,158</u>

Schedule of Rental Income  
Year Ended September 30, 2020

<u>Lessee</u>	<u>Amount</u>
General Services Administration	\$ 2,260,953
Texas Alcoholic Beverage Commission	25,679
United Export Traders Association	240,000
AT&T	140,327
Verizon	2,250
ATM	2,790
PALBA	24,540
McAllen Data Center	<u>19,804</u>
	<u>\$ 2,716,343</u>

**Schedule of Expenses by Department  
Years Ended September 30, 2020 and 2019**

	Department		Total 2020	Total 2019
	Administration	Bridge Operations		
<b>Personnel Services</b>				
Exempt salaries	117,258	61,818	\$ 179,076	\$ 209,388
Nonexempt wages and part time	55,310	893,467	948,777	911,705
Board of trustees fees	3,253	-	3,253	2,100
Overtime	455	61,254	61,709	80,421
Total salaries and wages	<u>176,276</u>	<u>1,016,539</u>	<u>1,192,815</u>	<u>1,203,614</u>
<b>Payroll Taxes and Benefits</b>				
Social security and unemployment tax	12,992	79,562	92,554	88,003
Employee retirement	14,907	86,043	100,950	94,142
Employee benefits	196,615	104,208	300,823	242,385
Transportation and telephone allowance	5,544	3,060	8,604	10,692
Total payroll taxes and benefits	<u>230,058</u>	<u>272,873</u>	<u>502,931</u>	<u>435,222</u>
<b>Materials and Supplies</b>				
Janitorial	-	60,854	60,854	48,247
Office supplies	3,007	-	3,007	5,069
Clothing and uniforms	903	8,959	9,862	13,340
Operating supplies	92,997	9,295	102,292	23,093
Total materials and supplies	<u>96,907</u>	<u>79,108</u>	<u>176,015</u>	<u>89,749</u>
<b>Maintenance</b>				
Vehicles	3,114	-	3,114	3,791
Buildings	-	96,955	96,955	93,429
Fuel	2,559	96	2,655	4,579
Equipment	641	81,861	82,502	76,736
Total maintenance	<u>6,314</u>	<u>178,912</u>	<u>185,226</u>	<u>178,535</u>
<b>Other Services and Charges</b>				
Auditing services	16,767	-	16,767	16,000
Advertising	73,230	-	73,230	84,450
Dues and subscription	33,432	-	33,432	24,032
Management fee	135,000	-	135,000	135,000
Postage	54	-	54	950
Professional services	113,575	-	113,575	110,930
Photocopier rental	1,326	-	1,326	2,774
Rental and contractual	15,259	100,723	115,982	162,452
Bridge security	-	293,647	293,647	283,609
Travel and training	1,469	-	1,469	8,222
Telephone	3,217	-	3,217	2,307
Utilities	-	51,216	51,216	41,182
General insurance	23,171	-	23,171	23,171
Miscellaneous	42,499	69,980	112,478	251,956
Total other services and charges	<u>458,998</u>	<u>515,566</u>	<u>974,564</u>	<u>1,147,035</u>
Total expenses before depreciation	<u>968,553</u>	<u>2,062,998</u>	<u>3,031,551</u>	<u>3,054,155</u>
Depreciation and amortization	1,128,158	-	1,128,158	1,292,102
Total operating expenses	<u>\$ 2,096,711</u>	<u>\$ 2,062,998</u>	<u>\$ 4,159,710</u>	<u>\$ 4,346,257</u>

**Combining Schedule of Net Position**  
**September 30, 2020**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Assets</b>			
Cash	\$ 148,471	\$ 132,868	\$ 281,339
Investments	2,237,159	2,133,243	4,370,402
Receivable	1,500	71	1,571
Due from other governments	176,865	-	176,865
Total current assets	<u>2,563,995</u>	<u>2,266,182</u>	<u>4,830,177</u>
<b>Restricted Assets</b>			
Cash (all interest-bearing):			
Capital improvement	52,210	298,776	350,986
Total restricted cash	<u>52,210</u>	<u>298,776</u>	<u>350,986</u>
Investments-reserved for distribution	3,479,937	-	3,479,937
Investments	2,581,150	2,108,401	4,689,551
Deferred contributions	-	3,126,452	3,126,452
Due from other governments	-	383,771	383,771
Total restricted assets – excluding current bond installments	<u>6,113,297</u>	<u>5,917,400</u>	<u>12,030,697</u>
<b>Capital Assets – at cost</b>			
Capital assets not being depreciated:			
Land	809,233	2,922,772	3,732,005
Construction in progress	1,994,310	503,132	2,497,442
Capital assets:			
Buildings	14,434,100	3,012,370	17,446,470
Improvements other than buildings	4,905,136	47,930,934	52,836,070
Machinery and equipment	3,832,685	1,041,609	4,874,294
Total capital assets	<u>25,975,464</u>	<u>55,410,817</u>	<u>81,386,281</u>
Less accumulated depreciation	<u>(15,768,905)</u>	<u>(16,396,002)</u>	<u>(32,164,907)</u>
Net capital assets	<u>10,206,559</u>	<u>39,014,815</u>	<u>49,221,374</u>
<b>Other Assets</b>			
Board advances	19,713,848	-	19,713,848
Total assets	<u>38,597,699</u>	<u>47,198,397</u>	<u>85,796,096</u>
<b>Deferred outflows of resources - pension</b>	<u>116,632</u>	<u>24,055</u>	<u>140,687</u>
Total assets and deferred outflows of resources	<u>\$ 38,714,331</u>	<u>\$ 47,222,452</u>	<u>\$ 85,936,783</u>

**Combining Schedule of Net Position  
September 30, 2020**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Liabilities</b>			
Due to City of Hidalgo	\$ 336,512	\$ -	\$ 336,512
Accounts payable and accrued liabilities	65,137	49,028	114,165
Compensated absences	85,560	6,519	92,079
Other payables	77,315	-	77,315
Capital Lease	1,820	-	1,820
Total current liabilities	<u>566,344</u>	<u>55,547</u>	<u>621,891</u>
<b>Liabilities Payable From Restricted Assets</b>			
Accounts payable	197,335	-	197,335
Due to City of McAllen-interest on investments	44,847	37,635	82,482
Current installments of revenue bonds	-	1,832,497	1,832,497
Accrued revenue bond interest	-	83,790	83,790
Accrued expense - retainage payable	-	143,396	143,396
Total liabilities payable from restricted assets	<u>242,182</u>	<u>2,097,318</u>	<u>2,339,500</u>
<b>Long-Term Liabilities</b>			
Revenue bonds – excluding current installments	-	24,149,215	24,149,215
Compensated absences	23,494	-	23,494
Unearned revenues	137,555	2,635,200	2,772,755
Net pension liability	265,324	100,568	365,892
Capital lease payables	9,960	-	9,960
Other long term payables	-	19,713,848	19,713,848
Total long-term liabilities	<u>436,333</u>	<u>46,598,831</u>	<u>47,035,164</u>
Total liabilities	<u>1,244,859</u>	<u>48,751,696</u>	<u>49,996,555</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow of resources - refunding	-	282,560	282,560
Deferred inflow of resources - pensions	170,481	35,162	205,643
Total deferred inflow of resources	<u>170,481</u>	<u>317,722</u>	<u>488,203</u>
Total liabilities and deferred inflows of resources	<u>1,415,340</u>	<u>49,069,418</u>	<u>50,484,758</u>
<b>Net Position</b>			
Net investment in capital assets	10,194,779	12,750,544	22,945,323
Restricted per revenue bond ordinances	538,021	1,425,199	1,963,220
Restricted for improvements	2,662,828	860,413	3,523,241
Restricted for distribution to the City of McAllen	3,479,937	-	3,479,937
Restricted for Distribution to TXDOT	-	491,253	491,253
Unrestricted (deficit)	<u>20,423,426</u>	<u>(17,374,375)</u>	<u>3,049,051</u>
Total net position	<u>37,298,991</u>	<u>(1,846,966)</u>	<u>35,452,025</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,714,331</u>	<u>\$ 47,222,452</u>	<u>\$ 85,936,783</u>

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended September 30, 2020**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Operating revenues:</b>			
Tolls	\$ 7,845,234	\$ 2,898,204	\$ 10,743,438
Rental income	2,716,343	-	2,716,343
Other income	163,229	82,680	245,909
Total operating revenues	<u>10,724,806</u>	<u>2,980,884</u>	<u>13,705,690</u>
<b>Operating expenses:</b>			
Salaries	1,201,420	246,043	1,447,464
Payroll taxes and benefits	494,327	116,339	610,666
Insurance	23,171	20,963	44,134
Materials and supplies	176,015	14,379	190,394
Maintenance	185,226	60,631	245,857
Bridge security	293,647	-	293,647
Miscellaneous services	657,746	316,307	974,053
Depreciation	1,128,158	1,476,747	2,604,905
Total operating expenses	<u>4,159,710</u>	<u>2,251,410</u>	<u>6,411,120</u>
Operating income	<u>6,565,096</u>	<u>729,474</u>	<u>7,294,570</u>
<b>Nonoperating revenues (expenses):</b>			
Distribution of income to the City of Hidalgo	(2,469,797)	-	(2,469,797)
Distribution of income to SCT	-	(17,431)	(17,431)
Interest income	87,225	53,389	140,614
Interest income-restricted accounts	-	10,662	10,662
Loss on sale of capital assets	-	(7,000)	(7,000)
Interest expense	(2,676)	(763,217)	(765,893)
Interest on Board advances	726,727	(726,727)	-
Total nonoperating expenses, net	<u>(1,658,521)</u>	<u>(1,450,324)</u>	<u>(3,108,845)</u>
Income (loss) before transfers and contributions	4,906,575	(720,850)	4,185,725
Transfers to the City of McAllen	(5,223,378)	-	(5,223,378)
Transfers to/from debt service Series "B" 2007 bonds	(842,725)	842,725	-
Transfers to Health Insurance Fund	(40,865)	(12,108)	(52,973)
Changes in net position	<u>(1,200,393)</u>	<u>109,767</u>	<u>(1,090,626)</u>
Total net position at beginning of year	38,499,384	(1,956,733)	36,542,651
Total net position at end of year	<u>\$ 37,298,991</u>	<u>\$ (1,846,966)</u>	<u>\$ 35,452,025</u>

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2020**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 10,723,155	\$ 2,980,884	\$ 13,704,039
Payments to employees	(1,113,675)	(325,079)	(1,438,754)
Payments to suppliers	(1,578,254)	(3,414,798)	(4,993,052)
Net cash provided (used) by operating activities	<u>8,031,226</u>	<u>(758,993)</u>	<u>7,272,233</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Distribution of income to the City of Hidalgo	(2,860,977)	-	(2,860,977)
Operating transfers to the City of McAllen	(5,223,378)	-	(5,223,378)
Transfer to/from McAllen International Toll Bridge-Board B	(842,725)	842,725	-
Transfer to Health Insurance Fund	(40,865)	(12,108)	(52,973)
Subsidy from federal grant	-	2,251,429	2,251,429
Net cash provided (used) by noncapital financing activities	<u>(8,967,945)</u>	<u>3,082,046</u>	<u>(5,885,899)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(1,415,051)	(35,700)	(1,450,751)
Capital contributions	-	61,062	61,062
Principal paid on long-term debt	(135,366)	(1,540,000)	(1,675,366)
Interest paid	(2,676)	(1,030,975)	(1,033,651)
Net cash used by capital and related financing activities	<u>(1,553,093)</u>	<u>(2,545,613)</u>	<u>(4,098,706)</u>
<b>Cash Flows From Investing Activities</b>			
Receipt of interest	87,225	64,234	151,459
Proceeds from sales and maturities of investments	13,585,920	6,649,766	20,235,686
Purchase of investments	(11,401,127)	(6,277,632)	(17,678,759)
Net cash provided by investing activities	<u>2,272,018</u>	<u>436,368</u>	<u>2,708,386</u>
Net change in cash	(217,794)	213,808	(3,986)
Cash at beginning of year	<u>418,475</u>	<u>217,836</u>	<u>636,311</u>
Cash at end of year	<u>\$ 200,681</u>	<u>\$ 431,644</u>	<u>\$ 632,325</u>

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2020**  
**(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	\$ 148,471	\$ 132,868	\$ 281,339
Restricted cash	52,210	298,776	350,986
	\$ 200,681	\$ 431,644	\$ 632,325
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
	\$ 6,565,097	\$ 729,474	\$ 7,294,571
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,128,158	1,476,747	2,604,905
(Increase) decrease in deferred outflows of resources	236,717	71,159	307,876
(Increase) decrease in deferred contributions	-	(3,126,452)	(3,126,452)
Increase (decrease) in deferred inflows of resources	146,910	28,811	175,721
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,027)	-	(2,027)
Increase (decrease) due to other funds	(8,639)	-	(8,639)
Increase (decrease) in accounts payable	184,650	123,935	308,585
Increase (decrease) in other payables	45,673	1,730	47,403
Increase (decrease) in net pension liability	(256,268)	(52,855)	(309,123)
Increase (decrease) in compensated absences payable	(9,420)	(11,542)	(20,962)
Increase (decrease) in unearned revenue	376	-	376
Total adjustments	1,466,130	(1,488,467)	(22,337)
Net cash provided (used) by operating activities	\$ 8,031,227	\$ (758,993)	\$ 7,272,234

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

	Year Ended September 30,			
	2011	2012	2013	2014
Vehicular traffic southbound:				
Cars	2,997,696	2,986,097	2,908,166	2,834,249
Trucks	1,641	6,620	9,119	13,075
Buses	17,464	16,680	16,160	19,933
Total vehicles	(1) <u>3,016,801(1)</u>	<u>3,009,397(1)</u>	<u>2,933,445(1)</u>	<u>2,867,257</u>
Passenger traffic southbound:				
Passengers in cars	(2) 7,494,240(2)	7,465,243(2)	7,270,415(2)	7,085,623
Pedestrians	1,540,559	1,479,032	1,502,399	1,503,611
Passengers and drivers – buses and trucks	506,456	483,720	468,640	578,057
Total persons	<u>9,541,255</u>	<u>9,427,995</u>	<u>9,241,454</u>	<u>9,167,291</u>

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

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

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

Year Ended September 30,						
2015	2016	2017	2018	2019	2020	
2,822,746	2,896,421	2,862,748	2,794,901	2,642,179	1,890,935	
13,284	11,554	10,652	11,597	11,911	7,730	
19,927	17,330	15,979	17,396	17,866	11,596	
(1) <u>2,855,957(1)</u>	<u>2,925,305(1)</u>	<u>2,889,379(1)</u>	<u>2,823,894(1)</u>	<u>2,671,956(1)</u>	<u>1,910,261(1)</u>	
(2) 7,056,865(2)	7,241,053(2)	7,156,870(2)	6,987,253(2)	6,605,448(2)	4,727,338(2)	
1,562,990	1,705,111	1,641,614	1,522,221	1,521,170	1,521,170	
577,883	502,570	463,379	504,478	518,120	336,272	
<u>9,197,738</u>	<u>9,448,734</u>	<u>9,261,863</u>	<u>9,013,952</u>	<u>8,644,738</u>	<u>6,584,780</u>	

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

	Year Ended September 30,			
	2011	2012	2013	2014
Southbound traffic:				
Cars	2,997,696	2,986,097	2,908,166	2,834,249
Trucks	1,641	6,620	9,119	13,075
Total car and truck traffic	<u>2,999,337</u>	<u>2,992,717</u>	<u>2,917,285</u>	<u>2,847,324</u>
Truck traffic percentage	0.05%	0.22%	0.31%	0.46%
Car and truck revenue:				
Cars	\$ 7,982,692	\$ 8,820,614	\$ 8,724,498	\$ 8,910,274
Trucks	11,487	46,384	63,833	91,525
Total car and truck revenue	<u>\$ 7,994,179</u>	<u>\$ 8,866,998</u>	<u>\$ 8,788,331</u>	<u>\$ 9,001,799</u>
Truck revenue percentage	0.14%	0.52%	0.73%	1.02%
Average revenue per car	\$ 2.66	\$ 2.95	\$ 3.00	\$ 3.14
Average revenue per truck	\$ 7.00	\$ 7.01	\$ 7.00	\$ 7.00

Year Ended September 30,					
2015	2016	2017	2018	2019	2020
2,822,746	2,886,421	2,862,748	2,794,901	2,642,179	1,890,935
13,284	11,554	10,652	11,597	11,911	7,730
<u>2,836,030</u>	<u>2,897,975</u>	<u>2,873,400</u>	<u>2,806,498</u>	<u>2,654,090</u>	<u>1,898,665</u>
0.47%	0.40%	0.37%	0.41%	0.45%	0.41%
\$ 9,447,892	\$ 10,125,250	\$ 10,019,618	\$ 9,782,154	\$ 9,247,627	\$ 6,618,273
92,988	80,878	74,564	81,179	83,376	54,113
<u>\$ 9,540,880</u>	<u>\$ 10,206,128</u>	<u>\$ 10,094,182</u>	<u>\$ 9,863,333</u>	<u>\$ 9,331,003</u>	<u>\$ 6,672,385</u>
0.97%	0.79%	0.74%	0.82%	0.89%	0.81%
\$ 3.35	\$ 3.51	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00

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**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2020  
(Unaudited)**

Anzalduas Special & Startup Fund:

Balance at September 30, 2019	Additions		Balance at September 30, 2020
	Advances	Implied Interest	
\$ 14,494,983	\$ -	\$ 704,151	\$ 15,199,134

Board advance "A" to Anzalduas International Crossing:

Balance at September 30, 2019	Additions		Balance at September 30, 2020
	Advances	Implied Interest	
\$ 4,492,138	\$ -	\$ 22,576	\$ 4,514,714

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2019	Additions		Balance at September 30, 2020
	Advances	Implied Interest	
\$ 18,987,121	\$ -	\$ 726,727	\$ 19,713,848

**Distribution of Advances:**

City of McAllen- Share @ 64%	\$ 12,151,757	\$ -	\$ 465,105	\$ 12,616,862
City of Hidalgo- Share @ 36%	\$ 6,835,364	\$ -	\$ 261,622	\$ 7,096,986
	<u>\$ 18,987,121</u>	<u>\$ -</u>	<u>\$ 726,727</u>	<u>\$ 19,713,848</u>

**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2020  
(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>
10/01/2019	Opening balance					\$ 14,494,983
10/31/2019	4.74%	31	-	58,353	-	14,553,336
11/30/2019	4.74%	30	-	56,698	-	14,610,034
12/31/2019	4.74%	31	-	58,816	-	14,668,850
01/31/2020	4.74%	31	-	59,053	-	14,727,903
02/29/2020	4.74%	29	-	55,466	-	14,783,369
03/31/2020	4.74%	31	-	59,514	-	14,842,883
04/30/2020	4.74%	30	-	57,826	-	14,900,709
05/31/2020	4.74%	31	-	59,987	-	14,960,696
06/30/2020	4.74%	30	-	58,285	-	15,018,981
07/31/2020	4.74%	31	-	60,463	-	15,079,444
08/31/2020	4.74%	31	-	60,706	-	15,140,150
09/30/2020	4.74%	30	-	58,984	-	15,199,134

**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2020  
(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					\$	4,492,138
10/01/2019				-	-	4,492,138
10/31/2019	0.50%	31	-	1,908	-	4,494,045
11/01/2019				-	-	4,494,045
11/30/2019	0.50%	30	-	1,847	-	4,495,892
12/01/2019				-	-	4,495,892
12/31/2019	0.50%	31	-	1,909	-	4,497,801
01/01/2020				-	-	4,497,801
01/31/2020	0.50%	31	-	1,910	-	4,499,711
02/01/2020				-	-	4,499,711
02/29/2020	0.50%	29	-	1,788	-	4,501,499
03/01/2020				-	-	4,501,499
03/31/2020	0.50%	31	-	1,912	-	4,503,411
04/01/2020				-	-	4,503,411
04/30/2020	0.50%	30	-	1,851	-	4,505,261
05/01/2020				-	-	4,505,261
05/31/2020	0.50%	31	-	1,913	-	4,507,175
06/01/2020				-	-	4,507,175
06/30/2020	0.50%	30	-	1,852	-	4,509,028
07/01/2020				-	-	4,509,028
07/31/2020	0.50%	31	-	1,915	-	4,510,943
08/01/2020				-	-	4,510,943
08/31/2020	0.50%	31	-	1,916	-	4,512,858
09/01/2020				-	-	4,512,858
09/30/2020	0.50%	30	-	1,856	-	4,514,714

**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2020  
(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							\$ 3,532,927
10/01/2019			70,315	\$ 24,139	-	-	3,557,066
10/31/2019	0.500%	31	-	\$ -	1,511	-	3,558,577
11/01/2019			70,315	\$ 24,139	-	-	3,582,716
11/30/2019	0.500%	30	-	\$ -	1,472	-	3,584,188
12/01/2019			70,315	\$ 24,139	-	-	3,608,327
12/31/2019	0.500%	31	-	\$ -	1,532	-	3,609,859
01/01/2020			70,315	\$ 24,139	-	-	3,633,998
01/31/2020	0.500%	31	-	\$ -	1,543	-	3,635,541
02/01/2020			70,315	\$ 24,139	-	-	3,659,680
02/29/2020	0.500%	29	-	\$ -	1,454	-	3,661,134
03/01/2020			70,165	\$ 24,088	-	-	3,685,222
03/31/2020	0.500%	31	-	\$ -	1,565	-	3,686,787
04/01/2020			70,165	\$ 24,088	-	-	3,710,874
04/30/2020	0.500%	30	-	\$ -	1,525	-	3,712,399
05/01/2020			70,165	\$ 24,088	-	-	3,736,488
05/31/2020	0.500%	31	-	\$ -	1,587	-	3,738,075
06/01/2020			70,165	\$ 24,088	-	-	3,762,162
06/30/2020	0.500%	30	-	\$ -	1,546	-	3,763,709
07/01/2020			70,165	\$ 24,088	-	-	3,787,797
07/31/2020	0.500%	31	-	\$ -	1,609	-	3,789,406
08/01/2020			70,165	\$ 24,088	-	-	3,813,494
08/31/2020	0.500%	31	-	\$ -	1,619	-	3,815,113
09/01/2020			70,165	\$ 24,088	-	-	3,839,200
09/30/2020	0.500%	30	-	\$ -	1,578	-	3,840,779

**Schedule of Insurance Coverage**  
**September 30, 2020**  
**(Unaudited)**

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit	Aggregate	Occurrence Retention / Deductible
Property Insurance	Texas Municipal League	10/01/19 - 9/30/20	Real & Personal Property	\$349,880,333		\$500,000 *
- Bridge & Surrounding Area			Loss of Revenue / Extra Expense	\$15,188,455**		*\$50,000 Food & Earthquake Deductible
				**Loss of Revenue / Extra Expense / Rental Value for all City owned locations		
Excess Workers' Compensation	Safety National Casualty	10/01/19 - 9/30/20	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	10/01/19 - 9/30/20		\$250,000/\$5500,000 Tort Claims cap		
Crimes Insurance	Alliant	10/01/19 - 9/30/20	Employee Dishonesty Forgery or Alteration	\$1,000,000 \$1,000,000		\$2,500 \$2,500
			Theft, Disappearance & Destruction Computer Fraud	\$1,000,000 \$1,000,000		\$2,500 \$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  
McAllen International Toll Bridge

We have audited, in accordance with the auditing standards generally accepting in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McAllen International Toll Bridge (the Bridge), as of and for the years ended September 30, 2020 and 2019, 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 5, 2021.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

The Board of Trustees  
McAllen International Toll Bridge

**Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 5, 2021