



McAllen International Toll Bridge

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



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Independent Auditor's Report

To the Board of Trustees
McAllen International Toll Bridge

Report on the Audit of 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

The Board of Trustees
McAllen International Toll Bridge

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

Financial Reporting Unit

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

The Board of Trustees
McAllen International Toll Bridge

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.

The Board of Trustees
McAllen International Toll Bridge

We have also audited the financial statements of Anzalduas International Crossing as of and for the years ended September 30, 2022 and 2021, and have issued our report thereon dated March 10, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. Such information, which is included in the supplemental combining schedules of this report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare those financial statements. The information has been subjected to the auditing procedures applied in that audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to those financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2023, on our consideration of the Bridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bridge's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 10, 2023

Management's Discussion and Analysis (Unaudited)

September 30, 2022

This discussion and analysis is intended to provide an overview of the McAllen International Toll Bridge's (Hidalgo Bridge) financial performance for the fiscal years ending September 30, 2022 and 2021 and the related effect on its financial condition. Please read it in conjunction with the basic financial statements, which follow and include the notes thereto, which are necessary for a complete understanding of the data contained in the financial statements. Following the notes to the financial statements is certain supplementary information.

OPERATIONAL HIGHLIGHTS

The table below reflects the activities for southbound traffic crossings, which had an increase from last year's levels.

Category	FY 2022	FY 2021	Increase (Decrease)	% Increase (Decrease)
Cars	2,587,595	1,647,489	940,106	57.06%
Buses and others	18,053	16,489	1,564	9.49%
Passengers in cars	6,468,988	4,118,723	2,350,265	57.06%

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 \$2.7M. Operating revenues increased by \$3.1M and operating expenses increased by \$278K.

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, 2022 and 2021.

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 provides 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, 2022, net position increased by \$2.7M due to an increase in toll revenue. In FY 2021 net position increased by \$0.5M due to a decrease in transfers out.

Management's Discussion and Analysis (Unaudited)

September 30, 2022

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

	2022	2021	2020
ASSETS:			
Current assets	\$ 5,403,327	\$ 3,498,325	\$ 2,616,205
Noncurrent assets	8,296,551	5,581,029	6,061,087
Net capital assets	8,957,870	9,744,359	10,206,559
Other assets	<u>24,035,145</u>	<u>20,472,774</u>	<u>19,713,848</u>
Total assets	<u>46,692,893</u>	<u>39,296,487</u>	<u>38,597,699</u>
Deferred outflows of resources	80,418	82,168	116,632
Total assets and deferred outflow of resources	<u>46,773,311</u>	<u>39,378,655</u>	<u>38,714,331</u>
LIABILITIES:			
Current liabilities	1,020,575	963,859	808,526
Other noncurrent liabilities	<u>302,219</u>	<u>503,369</u>	<u>436,333</u>
Total liabilities	<u>1,322,794</u>	<u>1,467,228</u>	<u>1,244,859</u>
Deferred inflows of resources	4,950,311	132,928	170,481
Total liabilities and deferred inflows of resources	<u>6,273,105</u>	<u>1,600,156</u>	<u>1,415,340</u>
NET POSITION:			
Net investment in capital assets	8,949,784	9,734,399	10,194,779
Restricted	9,498,624	6,821,363	6,680,786
Unrestricted	<u>22,051,798</u>	<u>21,222,737</u>	<u>20,423,426</u>
Total net position	<u>\$ 40,500,206</u>	<u>\$ 37,778,499</u>	<u>\$ 37,298,991</u>

Revenues, Expenses and Changes in Net Position

Southbound car crossings increased by 57.06% from 2021 to 2022, while the bus and others crossings increased by 9.49%. This generated toll revenue of \$10.4M, an increase of \$3.7M when compared to the prior year. Rental income decreased by \$660K from 2021 to 2022 due to the termination of the Sprint duct license agreement and COVID-19 enhanced cleaning payments no longer received from GSA. Operating expenses increased by \$278K when compared to the prior year. The increase was mainly attributed to an increase in spending related to salaries, wages, and employee benefits. Other operating expenses remained relatively flat. This combined with an increase in operating revenues contributed to a \$2.9M increase in net position.

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

Management's Discussion and Analysis (Unaudited)

September 30, 2022

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

	2022	2021	2020
Operating revenues:			
Charges for services	\$ 10,361,157	\$ 6,694,622	\$ 7,845,234
Rentals	2,684,385	3,344,081	2,716,343
Other	207,846	157,024	163,229
Total operating revenues	<u>13,253,388</u>	<u>10,195,727</u>	<u>10,724,806</u>
Operating expenses:			
Salaries, wages and employee benefits	1,547,617	1,381,472	1,695,746
Supplies	131,019	104,729	176,015
Contractual and other services	1,108,256	1,084,335	974,564
Repairs and maintenance	221,351	184,251	185,226
Depreciation and amortization	1,063,463	1,039,397	1,128,158
Total operating expenses	<u>4,071,706</u>	<u>3,794,184</u>	<u>4,159,710</u>
Operating income (loss)	<u>9,181,682</u>	<u>6,401,543</u>	<u>6,565,096</u>
Nonoperating revenues (expenses):			
Investment earnings	58,376	23,110	87,225
Interest expense	(302)	(357)	(2,676)
Interest on board advances	794,704	758,926	726,727
Gain (loss) on sale of capital assets	-	19,170	-
Intergovernmental	17,697	-	-
Interest revenue - leases	27,096	-	-
Other	(3,226,195)	(2,382,592)	(2,469,797)
Net non-operating revenues (expenses)	<u>(2,328,624)</u>	<u>(1,581,743)</u>	<u>(1,658,521)</u>
Income (loss) before contributions and transfers	<u>6,853,058</u>	<u>4,819,800</u>	<u>4,906,575</u>
Capital contributions	144,029	11,098	-
Transfers out	(4,275,380)	(4,351,390)	(6,106,968)
Change in net position	<u>2,721,707</u>	<u>479,508</u>	<u>(1,200,393)</u>
Total net position-beginning	<u>37,778,499</u>	<u>37,298,991</u>	<u>38,499,384</u>
Total net position-ending	<u>\$ 40,500,206</u>	<u>\$ 37,778,499</u>	<u>\$ 37,298,991</u>

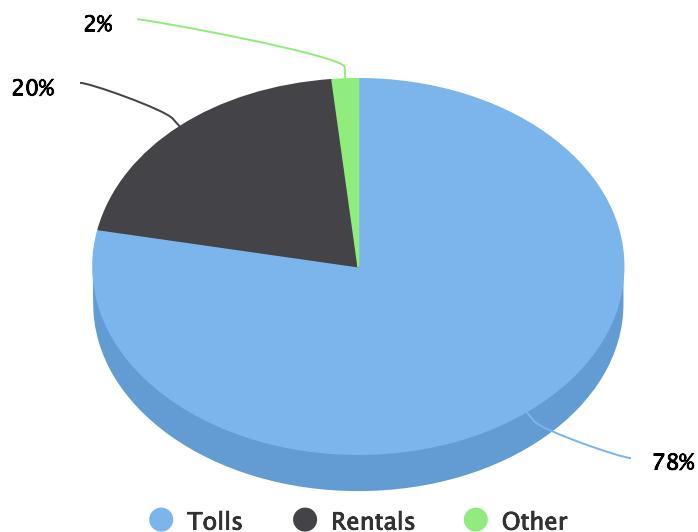
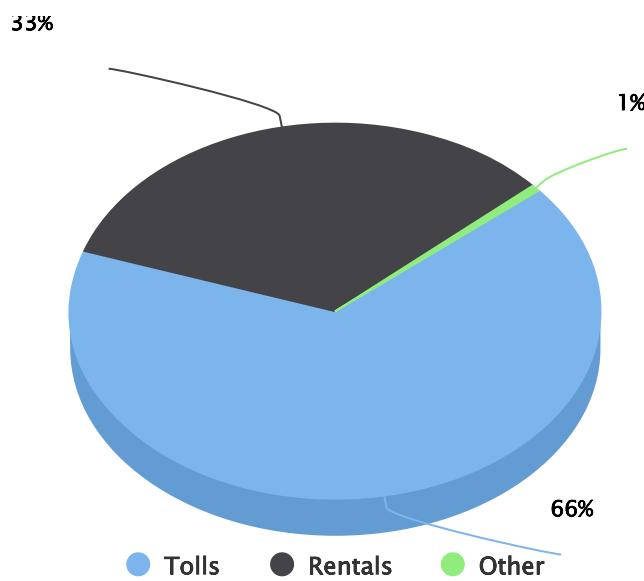
TOLL RATES

The Hidalgo Bridge charges tolls on southbound crossings into Mexico as indicated below:

Category	FY 2022	FY 2021
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, 2022**REVENUES**

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

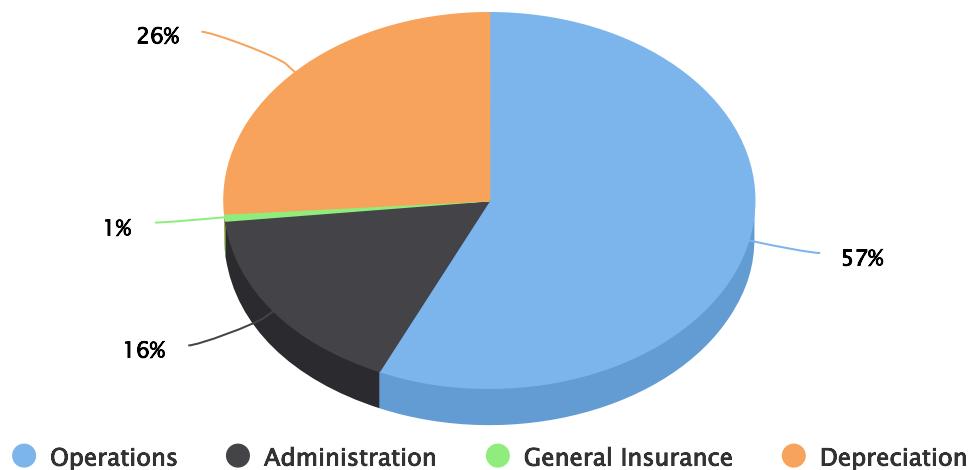
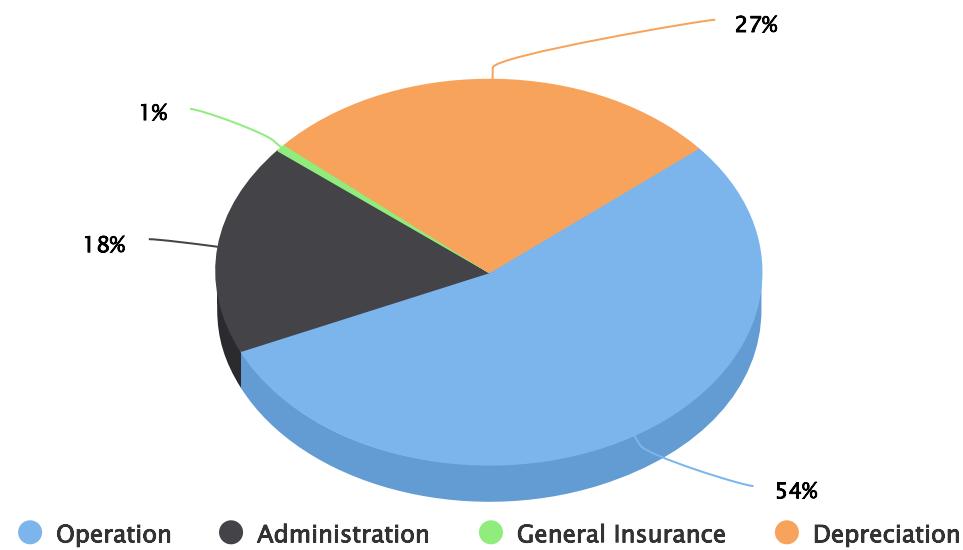
FY 2022 Revenues**FY 2021 Revenues**

Management's Discussion and Analysis (Unaudited)

September 30, 2022

EXPENSES

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

FY 2022 Expenses**FY 2021 Expenses**

Management's Discussion and Analysis (Unaudited)

September 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION*Capital Assets*

At the end of this fiscal year, the Hidalgo Bridge had \$9.0M in capital assets, consisting of the following.

	Capital Assets		
	FY 2022	FY 2021	FY 2020
Land	\$ 787,486	\$ 787,486	\$ 809,233
Buildings	16,019,315	16,014,650	14,434,100
Improvements other than buildings	4,957,133	4,957,133	4,905,136
Machinery and equipment	3,952,762	3,853,505	3,832,685
Construction in progress	1,112,939	939,887	1,994,310
 Total capital assets	 26,829,635	 26,552,661	 25,975,464
Less accumulated depreciation	(17,871,765)	(16,808,302)	(15,768,905)
 Total capital assets, net	 \$ 8,957,870	 \$ 9,744,359	 \$ 10,206,559

In 2022 total capital assets increased \$277K. The increase is mostly attributable to an increase in construction in progress for various projects including office building updates, canopy improvements, and fence restoration. In 2021, the increase was mostly attributable to an increase in various projects including the Federal Carrier and the Northbound pedestrian expansion projects.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2023, the elected and appointed officials considered many factors affecting bridge crossings including the uncertainty surrounding COVID-19. As a result, Bridge management prepared the annual budget conservatively.

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

Statements of Net Position
September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 170,325	\$ 96,673
Investments	3,163,118	3,071,348
Receivables, net:		
Accrued interest	1,206	-
Lease receivable	1,863,684	-
Other	60	30,042
Due from other governments	20,092	206,484
Restricted Assets:		
Cash and cash equivalents	184,842	93,778
Total current assets	<u>5,403,327</u>	<u>3,498,325</u>
Noncurrent assets:		
Restricted assets:		
Investments	<u>8,146,898</u>	<u>5,581,029</u>
Total noncurrent restricted assets	<u>8,146,898</u>	<u>5,581,029</u>
Net pension asset	149,653	-
Capital assets:		
Land	787,486	787,486
Buildings and systems	16,019,315	16,014,650
Improvements other than buildings	4,957,133	4,957,133
Machinery and equipment	3,952,762	3,853,505
Construction in progress	1,112,939	939,887
Less accumulated depreciation and amortization	<u>(17,871,765)</u>	<u>(16,808,302)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>8,957,870</u>	<u>9,744,359</u>
Other noncurrent assets		
Lease receivable	2,767,667	-
Board advances	<u>21,267,478</u>	<u>20,472,774</u>
Total other noncurrent assets	<u>24,035,145</u>	<u>20,472,774</u>
Total noncurrent assets	<u>41,289,566</u>	<u>35,798,162</u>
Total assets	<u>46,692,893</u>	<u>39,296,487</u>
Deferred outflows of resources		
Pension related	80,418	82,168
Total deferred outflows of resources	<u>80,418</u>	<u>82,168</u>
Total assets and deferred outflows of resources	<u>\$ 46,773,311</u>	<u>\$ 39,378,655</u>

The accompanying notes are an integral part of these statements

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

	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 66,667	\$ 75,251
Accrued expenses	43,435	31,917
Due to other funds	21,825	2,775
Due to other government agencies	799,160	781,968
Compensated absences	87,556	70,073
Current portion of capital lease	1,932	1,875
Total current liabilities	1,020,575	963,859
Other noncurrent liabilities:		
Compensated absences	82,811	98,411
Unearned revenues	213,255	187,926
Capital lease payable	6,153	8,085
Net pension liability	-	208,947
Total other non current liabilities	302,219	503,369
Total liabilities	1,322,794	1,467,228
Deferred inflows of resources		
Leases related	4,607,311	-
Pension related	343,000	132,928
Total deferred inflows of resources	4,950,311	132,928
Total liabilities and deferred inflows of resources	6,273,105	1,600,156
NET POSITION		
Net investments in capital assets	8,949,784	9,734,399
Restricted for:		
Capital projects	4,070,964	2,893,697
Debt service	542,994	538,589
Distribution of net surplus revenues	4,884,666	3,389,077
Unrestricted	22,051,798	21,222,737
Total net position	40,500,206	37,778,499
Total liabilities, deferred inflows of resources and net position	\$ 46,773,311	\$ 39,378,655

The accompanying notes are an integral part of these statements

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

	2022	2021
Operating revenues:		
Charges for services	\$ 10,361,157	\$ 6,694,622
Rentals	2,684,385	3,344,081
Other	207,846	157,024
Total operating revenues	<u>13,253,388</u>	<u>10,195,727</u>
Operating expenses:		
Salaries, wages and employee benefits	1,547,617	1,381,472
Supplies	131,019	104,729
Contractual and other services	1,108,256	1,084,335
Repairs and maintenance	221,351	184,251
Depreciation and amortization	1,063,463	1,039,397
Total operating expenses	<u>4,071,706</u>	<u>3,794,184</u>
Operating income	<u>9,181,682</u>	<u>6,401,543</u>
Non operating revenues (expenses)		
Investment earnings	58,376	23,110
Interest expense	(302)	(357)
Interest on board advances	794,704	758,926
Gain on sale of capital assets	-	19,170
Intergovernmental	17,697	-
Interest revenue - leases	27,096	-
Other	(3,226,195)	(2,382,592)
Net non-operating (expenses)	<u>(2,328,624)</u>	<u>(1,581,743)</u>
Income before contributions and transfers	<u>6,853,058</u>	<u>4,819,800</u>
Capital contributions	144,029	11,098
Transfers out	(4,275,380)	(4,351,390)
Change in net position	<u>2,721,707</u>	<u>479,508</u>
Total net position-beginning	<u>37,778,499</u>	<u>37,298,991</u>
Total net position-ending	<u>\$ 40,500,206</u>	<u>\$ 37,778,499</u>

The accompanying notes are an integral part of these statements

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

	2022	2021
Cash Flows From Operating Activities		
Receipts from customers	\$ 13,481,577	\$ 10,195,108
Payments to employees	(1,680,994)	(1,376,420)
Payments to suppliers	(1,450,160)	(1,653,093)
Net cash provided by operating activities	<u>10,350,423</u>	<u>7,165,595</u>
Cash Flows From Noncapital Financing Activities		
Transfers to other funds	(4,275,380)	(4,351,390)
Subsidy from federal grant	7,171	3,927
Distribution of income to the City of Hidalgo	(3,209,003)	(1,937,136)
Net cash used for noncapital financing activities	<u>(7,477,212)</u>	<u>(6,284,599)</u>
Cash Flows From Capital and Related Financing Activities		
Capital contributions	144,029	-
Purchase of capital assets	(276,974)	(598,945)
Proceeds from sale of capital assets	-	40,917
Principal repayments-bonds and notes	(1,875)	(1,820)
Interest paid	(302)	(357)
Net cash used for capital and related financing activities	<u>(135,122)</u>	<u>(560,205)</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	17,781,844	10,302,715
Purchase of investments	(20,439,483)	(10,656,846)
Receipt of interest	84,266	23,110
Net cash used for investing activities	<u>(2,573,373)</u>	<u>(331,021)</u>
Net change in cash	164,716	(10,230)
Cash at beginning of year	<u>190,451</u>	<u>200,681</u>
Cash at end of year	<u>\$ 355,167</u>	<u>\$ 190,451</u>

The accompanying notes are an integral part of these statements

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

	2022	2021
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ 9,181,682	\$ 6,401,543
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,063,463	1,039,397
(Increase) decrease in deferred outflows of resources - pension	1,750	34,464
Increase (decrease) in deferred inflows of resources - pension	210,072	(37,553)
Increase (decrease) in deferred inflows of resources - leases	4,607,311	-
(Increase) decrease in lease receivable	(4,631,351)	-
(Increase) decrease in accounts receivable	226,900	(50,990)
Increase (decrease) in accounts payable	(8,584)	(187,220)
Increase (decrease) in compensated absences payable	1,883	59,430
Increase (decrease) in accrued liabilities	11,518	(45,398)
Increase (decrease) due to other funds	19,050	(42,072)
Increase (decrease) in net pension asset	(358,600)	(56,377)
Increase (decrease) in unearned revenue	25,329	50,371
Total adjustments	<u>1,168,741</u>	<u>764,052</u>
Net cash provided by operating activities	<u>\$ 10,350,423</u>	<u>\$ 7,165,595</u>
Reconciliation to statement of net position:		
Cash	\$ 170,325	\$ 96,673
Cash restricted	184,842	93,778
Total cash	<u>\$ 355,167</u>	<u>\$ 190,451</u>

The accompanying notes are an integral part of these statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Basis of Accounting

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

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

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

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

Capital Assets

Capital assets are capitalized because they are property, plant and equipment with a life expectancy of over one year. Capital assets are recorded at cost if purchased or constructed.

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, 2022 and 2021 was \$1,063,463 and \$1,039,397 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, 2022, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas Bridge amounts to \$16,707,401, (\$15,935,434 in 2021) of which the City of McAllen's portion is \$10,692,737 and the City of Hidalgo's portion is \$6,014,664. During this fiscal year, the balance was increased by accrued interest in the amount of \$771,967.

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, 2022 the board advance receivable to the Hidalgo Bridge amounts to \$4,560,077, (\$4,537,340 in 2021) of which the City of McAllen's portion is \$2,918,449 and the City of Hidalgo's portion is \$1,641,628. During this fiscal year, the balance was increased by accrued interest of \$22,737. No board advances were made during the year.

Board Advance "B"

During this fiscal year, the Hidalgo Bridge also transferred \$850,792 (\$846,642 in 2021) to the Anzalduas Bridge in support of 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, 2022 the board advance owed by the City of Mission to the City of McAllen amounts to \$4,465,134, increasing from \$4,151,465 for the year ended September 30, 2021. This board advance is recorded in the General fund of the City of McAllen.

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 the 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.

Leases

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include determination on (1) the discount rate used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

1. An estimated incremental borrowing rate is used as the discount rate for leases.
2. The lease term includes the noncancelable period of the lease.
3. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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.

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 years ended September 30, 2022 and 2021.

The total amount excludes investments in local government pools which are recorded at amortized cost. These investments total \$11,310,016 and \$8,652,377 as of September 30, 2022 and September 30, 2021 respectively.

Public Funds Investment Pools

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

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

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.

MCALLEN INTERNATIONAL TOLL BRIDGE

Notes To Financial Statements

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit risk

As of September 30, 2022 and 2021, the investments in the TexPool Prime investment pool are rated AAA 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, 2022 and 2021 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, 2022 and September 30, 2021 are presented in the following tables:

	Balance at September 30, 2021	Additions	(Retirement)/ Transfer	Balance at September 30, 2022
Capital assets, not being depreciated				
Land	\$ 787,486	\$ -	\$ -	\$ 787,486
Construction in progress	939,887	173,052	-	1,112,939
Capital assets, being depreciated				
Buildings	16,014,650	4,665	-	16,019,315
Improvements other than buildings	4,957,133	-	-	4,957,133
Machinery and equipment	3,853,505	99,257	-	3,952,762
Total capital assets	26,552,661	276,974	-	26,829,635
Less accumulated depreciation	(16,808,302)	(1,063,463)	-	(17,871,765)
Net capital assets	\$ 9,744,359	\$ (786,489)	\$ -	\$ 8,957,870
	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, being depreciated				
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	\$ 10,206,559	\$ (440,452)	\$ (21,748)	\$ 9,744,359

NOTE 4 - LONG TERM LIABILITIES

Long-term liability activities for the year ended September 30, 2022 and September 30, 2021 are reflected in the following tables:

	Balance at September 30, 2021	Additions and Net Increases	Retirement and Net Decreases	Balance at September 30, 2022	Amounts Due Within One Year
Capital lease - Motorola	\$ 9,960	\$ -	\$ (1,875)	\$ 8,085	\$ 1,932
Net pension liability (asset)	208,947	-	(358,600)	(149,653)	-
Compensated absences	168,484	71,956	(70,073)	170,367	87,556
	<u>\$ 387,391</u>	<u>\$ 71,956</u>	<u>\$ (430,548)</u>	<u>\$ 28,799</u>	<u>\$ 89,488</u>
	Balance at September 30, 2020	Additions 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>

NOTE 5 - LEASES

The Hidalgo Bridge leases property and buildings to the United States Government, the state of Texas, and various commercial dealers. The Hidalgo Bridge has also entered into license agreements with various telecommunications companies in relation to the utilization of international telephone and/or fiber optic cables connecting in the Republic of Mexico. Current leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA). This 15-year lease consists of a 10-year firm term and an additional 5-year non-firm term. The Hidalgo Bridge also has a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc. and a 10-year lease with Transtelco, Inc. Interest rates range from 0.1930% to 1.1640%.

Lease payments received during the current year were as follows:

Year ending September 30,	Principal	Interest	Total
2022	\$ 1,910,828	\$ 25,890	\$ 1,936,718

Future minimum lease payments to be received are as follows:

Year ending September 30,	Principal	Interest	Total
2023	\$ 1,863,684	\$ 20,414	\$ 1,884,098
2024	1,593,148	13,411	1,606,560
2025	311,354	9,193	320,547
2026	316,393	6,684	323,077
2027	321,604	4,125	325,730
2028-2030	225,168	4,323	229,490
	<u>\$ 4,631,351</u>	<u>\$ 58,151</u>	<u>\$ 4,689,502</u>

MCALLEN INTERNATIONAL TOLL BRIDGE

Notes To Financial Statements

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.

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

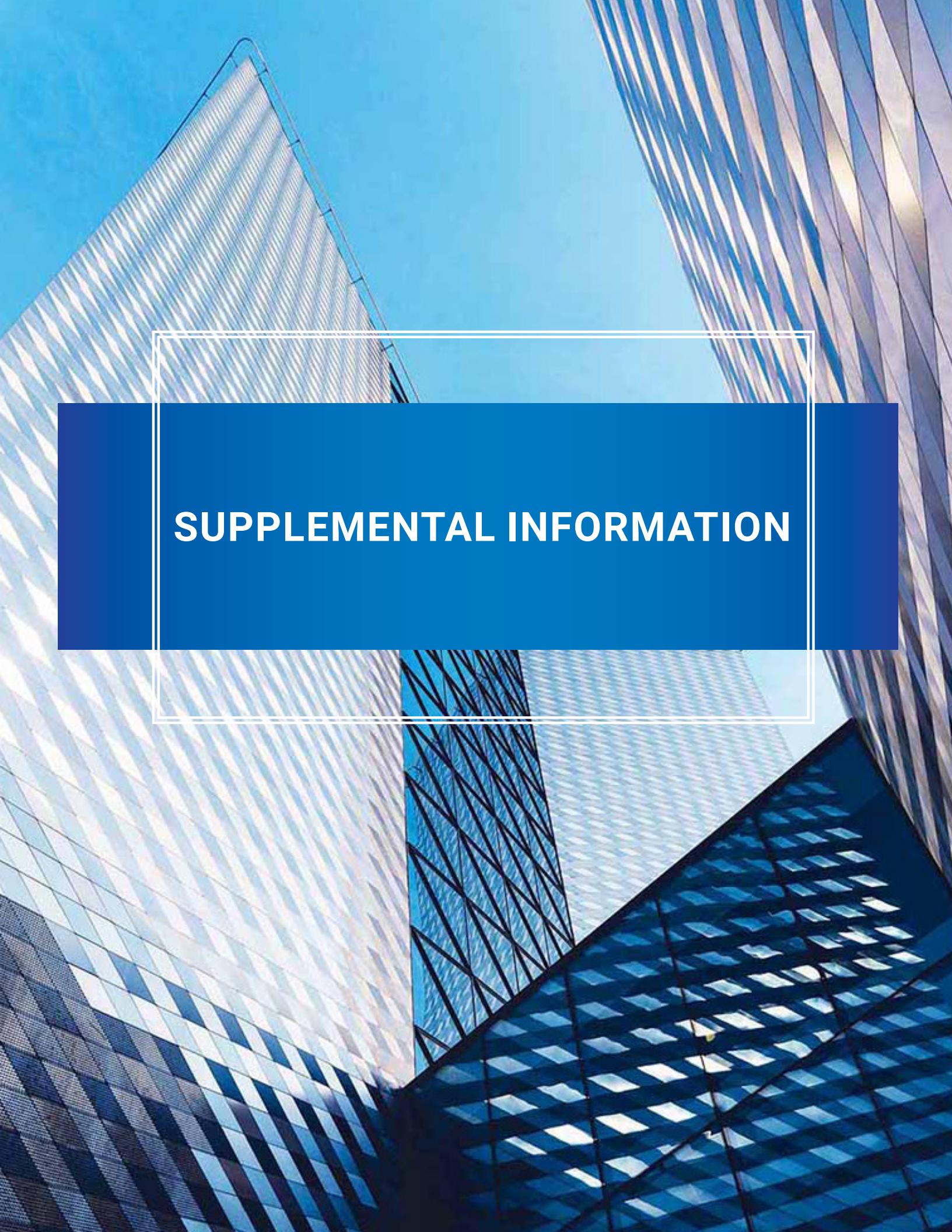
The table below describes the plan provisions adopted by the City:

	Plan Year 2021	Plan Year 2020
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	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 asset of \$149,653, deferred outflow of resources – pension of \$80,418, and deferred inflow of resources – pension of \$343,000.

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 \$12,216 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.



The background of the image features a complex, abstract pattern of blue and white geometric shapes, possibly representing a stylized architectural or crystal structure.

SUPPLEMENTAL INFORMATION

**Schedule of Income Distribution
Last Ten Years**

	Year Ended September 30,			
	2013	2014	2015	2016
Bridge revenues (1)	\$ 12,015,083	\$ 12,684,779	\$ 13,601,940	\$ 14,521,021
Deductible operating expenses (1)	2,326,352	2,451,232	2,548,148	2,653,694
	<u>9,688,731</u>	<u>10,233,547</u>	<u>11,053,792</u>	<u>11,867,327</u>
Surplus from contingency, construction, and debt service funds	-	-	-	-
	<u>9,688,731</u>	<u>10,233,547</u>	<u>11,053,792</u>	<u>11,867,327</u>
Less:				
Required transfers to restricted assets (2)	-	-	-	-
Transfers to Anzalduas International Bridge Fund (3)	-	-	-	-
Transfers to Capital Improvement Fund	727,042	708,562	705,687	1,251,894
Transfer to Health Insurance Fund	-	-	-	55,744
Long term note principal	-	-	-	168,710
Capital Lease - Motorola Principal	-	-	-	-
Transfer to start up fund	-	-	-	-
Deductions for Capital Assets Acquisitions (3)	-	-	-	-
Board advance Series "A" 2007 Bonds	-	-	-	-
Base revenues	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</u>	<u>\$ 10,390,979</u>
Distributions and reservations of surplus revenues:				
Net distribution to City of Hidalgo	3,226,208	3,428,995	3,725,318	3,740,752
City of McAllen:				
Less: Series "B" Bonds debt service	5,735,482	6,095,990	6,622,787	6,650,227
Less: Implied interest expense on Series "B" Bonds	(963,664)	(947,075)	(947,888)	(949,755)
Distribution to City of McAllen	<u>4,771,818</u>	<u>5,148,915</u>	<u>5,674,899</u>	<u>5,700,472</u>
Base Revenue Only	<u>\$ 8,961,689</u>	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</u>	<u>\$ 10,390,979</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,						
2017	2018	2019	2020	2021	2022	
\$ 14,761,094 2,791,331	\$ 14,447,224 2,776,938	\$ 13,888,525 2,798,776	\$ 10,764,761 2,889,650	\$ 10,209,588 2,739,511	\$ 13,420,232 3,141,523	
11,969,763	11,670,286	11,089,749	7,875,111	7,470,077	10,278,709	
-	-	-	-	-	-	
11,969,763	11,670,286	11,089,749	7,875,111	7,470,077	10,278,709	
-	-	-	-	-	-	
1,431,298 8,443 176,460	1,395,748 14,863 184,568	1,319,338 93,150 195,824	944,722 40,865 133,600 1,766	825,136 24,811 - 1,820	1,292,380 22,801 - 1,875	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 10,353,562	\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311	\$ 8,961,653	
3,727,282	3,627,039	3,375,018	2,469,797	2,378,377	3,226,195	
6,626,280 (914,417)	6,448,068 (846,258)	6,068,119 (844,742)	4,322,662 (842,725)	4,235,719 (846,642)	5,735,458 (850,792)	
-	-	-	-	-	-	
5,711,863	5,601,810	5,223,377	3,479,937	3,389,077	4,884,666	
\$ 10,353,562	\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311	\$ 8,961,653	

**Schedule of Rental Income
Year Ended September 30, 2022**

Lessee	Amount
General Services Administration	\$ 2,138,908
Texas Alcoholic Beverage Commission	29,551
United Export Traders Association	279,082
Transtelco	83,843
AT&T	80,248
Verizon	2,000
ATM	5,389
PALBA	21,690
McAllen Data Center	<u>43,674</u>
	<u>\$ 2,684,385</u>

Schedule of Expenses by Department
Years Ended September 30, 2022 and 2021

	Department			
	Administration	Operations	2022 Total	2021 Total
Personnel Services				
Exempt salaries	\$ 124,089	\$ 67,241	\$ 191,330	\$ 187,142
Nonexempt wages and part time	34,399	921,233	955,632	813,223
Board of trustees fees	3,450	-	3,450	2,600
Overtime	263	128,750	129,013	66,057
Total salaries and wages	162,201	1,117,225	1,279,425	1,069,022
Payroll Taxes and Benefits				
Social security and unemployment tax	12,636	84,538	97,174	86,541
Employee retirement	13,835	91,918	105,753	88,615
Employee benefits	3,967	49,463	53,430	127,588
Transportation and telephone allowance	6,555	5,280	11,835	9,709
Total payroll taxes and benefits	36,993	231,199	268,192	312,453
Materials and Supplies				
Janitorial	-	66,517	66,517	60,261
Office supplies	8,215	-	8,215	4,770
Clothing and uniforms	130	15,066	15,196	13,670
Operating supplies	14,576	14,600	29,176	26,028
Equipment	-	11,915	11,915	-
Total materials and supplies	22,921	108,098	131,019	104,729
Maintenance				
Vehicles	3,735	-	3,735	3,574
Buildings	-	105,349	105,349	91,157
Fuel	4,886	373	5,259	2,479
Equipment	115	106,893	107,008	87,041
Total maintenance	8,736	212,615	221,351	184,251
Other Services and Charges				
Auditing services	18,118	-	18,118	17,829
Advertising	68,040	-	68,040	46,421
Dues and subscription	20,875	-	20,875	28,199
Management fee	135,000	-	135,000	135,000
Postage	317	-	317	-
Professional services	104,828	-	104,828	100,312
Photocopier rental	1,523	-	1,523	1,641
Rental and contractual	18,205	176,686	194,891	175,690
Bridge security	-	307,298	307,298	298,556
Travel and training	9,771	-	9,771	5,121
Telephone	6,809	-	6,809	4,463
Utilities	-	76,228	76,228	58,878
General insurance	24,762	-	24,762	23,171
Miscellaneous	56,320	83,476	139,796	189,054
Total other services and charges	464,568	643,688	1,108,256	1,084,335
Total expenses before depreciation	695,419	2,312,825	3,008,243	2,754,791
Depreciation and amortization	1,063,463	-	1,063,463	1,039,397
Total operating expenses	\$ 1,758,882	\$ 2,312,825	\$ 4,071,706	\$ 3,794,187

TOLL BRIDGE SYSTEM

Combining Schedule of Net Position September 30, 2022

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

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

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

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

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

Combining Schedule of Cash Flows
Year Ended September 30, 2022

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

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

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

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

	Year Ended September 30,			
	2013	2014	2015	2016
Vehicular traffic southbound:				
Cars	2,908,166	2,834,249	2,822,746	2,896,421
Trucks	9,119	13,075	13,284	11,554
Buses	16,160	19,933	19,927	17,330
Total vehicles (1)	<u>2,933,445</u>	<u>2,867,257</u>	<u>2,855,957</u>	<u>2,925,305</u>
Passenger traffic southbound:				
Passengers in cars (2)	7,270,415	7,085,623	7,056,865	7,241,053
Pedestrians	1,502,399	1,503,611	1,562,990	1,705,111
Passengers and drivers – buses and trucks	468,640	578,057	577,883	502,570
Total persons	<u>9,241,454</u>	<u>9,167,291</u>	<u>9,197,738</u>	<u>9,448,734</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.

Year Ended September 30,

2017	2018	2019	2020	2021	2022
2,862,748	2,794,901	2,642,179	1,890,935	1,647,489	2,587,595
10,652	11,597	11,911	7,730	6,596	7,221
<u>15,979</u>	<u>17,396</u>	<u>17,866</u>	<u>11,596</u>	<u>9,893</u>	<u>10,832</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>	<u>2,605,648</u>
7,156,870	6,987,253	6,605,448	4,727,338	4,118,723	6,468,988
1,641,614	1,522,221	1,521,170	1,521,170	815,956	1,089,784
<u>463,379</u>	<u>504,478</u>	<u>518,120</u>	<u>336,272</u>	<u>286,765</u>	<u>313,965</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>	<u>7,872,737</u>

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

	Year Ended September 30,			
	2013	2014	2015	2016
Southbound traffic:				
Cars	2,908,166	2,834,249	2,822,746	2,886,421
Trucks	9,119	13,075	13,284	11,554
Total car and truck traffic	<u>2,917,285</u>	<u>2,847,324</u>	<u>2,836,030</u>	<u>2,897,975</u>
Truck traffic percentage	0.31%	0.46%	0.47%	0.40%
Car and truck revenue:				
Cars	\$ 8,724,498	\$ 8,910,274	\$ 9,447,892	\$ 10,125,250
Trucks	63,833	91,525	92,988	80,878
Total car and truck revenue	<u>\$ 8,788,331</u>	<u>\$ 9,001,799</u>	<u>\$ 9,540,880</u>	<u>\$ 10,206,128</u>
Truck revenue percentage	0.73%	1.02%	0.97%	0.79%
Average revenue per car	\$ 3.00	\$ 3.14	\$ 3.35	\$ 3.51
Average revenue per truck	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00

Year Ended September 30,					
2017	2018	2019	2020	2021	2022
2,862,748 10,652	2,794,901 11,597	2,642,179 11,911	1,890,935 7,730	1,647,489 6,596	2,587,595 7,221
<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>	<u>2,594,816</u>
0.37%	0.41%	0.45%	0.41%	0.40%	0.28%
\$ 10,019,618 74,564	\$ 9,782,154 81,179	\$ 9,247,627 83,376	\$ 6,618,273 54,113	\$ 5,766,212 46,169	\$ 9,056,583 50,548
<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>	<u>\$ 9,107,131</u>
0.74%	0.82%	0.89%	0.81%	0.79%	0.56%
\$ 3.50	\$ 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, 2022
(Unaudited)

Anzalduas Special & Startup Fund:

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

Board advance "A" to Anzalduas International Crossing:

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

Combined totals of advances to Anzalduas International Crossing:

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

Distribution of Advances:

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

Schedule of Board Advances to Anzalduas International Crossing
September 30, 2022
(Unaudited)

Activity Schedule-Anzalduas Special & Startup Fund:

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

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

**Schedule of Board Advances to Anzalduas International Crossing
September 30, 2022
(Unaudited)**

Activity Schedule-Board Advances “A”:

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

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

Schedule of Board Advances to Anzalduas International Crossing
September 30, 2022
(Unaudited)

Activity Schedule-Board Advances "B":

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

Bank Rate	# Days	Advance			Interest	(Payment)	Balance
		Total	Applicable to Mission				
							\$ 4,151,465
Opening balance							
10/01/2021		\$ 70,831	\$ 24,316	\$ -	\$ -		4,175,781
10/31/2021	0.500%	31	-	-	1,773	-	4,177,554
11/01/2021		70,831	24,316	-	-		4,201,870
11/30/2021	0.500%	30	-	-	1,727	-	4,203,597
12/01/2021		70,831	24,316	-	-		4,227,913
12/31/2021	0.500%	31	-	-	1,795	-	4,229,708
01/01/2022		70,831	24,316	-	-		4,254,024
01/31/2022	0.500%	31	-	-	1,807	-	4,255,831
02/01/2022		70,831	24,316	-	-		4,280,147
02/28/2022	0.500%	28	-	-	1,642	-	4,281,789
03/01/2022		70,948	24,356	-	-		4,306,145
03/31/2022	0.500%	31	-	-	1,829	-	4,307,974
04/01/2022		70,948	24,356	-	-		4,332,330
04/30/2022	0.500%	30	-	-	1,780	-	4,334,110
05/01/2022		70,948	24,356	-	-		4,358,466
05/31/2022	0.500%	31	-	-	1,851	-	4,360,317
06/01/2022		70,948	24,356	-	-		4,384,673
06/30/2022	0.500%	30	-	-	1,802	-	4,386,475
07/01/2022		70,948	24,356	-	-		4,410,831
07/31/2022	0.500%	31	-	-	1,873	-	4,412,704
08/01/2022		70,948	24,356	-	-		4,437,060
08/31/2022	0.500%	31	-	-	1,884	-	4,438,944
09/01/2022		70,948	24,356	-	-		4,463,300
09/30/2022	0.500%	30	-	-	1,834	-	4,465,134

Schedule of Insurance Coverage
September 30, 2022
(Unaudited)

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit	Aggregate	Occurrence Retention / Deductible
Property Insurance	Texas Municipal League	10/1/2021 to 10/1/2022	Real & Personal Property	\$375,716,199	\$500,000*	
- Bridge & Surrounding Area			Loss of Revenue / Extra Expense	\$15,188,455**		
					**Loss of Revenue / Extra Expense / Rental Value for all City owned locations	*\$50,000 Flood & Earthquake Deductible or 1% of Building Value whichever is greater
Excess Workers' Compensation	Safety National Casualty	10/1/2021 to 10/1/2022	Workers Compensation Employer's Liability	Statutory	\$2,000,000	\$750,000 (OR)
- Third Party Claims Admin	Tristar Risk Management					
All Lines Aggregate - General Liability - Automobile Liability - Errors & Omissions Liability - Employee Benefits Liability	Self-Insured	10/1/2021 to 10/1/2022		\$250,000 per person / \$500,000 per claim Tort Claims cap		
Crimes Insurance	Alliant	7/1/2021 to 7/1/2023	Employee Dishonesty Forgery or Alteration Theft, Disappearance & Destruction Computer Fraud	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000	\$2,500 \$2,500 \$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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Board of Trustees
McAllen International Toll Bridge

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 10, 2023