

McAllen International Toll Bridge

Financial Statements
And Report of Independent Certified Public Accountants

September 30, 2019 and 2018

McALLEN INTERNATIONAL TOLL BRIDGE

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Independent Auditor's Report

To the Board of Trustees
McAllen International Toll Bridge

Report on the Financial Statements

We have audited the accompanying financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Financial Reporting Unit

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

Other Matters

Required Supplementary Information

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

Supplemental Information

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

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

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

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

The Board of Trustees
McAllen International Toll Bridge

Other Reporting Required by *Government Auditing Standards*

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 14, 2020

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

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

BRIDGE OPERATIONAL HIGHLIGHTS

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

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

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

Overview of the Financial Statements

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

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

Required Financial Statements

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

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

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

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

FINANCIAL POSITION SUMMARY

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

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

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

Condensed Statements of Net Position Information

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

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

Revenues, Expenses and Changes in Net Position

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

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

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

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

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

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

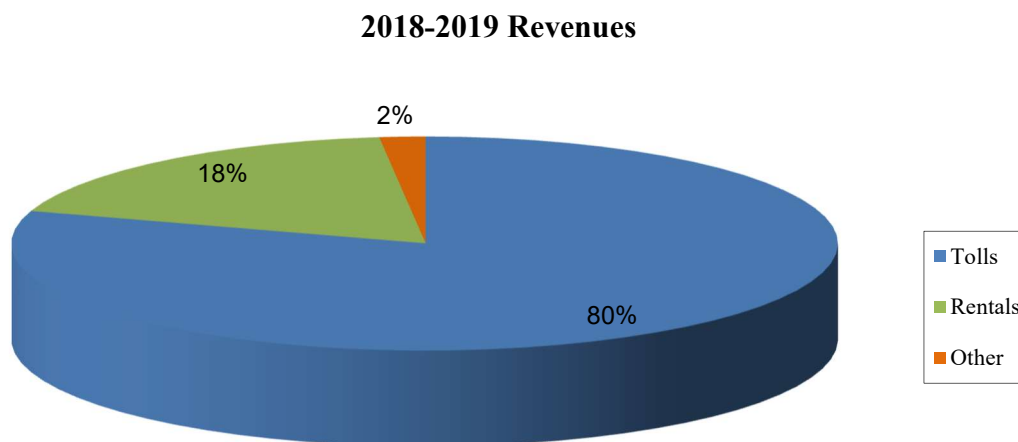
TOLL RATES

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

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

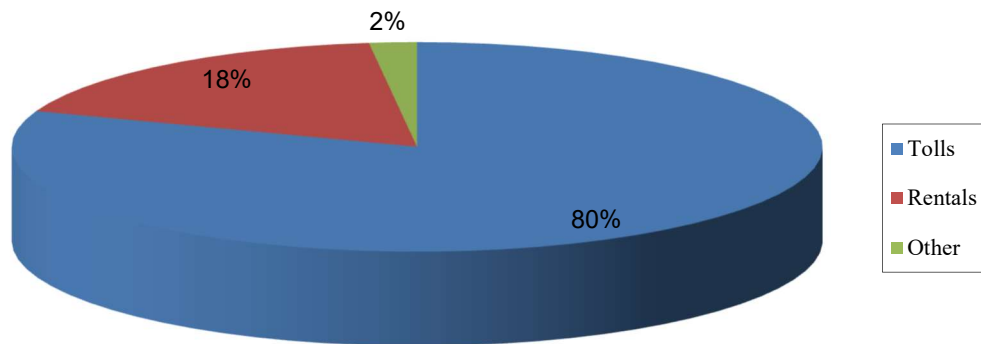
REVENUES

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



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

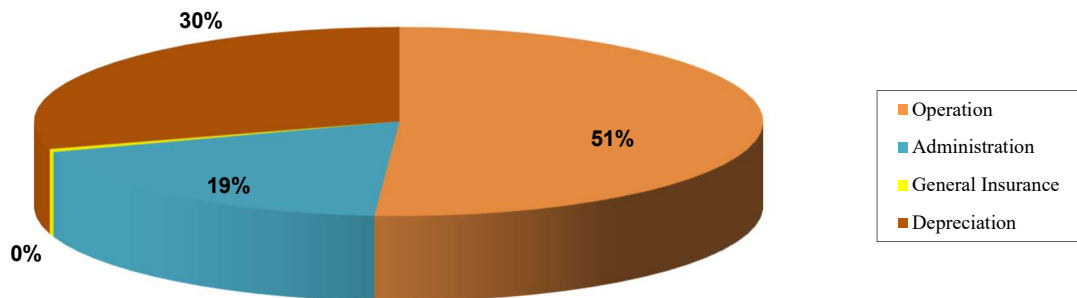
2017-2018 Revenues



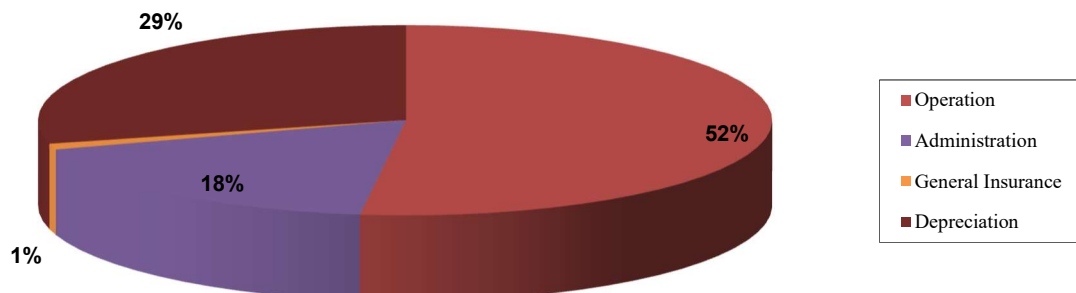
EXPENSES

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

2018-2019 Expenses



2017-2018 Expenses



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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

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

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

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

Debt

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

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

Assets and Deferred Outflows of Resources

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

The accompanying notes are an integral part of these statements

McAllen International Toll Bridge

Statements of Net Position September 30, 2019 and 2018

Liabilities and Net Position

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

The accompanying notes are an integral part of these statements

McAllen International Toll Bridge

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2019 and 2018

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

The accompanying notes are an integral part of these statements

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

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

The accompanying notes are an integral part of these statements

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

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

The accompanying notes are an integral part of these statements

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

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Accounting

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

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

1. Summary of Significant Accounting Policies-Continued

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

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

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

Capital Assets

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

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

The estimated useful lives are as follows:

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

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

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

1. Summary of Significant Accounting Policies-Continued

Advances

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

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

Board Advances Receivable from Anzalduas International Crossing

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

Board Advance "B"

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

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

1. Summary of Significant Accounting Policies-Continued

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

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

Long-Term Obligations

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

Accumulated Unpaid Compensated Absences

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

Income Distributions

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

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

1. Summary of Significant Accounting Policies-Continued

Restricted Assets

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

Goodwill

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

Cash and Cash Equivalents

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

2. Cash and Investments

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

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

2. Cash and Investments-Continued

Investments

Fair Value Measurement:

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

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

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

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

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

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

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

2. Cash and Investments-Continued

Public funds investment pools

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

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

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

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

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

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

2. Cash and Investments-Continued

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

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

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

3. Capital Assets

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

	Balance at 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	24,988,922	228,154	(656,663)	24,560,413
Less accumulated depreciation	13,395,596	1,292,102	(46,951)	14,640,747
Net capital assets	<u>\$ 11,593,326</u>	<u>\$ (1,063,948)</u>	<u>\$ (609,712)</u>	<u>\$ 9,919,666</u>
	Balance at September 30, 2017	Additions	(Retirement)/ Transfer	Balance at September 30, 2018
Capital assets not being depreciated:				
Land	\$ 809,233	\$ -	-	\$ 809,233
Construction in progress	1,450,153	152,535	(1,004,188)	598,500
Goodwill	609,713	-	-	609,713
Capital assets net of accumulated depreciation:				
Buildings	14,415,500	-	-	14,415,500
Improvements other than buildings	4,123,982	606,289	-	4,730,271
Machinery and equipment	2,480,732	382,111	962,862	3,825,705
Total capital assets	23,889,313	1,140,935	(41,326)	24,988,922
Less accumulated depreciation	12,287,467	1,147,670	(39,541)	13,395,596
Net capital assets	<u>\$ 11,601,846</u>	<u>\$ (6,735)</u>	<u>\$ (1,785)</u>	<u>\$ 11,593,326</u>

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

4. Long Term Liabilities

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

	Balance at 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>

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

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

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

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

5. Operating Leases

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

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

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

6. Retirement Plan

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

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

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

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

6. Retirement Plan-Continued

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

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

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

7. Accounting for Postemployment Benefits Other Than Pensions

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

Supplemental Information

McAllen International Toll Bridge
Schedule of Income Distribution
Last Ten Years

	Year Ended September 30,			
	2010	2011	2012	2013
Bridge revenues (1)	\$ 11,059,465	\$ 10,810,639	\$ 11,915,379	\$ 12,015,083
Deductible operating expenses (1)	2,217,135	2,277,894	2,464,251	2,326,352
	8,842,330	8,532,745	9,451,128	9,688,732
Surplus from contingency, construction, and debt service funds	-	-	-	-
	8,842,330	8,532,745	9,451,128	9,688,732
Less:				
Required transfers to restricted assets (2)	296,661	297,615	124,776	-
Transfers to Anzalduas International Bridge Fund (3)	-	-	-	-
Transfers to Capital Improvement Fund	-	243,527	745,052	727,042
Transfer to Health Insurance Fund	-	-	-	-
Long term note principal	-	-	-	-
Increase working capital	-	-	-	-
Transfer to start up fund	-	-	-	-
Deductions for Capital Assets Acquisitions (3)	3,045	3,995	4,206	-
Board advance Series "A" 2007 Bonds	815,000	326,833	326,280	-
Base revenues	<u>7,727,624</u>	<u>\$ 7,660,775</u>	<u>\$ 8,250,814</u>	<u>\$ 8,961,690</u>
Distributions and reservations of surplus revenues:				
City of Hidalgo	\$ 2,781,945	\$ 2,757,879	\$ 2,970,293	\$ 3,226,208
Net distribution to City of Hidalgo	<u>2,781,964</u>	<u>2,757,893</u>	<u>2,970,293</u>	<u>3,226,208</u>
City of McAllen:	4,945,679	4,902,896	5,280,521	5,735,482
Less: Series "B" Bonds debt service	(770,276)	(734,467)	(671,868)	(963,664)
Less: Implied interest expense on Series "B" Bonds	<u>(19)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Distribution to City of McAllen	<u>4,175,384</u>	<u>4,168,415</u>	<u>4,608,653</u>	<u>4,771,818</u>
Base Revenue Only	<u>\$ 7,727,624</u>	<u>\$ 7,660,775</u>	<u>\$ 8,250,814</u>	<u>\$ 8,961,690</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,					
2014	2015	2016	2017	2018	2019
\$ 12,684,779	\$ 13,601,940	\$ 14,521,021	\$ 14,761,094	\$ 14,447,224	\$ 13,888,525
2,451,232	2,548,148	2,653,694	2,791,331	2,776,938	2,798,776
10,233,547	11,053,792	11,867,327	11,969,763	11,670,286	11,089,749
-	-	-	-	-	-
10,233,547	11,053,792	11,867,327	11,969,763	11,670,286	11,089,749
-	-	-	-	-	-
-	-	-	-	-	-
708,562	705,687	1,251,894	1,431,298	1,395,748	1,319,338
-	-	55,744	8,443	14,863	93,150
-	-	168,710	176,460	184,568	195,824
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 9,524,985	\$ 10,348,105	\$ 10,390,979	\$ 10,353,562	\$ 10,075,107	\$ 9,481,437
\$ 3,428,995	\$ 3,725,318	\$ 3,740,752	\$ 3,727,282	\$ 3,627,039	\$ 3,375,018
3,428,995	3,725,318	3,740,752	3,727,282	3,627,039	3,375,018
6,095,990	6,622,787	6,650,227	6,626,280	6,448,068	6,068,119
(947,075)	(947,888)	(949,755)	(914,417)	(846,258)	(844,742)
-	-	-	-	-	-
5,148,915	5,674,899	5,700,472	5,711,863	5,601,810	5,223,378
\$ 9,524,985	\$ 10,348,105	\$ 10,390,979	\$ 10,353,562	\$ 10,075,107	\$ 9,443,137

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Anzalduas Special & Startup Fund:

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

Board advance "A" to Anzalduas International Crossing:

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

Combined totals of advances to Anzalduas International Crossing:

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

Distribution of Advances:

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

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

Activity Schedule-Anzalduas Special & Startup Fund:

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

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

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

Activity Schedule-Board Advances "A":

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

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

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

Activity Schedule-Board Advances "B":

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

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

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

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

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

To the Board of Trustees
McAllen International Toll Bridge

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Board of Trustees
McAllen International Toll Bridge

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 14, 2020