



## **McAllen International Toll Bridge**

**Financial Statements  
And Report of Independent Certified Public Accountants  
September 30, 2021 and 2020**



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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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 Board of Trustees  
McAllen International Toll Bridge

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, 2021 and 2020, and have issued our report thereon dated February 11, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. Such information, which is included in the supplemental combining schedules of this report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare those financial statements. The information has been subjected to the auditing procedures applied in that audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to those financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022, 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 11, 2022

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

September 30, 2021

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, 2021 and 2020 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.

Category	FY 20-21	FY 19-20	Increase (Decrease)	% Increase (Decrease)
Cars	1,647,489	1,890,935	(243,446)	-12.87%
Buses & others	16,489	19,326	(2,837)	-14.68%
Passengers in cars	4,118,723	4,727,338	(608,615)	-12.87%

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, as a result of this year's operations, net position increased by \$480K. Operating revenues decreased by \$529K and operating expenses decrease of \$366K.

**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, 2021 and 2020.

**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, 2021, net position increased by \$480K due to a decrease in transfers out. In FY 19-20 net position decreased by \$1.2M due to a decrease in toll revenue.

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

September 30, 2021

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**

	2021	2020	2019
<b>ASSETS:</b>			
Current assets	\$ 3,498,325	\$ 2,616,205	\$ 3,326,404
Noncurrent assets	5,581,029	6,061,087	7,751,448
Net capital assets	9,744,359	10,206,559	9,919,666
Other assets	20,472,774	19,713,848	18,987,121
<b>Total assets</b>	<b>39,296,487</b>	<b>38,597,699</b>	<b>39,984,639</b>
Deferred outflows of resources - pension	82,168	116,632	353,349
<b>Total assets and deferred outflow of resources</b>	<b>39,378,655</b>	<b>38,714,331</b>	<b>40,337,988</b>
<b>LIABILITIES:</b>			
Current liabilities	963,859	808,526	1,048,310
Other noncurrent liabilities	503,369	436,333	704,927
<b>Total liabilities</b>	<b>1,467,228</b>	<b>1,244,859</b>	<b>1,815,033</b>
Deferred inflows of resources	132,928	170,481	23,571
<b>Total liabilities and deferred inflow of resources</b>	<b>1,600,156</b>	<b>1,415,340</b>	<b>1,838,604</b>
<b>NET POSITION:</b>			
Net investment in capital assets	9,734,399	10,194,779	9,906,120
Restricted	6,821,363	6,680,786	8,868,240
Unrestricted	21,222,737	20,423,426	19,725,024
<b>Total net position</b>	<b>\$ 37,778,499</b>	<b>\$ 37,298,991</b>	<b>\$ 38,499,384</b>

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

Southbound car crossings decreased by 12.87% from 2020 to 2021, while the bus and others crossing decreased by 14.68%. This generated toll revenue of \$6.7M, a decrease of \$1.2M when compared to the prior year, Rental income increased by \$628K from 2020 to 2021 due to an increase in the monthly GSA and McAllen Data Center rental revenue. Operating expenses decreased from last year's level from \$4.2M to \$3.8M. The operating expense decrease of \$366K can be attributed to decreased spending in salaries and wages and a decrease in depreciation expense. While revenues decreased, the decrease in operating expenses and transfers resulted in a \$484K increase 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, 2021

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

	2021	2020	2019
Operating revenues:			
Charges for services	\$ 6,694,622	\$ 7,845,234	\$ 11,032,437
Rentals	3,344,081	2,716,343	2,528,751
Other	157,024	163,229	247,242
Total operating revenues	10,195,727	10,724,806	13,808,430
Operating expenses:			
Salaries, wages and employee benefits	1,381,472	1,695,746	1,638,836
Supplies	104,729	176,015	89,749
Contractual and other services	1,084,335	974,564	1,147,035
Repairs and maintenance	184,251	185,226	178,535
Depreciation and amortization	1,039,397	1,128,158	1,292,102
Total operating expenses	3,794,184	4,159,710	4,346,257
Operating income (loss)	6,401,543	6,565,096	9,462,173
Nonoperating revenues (expenses):			
Investment earnings	23,110	87,225	143,637
Interest expense	(357)	(2,676)	(11,576)
Interest on board advances	758,926	726,727	692,142
Gain (loss) on sale of capital assets	19,170	-	(609,412)
Other	(2,382,592)	(2,469,797)	(3,375,018)
Net non-operating revenues (expenses)	(1,581,743)	(1,658,521)	(3,160,227)
Income (loss) before contributions and transfers	4,819,800	4,906,575	6,301,946
Capital contributions	11,098	-	-
Transfers out	(4,351,390)	(6,106,968)	(6,539,702)
Change in net position	479,508	(1,200,393)	(237,756)
Total net position-beginning	37,298,991	38,499,384	38,737,140
Total net position-ending	\$ 37,778,499	\$ 37,298,991	\$ 38,499,384

## Management's Discussion and Analysis (Unaudited)

September 30, 2021

## TOLL RATES

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

Category	FY 20-21	FY 19-20
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

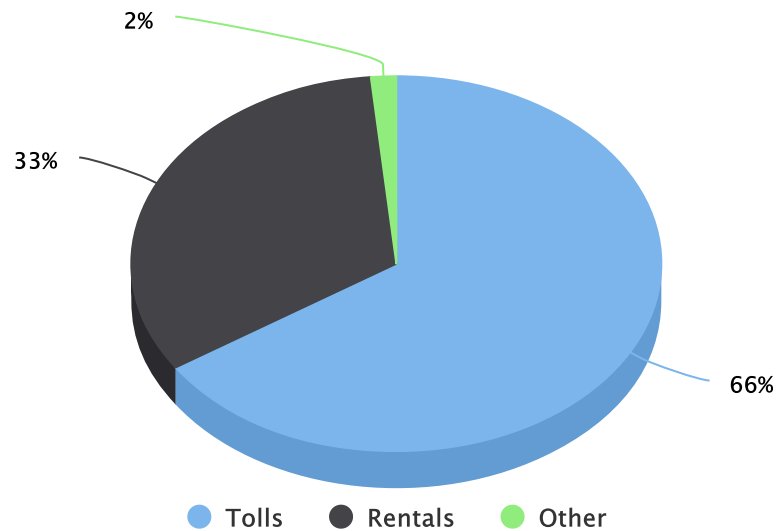
## Management's Discussion and Analysis (Unaudited)

September 30, 2021

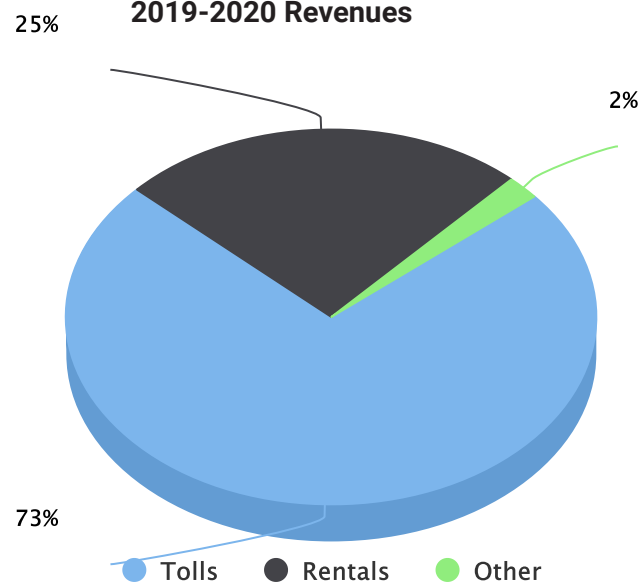
## REVENUES

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

2020-2021 Revenues



2019-2020 Revenues

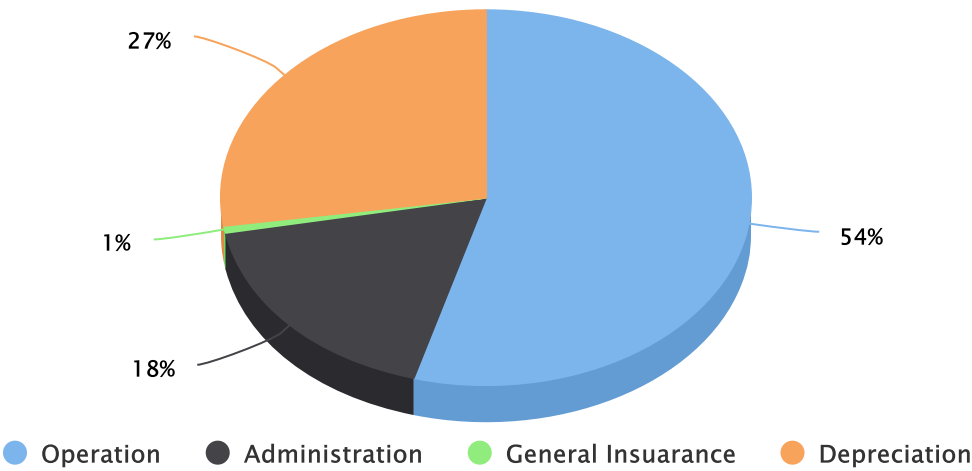


Management’s Discussion and Analysis (Unaudited)  
September 30, 2021

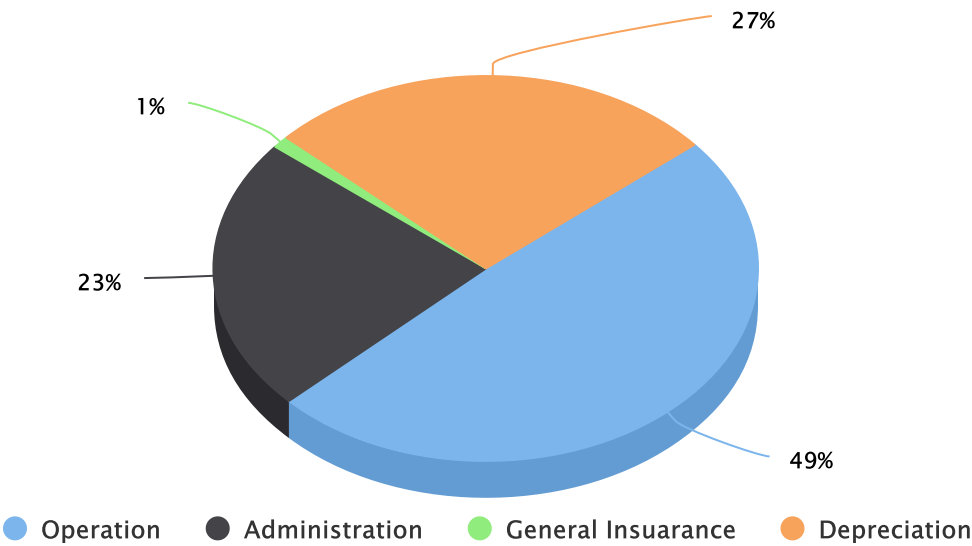
EXPENSES

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

2020-2021 Expenses



2019-2020 Expenses



## Management's Discussion and Analysis (Unaudited)

September 30, 2021

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

At the end of this fiscal year, the Hidalgo Bridge had \$9.7M in capital assets, consisting of the following.

	<b>Capital Assets</b>		
	FY 20-21	FY 19-20	FY 18-19
Land	\$ 787,486	\$ 809,233	\$ 809,233
Buildings	16,014,650	14,434,100	14,434,100
Improvements other than buildings	4,957,133	4,905,136	4,848,785
Machinery and equipment	3,853,505	3,832,685	3,801,914
Construction in progress	939,887	1,994,310	666,381
Total capital assets	26,552,661	25,975,464	24,560,413
Accumulated depreciation	(16,808,302)	(15,768,905)	(14,640,747)
Total capital assets, net	<u>\$ 9,744,359</u>	<u>\$ 10,206,559</u>	<u>\$ 9,919,666</u>

In 2021 total capital assets increased \$577K. The increase is mostly attributable to an increase of \$561K in various construction in progress projects such as, canopy improvements, fence restoration, office building upgrades, Federal Motor Carrier Project, and the Northbound pedestrian expansion. In 2020, the increase was attributable to an increase of \$1.3M in the Federal Motor Carrier Project.

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

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

September 30, 2021

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

During the budget process for fiscal year 2021-22, the elected and appointed officials considered many factors affecting bridge crossings. Bridge management prepared the FY 2022 budget conservatively. With the impact of Covid-19 and a freeze on non essential travel from Mexico, budgeted revenues and expenses remained flat and there was no increase to toll rates.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to inform the citizens, taxpayers and customers of the City of McAllen, the City of Hidalgo, 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, 2021 and 2020**

**Assets and Deferred Outflows of Resources**

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 96,673	\$ 148,471
Investments	3,071,348	2,237,159
Receivables, net:		
Accrued interest	-	1,500
Other	30,042	-
Due from other governments	206,484	176,865
Restricted Assets:		
Cash and cash equivalents	93,778	1,076,018
<b>Total current assets</b>	<b>3,498,325</b>	<b>3,640,013</b>
Noncurrent assets:		
Restricted assets:		
Investments	5,581,029	5,037,279
<b>Total noncurrent restricted assets</b>	<b>5,581,029</b>	<b>5,037,279</b>
Capital assets:		
Land	787,486	809,233
Buildings and systems	16,014,650	14,434,100
Improvements other than buildings	4,957,133	4,905,136
Machinery and equipment	3,853,505	3,832,685
Construction in progress	939,887	1,994,310
Less accumulated depreciation and amortization	(16,808,302)	(15,768,905)
<b>Total capital assets (net of accumulated depreciation and amortization)</b>	<b>9,744,359</b>	<b>10,206,559</b>
Other noncurrent assets		
Board advances	20,472,774	19,713,848
<b>Total other noncurrent assets</b>	<b>20,472,774</b>	<b>19,713,848</b>
<b>Total noncurrent assets</b>	<b>35,798,162</b>	<b>34,957,686</b>
<b>Total assets</b>	<b>39,296,487</b>	<b>38,597,699</b>
Deferred outflow of resources		
Deferred charges - pensions	82,168	116,632
<b>Total assets and deferred outflows of resources</b>	<b>\$ 39,378,655</b>	<b>\$ 38,714,331</b>

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

**Statements of Net Position**  
**September 30, 2021 and 2020**

**Liabilities and Net Position**

	2021	2020
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 75,251	\$ 262,472
Accrued expenses	31,917	77,315
Due to other funds	2,775	44,847
Due to other government agencies	781,968	336,512
Compensated absences	70,073	85,560
Current portion of capital lease	1,875	1,820
Total current liabilities	<u>963,859</u>	<u>808,526</u>
Other noncurrent liabilities:		
Compensated absences	98,411	23,494
Unearned revenues	187,926	137,555
Capital lease payable	8,085	9,960
TMRS net pension liability	208,947	265,324
Total other non current liabilities	<u>503,369</u>	<u>436,333</u>
Total liabilities	<u>1,467,228</u>	<u>1,244,859</u>
Deferred inflows of resources-pensions	<u>132,928</u>	<u>170,481</u>
Total liabilities and deferred inflows of resources	<u>1,600,156</u>	<u>1,415,340</u>
<b>NET POSITION</b>		
Net investments in capital assets	9,734,399	10,194,779
Restricted for:		
Capital projects	2,893,697	2,662,828
Debt service	538,589	538,021
Distribution of net surplus revenues	3,389,077	3,479,937
Unrestricted	21,222,737	20,423,426
Total net position	<u>37,778,499</u>	<u>37,298,991</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,378,655</u>	<u>\$ 38,714,331</u>

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

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

## Years Ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
Charges for services	\$ 6,694,622	\$ 7,845,234
Rentals	3,344,081	2,716,343
Other	157,024	163,229
Total operating revenues	10,195,727	10,724,806
Operating expenses:		
Salaries, wages and employee benefits	1,381,472	1,695,747
Supplies	104,729	176,015
Contractual and other services	1,084,335	974,564
Repairs and maintenance	184,251	185,226
Depreciation and amortization	1,039,397	1,128,158
Total operating expenses	3,794,184	4,159,710
Operating income	6,401,543	6,565,096
Non operating revenues (expenses)		
Investment earnings	23,110	87,225
Interest expense	(357)	(2,676)
Interest on board advances	758,926	726,727
Gain on sale of capital assets	19,170	-
Other	(2,382,592)	(2,469,797)
Net non-operating (expenses)	(1,581,743)	(1,658,521)
Income before contributions and transfers	4,819,800	4,906,575
Capital contributions	11,098	-
Transfers out	(4,351,390)	(6,106,968)
Change in net position	479,508	(1,200,393)
Total net position-beginning	37,298,991	38,499,384
Total net position-ending	\$ 37,778,499	\$ 37,298,991

The accompanying notes are an integral part of these statements

**Statements of Cash Flows**  
**Years Ended September 30, 2021 and 2020**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 10,195,108	\$ 10,723,155
Payments to employees	(1,376,420)	(1,578,254)
Payments to suppliers	(1,653,093)	(1,113,675)
	<u>7,165,595</u>	<u>8,031,226</u>
<b>Net cash provided by operating activities</b>		
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers to other funds	(4,351,390)	(6,106,968)
Subsidy from federal grant	3,927	-
Distribution of income to the City of Hidalgo	(1,937,136)	(2,860,977)
	<u>(6,284,599)</u>	<u>(8,967,945)</u>
<b>Net cash used by noncapital financing activities</b>		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	(598,945)	(1,415,051)
Proceeds from sale of capital assets	40,917	-
Interest expense	(357)	(2,676)
Principal repayment -bonds and notes	(1,820)	(135,366)
	<u>(560,205)</u>	<u>(1,553,093)</u>
<b>Net cash used by capital and related financing activities</b>		
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	10,302,715	13,585,920
Purchase of investments	(10,656,846)	(11,401,127)
Receipt of interest	23,110	87,225
	<u>(331,021)</u>	<u>2,272,018</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net change in cash</b>	(10,230)	(217,794)
Cash at beginning of year	200,681	418,475
Cash at end of year	<u>\$ 190,451</u>	<u>\$ 200,681</u>

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

**Statements of Cash Flows**  
**Years Ended September 30, 2021 and 2020**

	Continued	
	2021	2020
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating Income	\$ 6,401,543	\$ 6,565,097
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,039,397	1,128,158
(Increase) decrease in deferred outflows of resources- pension	34,464	236,717
Increase (decrease) in deferred inflows of resources- pension	(37,553)	146,910
(Increase) decrease in accounts receivable	(50,990)	(2,027)
Increase (decrease) in accounts payable	(187,220)	184,650
Increase (decrease) in compensated absences payable	59,430	(9,420)
Increase (decrease) in accrued liabilities	(45,398)	45,673
Increase (decrease) due to other funds	(42,072)	(8,639)
Increase (decrease) in net pension liability	(56,377)	(256,268)
Increase (decrease) in unearned revenue	50,371	376
Total adjustments	764,052	1,466,130
Net cash provided by operating activities	<u>\$ 7,165,595</u>	<u>\$ 8,031,227</u>
<b>Reconciliation to statement of net position:</b>		
Cash	\$ 96,673	\$ 148,471
Cash restricted	93,778	52,210
Total cash	<u>\$ 190,451</u>	<u>\$ 200,681</u>

**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.

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, 2021 and 2020 was \$1,039,397 and \$1,128,158 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, 2021, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas Bridge amounts to \$15,935,434, (\$15,199,134 in 2020) of which the City of McAllen's portion is \$10,198,678 and the City of Hidalgo's portion is \$5,736,756. During this fiscal year, the balance was increased by accrued interest in the amount of \$736,300.

*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, 2021 the board advance receivable to the Hidalgo Bridge amounts to \$4,537,340, (\$4,514,714 in 2020) of which the City of McAllen's portion is \$2,903,898 and the City of Hidalgo's portion is \$1,633,442. During this fiscal year, the balance was increased by accrued interest of \$22,626. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$846,642 (\$842,725 in 2020) 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, 2021 the board advance owed by the City of Mission to the City of McAllen amounts to \$4,151,465, increasing from \$3,840,779 for the year ended September 30, 2020. This board advance is recorded in the General fund of the City of McAllen.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Accumulated Unpaid Compensated Absences**

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

**Income Distributions**

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

**Restricted Assets**

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

**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.

There were no government security investments or certificates of deposit for the year ended September 30, 2021. Investments at fair value, including interest, for the year ended September 30, 2020 are presented in the following table:

	Fair Value Measurements Using				
2020	Carrying Value	Fair Value	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level					
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	\$ -

The total amount excludes investments in local government pools which are recorded at amortized cost. These investments total \$8,652,377 and \$7,274,438 as of September 30, 2021 and September 30, 2020 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.

*Credit risk.* As of September 30, 2021 and 2020, 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.

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

*Concentration of credit risk.* The Hidalgo Bridge investment holdings at September 30, 2021 and 2020 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, 2021 and September 30, 2020 are presented in the following tables:

	Balance at September 30, 2020	Additions	(Retirement)/ Transfer	Balance at September 30, 2021
Capital assets not being depreciated:				
Land	\$ 809,233	\$ -	\$ (21,747)	\$ 787,486
Construction in progress	1,994,310	560,913	(1,615,336)	939,887
Capital assets net of accumulated depreciation:				
Buildings	14,434,100	-	1,580,550	16,014,650
Improvements other than buildings	4,905,136	17,212	34,785	4,957,133
Machinery and equipment	3,832,685	20,820	-	3,853,505
Total capital assets	25,975,464	598,945	(21,748)	26,552,661
Less accumulated depreciation	(15,768,905)	(1,039,397)	-	(16,808,302)
Net capital assets	<u>\$ 10,206,559</u>	<u>\$ (440,452)</u>	<u>\$ (21,748)</u>	<u>\$ 9,744,359</u>
	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	24,560,413	1,415,051	-	25,975,464
Less accumulated depreciation	(14,640,747)	(1,128,158)	-	(15,768,905)
Net capital assets	<u>\$ 9,919,666</u>	<u>\$ 286,893</u>	<u>\$ -</u>	<u>\$ 10,206,559</u>

**NOTE 4 - LONG TERM LIABILITIES**

Long-term liability activities for the year ended September 30, 2021 and September 30, 2020 are reflected in the following tables:

	Balance at September 30, 2020	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2021	Amounts Due Within One Year
Capital Lease - Motorola	\$ 11,780	\$ -	\$ (1,820)	\$ 9,960	\$ 1,875
Net pension liability	265,324	-	(56,377)	208,947	-
Compensated absences	109,053	135,065	(75,634)	168,484	70,073
	<u>\$ 386,157</u>	<u>\$ 135,065</u>	<u>\$ (133,831)</u>	<u>\$ 387,391</u>	<u>\$ 71,948</u>

	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	13,546	-	(1,766)	11,780	1,820
Net pension liability	521,592	-	(256,268)	265,324	-
Compensated absences	118,474	108,961	(118,382)	109,054	85,560
	<u>\$ 787,212</u>	<u>\$ 108,961</u>	<u>\$ (510,016)</u>	<u>\$ 386,157</u>	<u>\$ 87,380</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, 2019. 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
2022	\$ 2,316,961	\$ 40,000	\$ 2,356,961
2023	2,316,961	-	2,316,961
2024	2,316,961	-	2,316,961
2025	2,316,961	-	2,316,961
2026	2,316,961	-	2,316,961
2027-2029	6,950,883	-	6,950,883

**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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 1-877-634-8595; in addition, the report is available on TMRS' website at [www.TMRS.com](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 2019</b>	<b>Plan Year 2020</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 Annual Comprehensive Financial Report. Included in the financial statements are Hidalgo Bridge's allocable share of the net pension liability of \$208,947, deferred outflow of resources – pension of \$82,168, and deferred inflow of resources – pension of \$132,928.

**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 Annual Comprehensive 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 nine full time employees. For the current year, the fund contributed \$12,804 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,			
	2012	2013	2014	2015
Bridge revenues (1)	\$ 11,915,379	\$ 12,015,083	\$ 12,684,779	\$ 13,601,940
Deductible operating expenses (1)	<u>2,464,251</u>	<u>2,326,352</u>	<u>2,451,232</u>	<u>2,548,148</u>
	9,451,128	9,688,731	10,233,547	11,053,792
Surplus from contingency, construction, and debt service funds	-	-	-	-
	<u>9,451,128</u>	<u>9,688,731</u>	<u>10,233,547</u>	<u>11,053,792</u>
Less:				
Required transfers to restricted assets (2)	124,776	-	-	-
Transfers to Anzalduas International Bridge Fund (3)	-	-	-	-
Transfers to Capital Improvement Fund	745,052	727,042	708,562	705,687
Transfer to Health Insurance Fund	-	-	-	-
Long term note principal	-	-	-	-
Capital Lease - Motorola Principal	-	-	-	-
Transfer to start up fund	-	-	-	-
Deductions for Capital Assets Acquisitions (3)	4,206	-	-	-
Board advance Series "A" 2007 Bonds	326,280	-	-	-
Base revenues	<u>\$ 8,250,814</u>	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</u>
Distributions and reservations of surplus revenues:				
Net distribution to City of Hidalgo	<u>2,970,293</u>	<u>3,226,208</u>	<u>3,428,995</u>	<u>3,725,318</u>
City of McAllen:	5,280,521	5,735,482	6,095,990	6,622,787
Less: Series "B" Bonds debt service	(671,868)	(963,664)	(947,075)	(947,888)
Less: Implied interest expense on Series "B" Bonds	-	-	-	-
Distribution to City of McAllen	<u>4,608,653</u>	<u>4,771,818</u>	<u>5,148,915</u>	<u>5,674,899</u>
<b>Base Revenue Only</b>	<u>\$ 8,250,814</u>	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</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,					
2016	2017	2018	2019	2020	2021
\$ 14,521,021	\$ 14,761,094	\$ 14,447,224	\$ 13,888,525	\$ 10,764,761	\$ 10,209,588
2,653,694	2,791,331	2,776,938	2,798,776	2,889,650	2,739,511
11,867,327	11,969,763	11,670,286	11,089,749	7,875,111	7,470,077
-	-	-	-	-	-
11,867,327	11,969,763	11,670,286	11,089,749	7,875,111	7,470,077
-	-	-	-	-	-
-	-	-	-	-	-
1,251,894	1,431,298	1,395,748	1,319,338	944,722	825,136
55,744	8,443	14,863	93,150	40,865	24,811
168,710	176,460	184,568	195,824	133,600	-
-	-	-	-	1,766	1,820
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 10,390,979	\$ 10,353,562	\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311
3,740,752	3,727,282	3,627,039	3,375,018	2,469,797	2,378,377
6,650,227	6,626,280	6,448,068	6,068,119	4,322,662	4,235,719
(949,755)	(914,417)	(846,258)	(844,742)	(842,725)	(846,642)
-	-	-	-	-	-
5,700,472	5,711,863	5,601,810	5,223,377	3,479,937	3,389,077
\$ 10,390,979	\$ 10,353,562	\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311

Schedule of Rental Income  
Year Ended September 30, 2021

Lessee	Amount
General Services Administration	\$ 2,806,498
Texas Alcoholic Beverage Commission	27,837
United Export Traders Association	242,043
Sprint - TMobile	111,340
AT&T	60,081
Verizon	4,000
ATM	8,702
PALBA	22,186
McAllen Data Center	61,394
	<u>\$ 3,344,081</u>

**Schedule of Expenses by Department**  
**Years Ended September 30, 2021 and 2020**

	Department		Total	Total
	Administration	Bridge Operations	2021	2020
<b>Personnel Services</b>				
Exempt salaries	121,167	65,975	\$ 187,142	\$ 179,076
Nonexempt wages and part time	32,107	781,116	813,223	948,777
Board of trustees fees	2,600	-	2,600	3,253
Overtime	242	65,815	66,057	61,709
Total salaries and wages	156,116	912,906	1,069,022	1,192,815
<b>Payroll Taxes and Benefits</b>				
Social security and unemployment tax	12,626	73,915	86,541	92,554
Employee retirement	13,153	75,462	88,615	100,950
Employee benefits	(11,157)	138,745	127,588	300,823
Transportation and telephone allowance	4,969	4,740	9,709	8,604
Total payroll taxes and benefits	19,591	292,862	312,453	502,931
<b>Materials and Supplies</b>				
Janitorial	-	60,261	60,261	60,854
Office supplies	4,770	-	4,770	3,007
Clothing and uniforms	313	13,357	13,670	9,862
Operating supplies	15,051	10,977	26,028	102,292
Total materials and supplies	20,134	84,595	104,729	176,015
<b>Maintenance</b>				
Vehicles	3,574	-	3,574	3,114
Buildings	-	91,157	91,157	96,955
Fuel	2,224	255	2,479	2,655
Equipment	-	87,041	87,041	82,502
Total maintenance	5,798	178,453	184,251	185,226
<b>Other Services and Charges</b>				
Auditing services	17,829.00	-	17,829	16,767
Advertising	46,421.00	-	46,421	73,230
Dues and subscription	28,199.00	-	28,199	33,432
Management fee	135,000.00	-	135,000	135,000
Postage	-	-	-	54
Professional services	100,312.00	-	100,312	113,575
Photocopier rental	1,641.00	-	1,641	1,326
Rental and contractual	10,049.00	165,641.07	175,690	115,982
Bridge security	-	298,556.00	298,556	293,647
Travel and training	5,121.00	-	5,121	1,469
Telephone	4,463.40	-	4,463	3,217
Utilities	-	58,878.00	58,878	51,216
General insurance	23,171.00	-	23,171	23,171
Miscellaneous	117,008.00	72,046.00	189,054	112,478
Total other services and charges	489,214	595,121	1,084,335	974,564
Total expenses before depreciation	690,853	2,063,937	2,754,791	3,031,551
Depreciation and amortization	1,039,397	-	1,039,397	1,128,158
Total operating expenses	\$ 1,730,250	\$ 2,063,937	\$ 3,794,187	\$ 4,159,710

**Combining Schedule of Net Position**  
**September 30, 2021**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 96,673	\$ 140,274	\$ 236,947
Certificate of deposit			
Investments	3,071,348	2,400,651	5,471,999
Receivables, net:			
Other	30,042	-	30,042
Due from other governments	206,484	58,400	264,884
Cash and cash equivalents	93,778	131,207	224,985
	<u>3,498,325</u>	<u>2,730,532</u>	<u>6,228,857</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Investments	5,581,029	2,754,407	8,335,436
	<u>5,581,029</u>	<u>2,754,407</u>	<u>8,335,436</u>
Total noncurrent restricted assets			
Capital assets:			
Land	787,486	2,922,772	3,710,258
Buildings and systems	16,014,650	10,429,987	26,444,637
Improvements other than buildings	4,957,133	40,729,289	45,686,422
Machinery and equipment	3,853,505	1,053,075	4,906,580
Construction in progress	939,887	338,651	1,278,538
Less accumulated depreciation	(16,808,302)	(17,825,965)	(34,634,267)
	<u>9,744,359</u>	<u>37,647,809</u>	<u>47,392,168</u>
Total capital assets (net of accumulated depreciation and amortization)			
Other noncurrent assets:			
Board advances	20,472,774	-	20,472,774
	<u>20,472,774</u>	<u>-</u>	<u>20,472,774</u>
Total other noncurrent assets			
Total noncurrent assets	35,798,162	40,402,216	76,200,378
	<u>39,296,487</u>	<u>43,132,748</u>	<u>82,429,235</u>
Total assets			
Deferred outflow of resources			
Deferred charges - pensions	82,168	21,872	104,040
	<u>82,168</u>	<u>21,872</u>	<u>104,040</u>
Total assets and deferred outflows of resources	\$ 39,378,655	\$ 43,154,620	\$ 82,533,275

**Combining Schedule of Net Position  
September 30, 2021**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 75,251	\$ 29,645	\$ 104,896
Accrued expenses	31,917	200,023	231,940
Due to other funds	2,775	-	2,775
Due to other government agencies	781,968	-	781,968
Compensated absences	70,073	9,452	79,525
Current portion of revenue bonds	-	1,885,406	1,885,406
Current portion of capital lease	1,875	-	1,875
Total current liabilities	<u>963,859</u>	<u>2,124,526</u>	<u>3,088,385</u>
Other noncurrent liabilities:			
Revenue bonds, net of current portion	-	22,263,809	22,263,809
Compensated absences	98,411	12,209	110,620
Unearned revenues	187,926	-	187,926
Capital lease payable	8,085	-	8,085
Board advances	-	20,472,774	20,472,774
TMRS net pension liability	208,947	85,561	294,508
Total other non current liabilities	<u>503,369</u>	<u>42,834,353</u>	<u>43,337,722</u>
Total liabilities	<u>1,467,228</u>	<u>44,958,879</u>	<u>46,426,107</u>
Deferred inflows of resources-refunding	-	257,989	257,989
Deferred inflows of resources-pensions	132,928	35,384	168,312
Total liabilities and deferred inflows of resources	<u>132,928</u>	<u>293,373</u>	<u>426,301</u>
Total liabilities and deferred inflows of resources	<u>1,600,156</u>	<u>45,252,252</u>	<u>46,852,408</u>
<b>NET POSITION</b>			
Net investments in capital assets	9,734,399	13,240,604	22,975,003
Restricted for:			
Capital projects	2,893,697	1,286,740	4,180,437
Debt service	538,589	1,502,646	2,041,235
Distribution of net surplus revenues	3,389,077	-	3,389,077
Unrestricted	<u>21,222,737</u>	<u>(18,127,622)</u>	<u>3,095,115</u>
Total net position	<u>37,778,499</u>	<u>(2,097,632)</u>	<u>35,680,867</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,378,655</u>	<u>\$ 43,154,620</u>	<u>\$ 82,533,275</u>

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended September 30, 2021**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Operating revenues:			
Charges for services	\$ 6,694,622	\$ 3,064,295	\$ 9,758,917
Rentals	3,344,081	12,735	3,356,816
Other	157,024	58,651	215,675
Total operating revenues	10,195,727	3,135,681	13,331,408
Operating expenses:			
Salaries, wages and employee benefits	1,381,472	350,279	1,731,751
Supplies	104,729	10,437	115,166
Contractual and other services	1,084,335	3,487,293	4,571,628
Repairs and maintenance	184,251	34,256	218,507
Depreciation and amortization	1,039,397	1,429,963	2,469,360
Total operating expenses	3,794,184	5,312,228	9,106,412
Operating income (loss)	6,401,543	(2,176,547)	4,224,996
Non operating revenues (expenses)			
Investment earnings	23,110	14,656	37,766
Interest expense	(357)	(975,858)	(976,215)
Interest on board advances	758,926	(758,926)	-
Bond related charges--issuance cost	-	262,068	262,068
Gain (loss) on sale of capital assets	19,170	-	19,170
Other	(2,382,592)	(95,065)	(2,477,657)
Net non-operating revenues (expenses)	(1,581,743)	(1,553,125)	(3,134,868)
Income (loss) before contributions and transfers	4,819,800	(3,729,672)	1,090,128
Capital contributions	11,098	2,635,200	2,646,298
Transfers in	-	846,642	846,642
Transfers out	(4,351,390)	(2,836)	(4,354,226)
Change in net position	479,508	(250,666)	228,842
Total net position-beginning	37,298,991	(1,846,966)	35,452,025
Total net position-ending	\$ 37,778,499	\$ (2,097,632)	\$ 35,680,867

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2021**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 10,195,108	\$ 3,135,681	\$ 13,330,789
Payments to employees	(1,376,420)	(346,034)	(1,722,454)
Payments to suppliers	(1,653,093)	(582,168)	(2,235,261)
Net cash provided (used) by operating activities	<u>7,165,595</u>	<u>2,207,479</u>	<u>9,373,074</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers from other funds	-	846,642	846,642
Transfers to other funds	(4,351,390)	(2,836)	(4,354,226)
Subsidy from federal grant	3,927	325,371	329,298
Distribution of income to the City of Hidalgo	(1,937,136)	-	(1,937,136)
Net cash provided (used) by noncapital financing activities	<u>(6,284,599)</u>	<u>1,169,177</u>	<u>(5,115,422)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(598,945)	(62,957)	(661,902)
Proceeds from sale of capital assets	40,917	-	40,917
Principal repayment -bonds and notes	(1,820)	(1,595,000)	(1,596,820)
Interest paid	(357)	(980,175)	(980,532)
Net cash used by capital and related financing activities	<u>(560,205)</u>	<u>(2,638,132)</u>	<u>(3,198,337)</u>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sales and maturities of investments	10,302,715	5,781,493	16,084,208
Purchase of investments	(10,656,846)	(6,694,907)	(17,351,753)
Receipt of interest	23,110	14,727	37,837
Net cash provided by investing activities	<u>(331,021)</u>	<u>(898,687)</u>	<u>(1,229,708)</u>
Net change in cash	(10,230)	(160,163)	(170,393)
Cash at beginning of year	<u>200,681</u>	<u>431,644</u>	<u>632,325</u>
Cash at end of year	<u>\$ 190,451</u>	<u>\$ 271,481</u>	<u>\$ 461,932</u>

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2021**  
**(Continued)**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided by Operating Activities</b>			
Operating Income	\$ 6,401,543	\$ (2,176,547)	\$ 4,224,996
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,039,397	1,429,963	2,469,360
(Increase) decrease in deferred contributions	-	3,126,452	3,126,452
(Increase) decrease in deferred outflows of resources	34,464	2,183	36,647
Increase (decrease) in deferred inflows of resources	(37,553)	222	(37,331)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(50,990)	-	(50,990)
Increase (decrease) in accounts payable	(187,220)	(176,634)	(363,854)
Increase (decrease) in compensated absences payable	59,430	15,142	74,572
Increase (decrease) in accrued liabilities	(45,398)	1,705	(43,693)
Increase (decrease) due to other funds	(42,072)	-	(42,072)
Increase (decrease) in net pension liability	(56,377)	(15,007)	(71,384)
Increase (decrease) in unearned revenue	50,371	-	50,371
Total adjustments	764,052	4,384,026	5,148,078
Net cash provided (used) by operating activities	<u>\$ 7,165,595</u>	<u>\$ 2,207,479</u>	<u>\$ 9,373,074</u>
<b>Reconciliation to statement of net position:</b>			
Cash	\$ 96,673	\$ 140,274	\$ 236,947
Cash restricted	93,778	131,207	224,985
Total cash	<u>\$ 190,451</u>	<u>\$ 271,481</u>	<u>\$ 461,932</u>

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

	Year Ended September 30,			
	2012	2013	2014	2015
Vehicular traffic southbound:				
Cars	2,986,097	2,908,166	2,834,249	2,822,746
Trucks	6,620	9,119	13,075	13,284
Buses	16,680	16,160	19,933	19,927
Total vehicles (1)	<u>3,009,397</u>	<u>2,933,445</u>	<u>2,867,257</u>	<u>2,855,957</u>
Passenger traffic southbound:				
Passengers in cars (2)	7,465,243	7,270,415	7,085,623	7,056,865
Pedestrians	1,479,032	1,502,399	1,503,611	1,562,990
Passengers and drivers – buses and trucks	483,720	468,640	578,057	577,883
Total persons	<u>9,427,995</u>	<u>9,241,454</u>	<u>9,167,291</u>	<u>9,197,738</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,					
2016	2017	2018	2019	2020	2021
2,896,421	2,862,748	2,794,901	2,642,179	1,890,935	1,647,489
11,554	10,652	11,597	11,911	7,730	6,596
17,330	15,979	17,396	17,866	11,596	9,893
<u>2,925,305</u>	<u>2,889,379</u>	<u>2,823,894</u>	<u>2,671,956</u>	<u>1,910,261</u>	<u>1,663,978</u>
7,241,053	7,156,870	6,987,253	6,605,448	4,727,338	4,118,723
1,705,111	1,641,614	1,522,221	1,521,170	1,521,170	815,956
502,570	463,379	504,478	518,120	336,272	286,765
<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>	<u>5,221,444</u>

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

	Year Ended September 30,			
	2012	2013	2014	2015
Southbound traffic:				
Cars	2,986,097	2,908,166	2,834,249	2,822,746
Trucks	6,620	9,119	13,075	13,284
Total car and truck traffic	<u>2,992,717</u>	<u>2,917,285</u>	<u>2,847,324</u>	<u>2,836,030</u>
Truck traffic percentage	0.22%	0.31%	0.46%	0.47%
Car and truck revenue:				
Cars	\$ 8,820,614	\$ 8,724,498	\$ 8,910,274	\$ 9,447,892
Trucks	46,384	63,833	91,525	92,988
Total car and truck revenue	<u>\$ 8,866,998</u>	<u>\$ 8,788,331</u>	<u>\$ 9,001,799</u>	<u>\$ 9,540,880</u>
Truck revenue percentage	0.52%	0.73%	1.02%	0.97%
Average revenue per car	\$ 2.95	\$ 3.00	\$ 3.14	\$ 3.35
Average revenue per truck	\$ 7.01	\$ 7.00	\$ 7.00	\$ 7.00

Year Ended September 30,					
2016	2017	2018	2019	2020	2021
2,886,421	2,862,748	2,794,901	2,642,179	1,890,935	1,647,489
11,554	10,652	11,597	11,911	7,730	6,596
<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>	<u>1,654,085</u>
0.40%	0.37%	0.41%	0.45%	0.41%	0.40%
\$ 10,125,250	\$ 10,019,618	\$ 9,782,154	\$ 9,247,627	\$ 6,618,273	\$ 5,766,212
80,878	74,564	81,179	83,376	54,113	46,169
<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>	<u>\$ 5,812,381</u>
0.79%	0.74%	0.82%	0.89%	0.81%	0.79%
\$ 3.51	\$ 3.50	\$ 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, 2021  
(Unaudited)**

Anzalduas Special & Startup Fund:

Balance at September 30, 2020	Additions		Balance at September 30, 2021
	Advances	Implied Interest	
\$ 15,199,134	\$ -	\$ 736,300	\$ 15,935,434

Board advance "A" to Anzalduas International Crossing:

Balance at September 30, 2020	Additions		Balance at September 30, 2021
	Advances	Implied Interest	
\$ 4,514,714	\$ -	\$ 22,626	\$ 4,537,340

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2020	Additions		Balance at September 30, 2021
	Advances	Implied Interest	
\$ 19,713,848	\$ -	\$ 758,926	\$ 20,472,774

**Distribution of Advances:**

City of McAllen- Share @ 64%	12,616,862	-	485,713	13,102,574
City of Hidalgo- Share @ 36%	7,096,986	-	273,213	7,370,200
	<u>\$ 19,713,848</u>	<u>\$ -</u>	<u>\$ 758,926</u>	<u>\$ 20,472,774</u>

**Schedule of Board Advances to Anzalduas International Crossing**  
**September 30, 2021**  
**(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>
10/01/2020	Opening balance					\$ 15,199,134
10/31/2020	4.74%	31	-	61,188	-	15,260,322
11/30/2020	4.74%	30	-	59,453	-	15,319,775
12/31/2020	4.74%	31	-	61,674	-	15,381,449
01/31/2021	4.74%	31	-	61,922	-	15,443,371
02/28/2021	4.74%	28	-	56,155	-	15,499,526
03/31/2021	4.74%	31	-	62,397	-	15,561,923
04/30/2021	4.74%	30	-	60,628	-	15,622,551
05/31/2021	4.74%	31	-	62,893	-	15,685,444
06/30/2021	4.74%	30	-	61,109	-	15,746,553
07/31/2021	4.74%	31	-	63,392	-	15,809,945
08/31/2021	4.74%	31	-	63,647	-	15,873,592
09/30/2021	4.74%	30	-	61,842	-	15,935,434

**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2021  
(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					\$	4,514,714
10/01/2020				-	-	4,514,714
10/31/2020	0.50%	31	-	1,917	-	4,516,631
11/01/2020				-	-	4,516,631
11/30/2020	0.50%	30	-	1,856	-	4,518,487
12/01/2020				-	-	4,518,487
12/31/2020	0.50%	31	-	1,919	-	4,520,406
01/01/2021				-	-	4,520,406
01/31/2021	0.50%	31	-	1,920	-	4,522,325
02/01/2021				-	-	4,522,325
02/28/2021	0.50%	28	-	1,735	-	4,524,061
03/01/2021				-	-	4,524,061
03/31/2021	0.50%	31	-	1,921	-	4,525,982
04/01/2021				-	-	4,525,982
04/30/2021	0.50%	30	-	1,860	-	4,527,842
05/01/2021				-	-	4,527,842
05/31/2021	0.50%	31	-	1,923	-	4,529,765
06/01/2021				-	-	4,529,765
06/30/2021	0.50%	30	-	1,862	-	4,531,627
07/01/2021				-	-	4,531,627
07/31/2021	0.50%	31	-	1,924	-	4,533,551
08/01/2021				-	-	4,533,551
08/31/2021	0.50%	31	-	1,925	-	4,535,476
09/01/2021				-	-	4,535,476
09/30/2021	0.50%	30	-	1,865	-	4,537,340

**Schedule of Board Advances to Anzalduas International Crossing  
September 30, 2021  
(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							\$ 3,840,779
10/01/2020			70,165	\$ 24,088	-	-	3,864,867
10/31/2020	0.500%	31	-	\$ -	1,641	-	3,866,508
11/01/2020			70,165	\$ 24,088	-	-	3,890,596
11/30/2020	0.500%	30	-	\$ -	1,599	-	3,892,195
12/01/2020			70,165	\$ 24,088	-	-	3,916,283
12/31/2020	0.500%	31	-	\$ -	1,663	-	3,917,946
01/01/2021			70,165	\$ 24,088	-	-	3,942,034
01/31/2021	0.500%	31	-	\$ -	1,674	-	3,943,708
02/01/2021			70,165	\$ 24,088	-	-	3,967,795
02/28/2021	0.500%	28	-	\$ -	1,522	-	3,969,318
03/01/2021			70,831	\$ 24,316	-	-	3,993,635
03/31/2021	0.500%	31	-	\$ -	1,696	-	3,995,330
04/01/2021			70,831	\$ 24,316	-	-	4,019,646
04/30/2021	0.500%	30	-	\$ -	1,652	-	4,021,298
05/01/2021			70,831	\$ 24,316	-	-	4,045,614
05/31/2021	0.500%	31	-	\$ -	1,718	-	4,047,332
06/01/2021			70,831	\$ 24,316	-	-	4,071,648
06/30/2021	0.500%	30	-	\$ -	1,673	-	4,073,321
07/01/2021			70,831	\$ 24,316	-	-	4,097,637
07/31/2021	0.500%	31	-	\$ -	1,740	-	4,099,377
08/01/2021			70,831	\$ 24,316	-	-	4,123,693
08/31/2021	0.500%	31	-	\$ -	1,751	-	4,125,444
09/01/2021			70,831	\$ 24,316	-	-	4,149,761
09/30/2021	0.500%	30	-	\$ -	1,705	-	4,151,465

**Schedule of Insurance Coverage  
September 30, 2021  
(Unaudited)**

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit	Aggregate	Occurrence Retention / Deductible
Property Insurance	Texas Municipal League	10/01/2021 to 10/12/2022	Real & Personal Property	\$375,716,199		\$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 Food & Earthquake Deductible
Excess Workers' Compensation	Safety National Casualty	10/01/2021 to 10/12/2022	Workers Compensation Employer's liability	Statutory \$2,000,000		\$750,000 (OR)
All Lines Aggregate - General liability - Automobile liability - Errors & Omissions Liability - Employee Benefits Liability	Self-Insured	10/01/2021 to 10/12/2022		\$250,000/\$500,000 Tort Claims cap		
Crimes Insurance	Alliant	7/01/2021 to 7/01/2023	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, 2021 and 2020, 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 11, 2022.

***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*.

Weaver and Tidwell, L.L.P.  
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Main: 512.609.1900

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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 11, 2022