



## Anzalduas International Crossing

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



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## Independent Auditor's Report

To the Board of Trustees  
Anzalduas International Crossing

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Anzalduas International Crossing as of September 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### Financial Reporting Unit

As discussed in Note 1, the financial statements present only the Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2020 and 2019, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Required Supplementary Information

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

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

The Board of Trustees  
Anzalduas International Crossing

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Bridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bridge's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 5, 2021

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## Management's Discussion and Analysis (Unaudited)

September 30, 2020

This discussion and analysis is intended to provide an overview of the Anzalduas International Crossing's (Anzalduas Bridge) financial performance for the fiscal years ending September 30, 2020 and 2019 and the related effect on its financial condition. Please read it in conjunction with the basic financial statements, which follow and include the notes thereto, which are necessary for a complete understanding of the data contained in the financial statements. Following the notes to the financial statements is certain supplementary information.

**ANZALDUAS BRIDGE OPERATIONAL HIGHLIGHTS**

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, operating loss amounted to \$0.73M. Net position for FY 2020 increased by \$110K, resulting in a deficit ending net position of \$1.85M.

The southbound car crossings at Anzalduas decreased 24.98% from last year's crossing, while bus crossings have decreased 16.45% from last year. In August 2016, the Anzalduas Bridge began accepting the southbound crossings of trucks with empty cargo. For FY 19-20, empty truck traffic decreased by 9.82% from FY 18-19. The table below reflects the activities for southbound traffic.

For more information in regards of the average revenue per vehicle, refer to Supplemental Information pg 32-49.

**SOUTH BOUND CROSSINGS**

Category	FY 19-20	FY 18-19	Increase (Decrease)	% Increase (Decrease)
Cars	724,046	965,077	(241,031)	-24.98%
Trucks - empties	19,359	21,467	(2,108)	-9.82%
Buses	1,194	1,429	(235)	-16.45%
Passengers in cars	1,810,115	2,412,693	(602,578)	-24.98%

**Overview of the Financial Statements**

The financial statements include the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statement of Cash Flows for the current fiscal year ending September 30, 2020 as well as the previous fiscal year.

**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 Anzalduas Bridge and provides information about the nature of the resources and obligations to creditors. The Anzalduas 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 Anzalduas Bridge is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position analyzes the Anzalduas Bridge's operations over the past year and provides comparative information for the previous fiscal year. The statement illustrates the Anzalduas 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.

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

September 30, 2020

**FINANCIAL POSITION SUMMARY**

Net position, and its components, over time serve as a meaningful measure of the Anzalduas Bridge's financial position. As of September 30, 2020, net position amounted to a deficit of \$1.85M. Total liabilities, which consist of current, restricted, and long-term liabilities, increased by \$1.66M combined when comparing FY 18-19 to FY 19-20.

A summary of the Anzalduas Bridge's condensed Statement of Net Position Information as of September 30 is presented below:

**Condensed Statements of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>			
Current assets	\$ 2,266,182	\$ 2,361,975	\$ 1,895,106
Restricted assets	5,917,400	2,469,893	1,684,492
Net capital assets	<u>39,014,815</u>	<u>40,523,924</u>	<u>41,940,599</u>
<b>Total assets</b>	<u>47,198,397</u>	<u>45,355,792</u>	<u>45,520,197</u>
Deferred outflows of resources - pension	<u>24,055</u>	<u>95,214</u>	<u>81,657</u>
<b>Total assets and deferred outflows of resources</b>	<u>47,222,452</u>	<u>45,451,006</u>	<u>45,601,854</u>
<b>LIABILITIES:</b>			
Current liabilities	55,547	49,929	36,881
Payable from restricted assets	2,097,318	1,683,035	1,608,467
Long-term liabilities	<u>46,598,831</u>	<u>45,361,294</u>	<u>46,346,789</u>
<b>Total liabilities</b>	<u>48,751,696</u>	<u>47,094,258</u>	<u>47,992,137</u>
Deferred inflows of resources	<u>317,722</u>	<u>313,481</u>	<u>403,248</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>49,069,418</u>	<u>47,407,739</u>	<u>48,395,385</u>
<b>NET POSITION:</b>			
Net investment in capital assets	12,750,544	12,456,044	12,101,388
Restricted per revenue bond ordinance	1,425,199	1,338,478	1,256,661
Restricted for improvements	860,413	988,325	329,364
Restricted for Distribution to TXDOT	491,253	-	-
Unrestricted (deficit)	<u>(17,374,375)</u>	<u>(16,739,580)</u>	<u>(16,480,944)</u>
<b>Total net position</b>	<u>\$ (1,846,966)</u>	<u>\$ (1,956,733)</u>	<u>\$ (2,793,531)</u>

## Management's Discussion and Analysis (Unaudited)

September 30, 2020

## Revenues, Expenses and Changes in Net Position

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

Statements of Revenues, Expenses,  
and Changes in Net Position

	2020	2019	2018
Operating revenues:			
Tolls	\$ 2,898,204	\$ 3,702,402	\$ 3,421,737
Other income	82,680	108,890	121,707
Total operating revenues	<u>2,980,884</u>	<u>3,811,292</u>	<u>3,543,444</u>
Operating expenses:			
Salaries	246,043	326,434	368,351
Payroll taxes and benefits	116,339	115,452	116,288
Insurance	20,963	20,963	20,963
Materials and supplies	14,379	12,385	13,957
Maintenance	60,631	49,558	43,363
Miscellaneous services	316,307	328,321	1,055,172
Depreciation	1,476,747	1,541,397	1,534,738
Total operating expenses	<u>2,251,410</u>	<u>2,394,510</u>	<u>3,152,832</u>
Operating income	<u>729,474</u>	<u>1,416,782</u>	<u>390,612</u>
Nonoperating revenues (expenses):			
Distribution of income to SCT	(17,431)	-	-
Interest income	53,389	78,628	44,757
Interest income - restricted assets	10,662	25,207	17,288
Loss on sale of capital assets	(7,000)	-	-
Interest expense	(763,217)	(811,004)	(857,654)
Interest expense - Board advance - relating to Series 2007A Bonds and Start up Fund	<u>(726,727)</u>	<u>(692,142)</u>	<u>(661,086)</u>
Total nonoperating expenses, net	<u>(1,450,324)</u>	<u>(1,399,311)</u>	<u>(1,456,695)</u>
Income (loss) before contributions and transfers	<u>(720,850)</u>	<u>17,471</u>	<u>(1,066,083)</u>
Capital contributions	-	2,185	2,240
Transfers in - McAllen International Toll Bridge Fund	842,725	844,742	846,258
Transfers-out - Health Insurance Fund	<u>(12,108)</u>	<u>(27,600)</u>	<u>(4,404)</u>
Changes in net position	109,767	836,798	(221,989)
Total net position at beginning of year	<u>(1,956,733)</u>	<u>(2,793,531)</u>	<u>(2,571,542)</u>
Total net position at end of year	<u>\$ (1,846,966)</u>	<u>\$ (1,956,733)</u>	<u>\$ (2,793,531)</u>

## Management's Discussion and Analysis (Unaudited)

September 30, 2020

**TOLL RATES**

The toll rates adopted by the board of trustees on southbound crossings into Mexico are the following:

Category	TOLL RATES	
	FY 19-20	FY 18-19
Cars	\$3.50	\$3.50
Trucks (Depending on # of Axles)	\$10.25-\$23.00	\$6.25-\$14.00
Buses (Depending on # of Axles)	\$7.00-\$9.00	\$7.00-\$9.00
Motorcycles	\$3.50	\$3.50
Extra Axle	\$3.00	\$3.00

**REVENUES**

The forecast for toll revenues was estimated at \$2.7M. Actual toll revenues came in at \$2.9M, which also included southbound commercial truck tolls, \$250K. Other operating income of \$83K was mainly due to the gain in the exchange of the Mexican peso to U.S. Dollars and rental income of \$12K. Interest income during the year was approximately \$53K as compared to approximately \$79K in 2019. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$843K, creating a difference of \$2K when compared to FY 18-19. This transfer supported debt service requirements of Refunding Series 2017B bonds.

**EXPENSES**

In FY 19-20, operating expenses came in at \$2.3M, including depreciation in the amount of \$1.5M. In FY 18-19, operating expenses were \$2.4M, including depreciation in the amount of \$1.5M. The increase was due to operating expenses for the North Bound Inspection Station. All non-operating expenses were relatively flat.

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

Total capital assets, before depreciation, at September 30, 2020 are reported at \$55.4M. Last year, at September 30, 2019, total capital assets, before depreciation, were reported at \$55.4M. For the current year, there were no significant increases to capital assets.

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

## Management's Discussion and Analysis (Unaudited)

September 30, 2020

The table below reflects the capital assets:

	Capital Assets		
	FY 19-20	FY 18-19	FY 17-18
Capital assets not being depreciated:			
Land	\$ 2,922,772	\$ 2,922,772	\$ 2,922,773
Construction in progress	503,132	564,194	503,132
Capital assets:			
Buildings	3,012,370	2,997,470	2,997,470
Improvements other than buildings	47,930,934	47,922,934	47,900,204
Machinery and equipment	1,041,609	1,035,809	994,878
Total capital assets	55,410,817	55,443,179	55,318,457
Accumulated depreciation	(16,396,002)	(14,919,255)	(13,377,858)
Total capital assets, net	<u>\$ 39,014,815</u>	<u>\$ 40,523,924</u>	<u>\$ 41,940,599</u>

**Debt**

At the end of this fiscal year, the Anzalduas Bridge had \$26.0M in revenue bonds. Last fiscal year, the Anzalduas Bridge had \$27.8M in revenue bonds, including premium. These bonds have a rating of "A" from FitchRatings as well as Standard & Poors. The proceeds, as well as other sources of funding, were used to construct the bridge structure, including all related infrastructure and facilities.

For more detailed information on debt activity, refer to Note 5 – Revenue Bonds Payable and Long-Term Liability

**ECONOMIC FACTORS**

During the budget process for fiscal year 2020-21, the elected and appointed officials considered many factors affecting bridge crossings. Bridge management prepared the FY 2021 budget conservatively. With the impact of Covid-19 and a freeze on non essential travel from Mexico, budget revenues and expenses remained flat there was no increase to toll rates

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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# **BASIC FINANCIAL STATEMENTS**

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

	2020	2019
<b>Current Assets</b>		
Cash	\$ 132,868	\$ 81,685
Investments	2,133,243	2,280,036
Accrued interest receivable	71	254
Total non-restricted assets	2,266,182	2,361,975
<b>Restricted Assets</b>		
Cash	298,776	136,151
Investments	2,108,401	2,333,742
Deferred contributions	3,126,452	-
Due from other governments	383,771	-
Total restricted assets	5,917,400	2,469,893
Total current assets	8,183,582	4,831,868
<b>Capital Assets – at cost</b>		
Capital assets not being depreciated:		
Land	2,922,772	2,922,772
Construction in progress	503,132	564,194
Capital assets:		
Buildings	3,012,370	2,997,470
Improvements other than buildings	47,930,934	47,922,934
Machinery and equipment	1,041,609	1,035,809
Total capital assets	55,410,817	55,443,179
Less accumulated depreciation	(16,396,002)	(14,919,255)
Net capital assets	39,014,815	40,523,924
Total assets	47,198,397	45,355,792
<b>Deferred outflows of resources - pension</b>	24,055	95,214
Total assets and deferred outflows of resources	\$ 47,222,452	\$ 45,451,006

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

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

	2020	2019
<b>Current Liabilities</b>		
Accounts payable	\$ 25,248	\$ 27,249
Accrued liabilities	23,780	4,619
Compensated absences	6,519	18,061
Total unrestricted current liabilities	55,547	49,929
<b>Liabilities Payable From Restricted Assets</b>		
Current installments of revenue bonds	1,832,497	1,779,038
Accounts payable	37,635	55,095
Accrued revenue bond interest	83,790	87,940
Accrued expense retainage payable	143,396	-
Total liabilities payable from restricted assets	2,097,318	1,683,035
Total current liabilities	2,152,865	1,732,964
<b>Long-Term Liabilities</b>		
Revenue bonds – excluding current installments	24,149,215	25,981,712
Unearned revenues	2,635,200	-
Net pension liability	100,568	153,423
Advance from McAllen International Toll Bridge Fund - Anzalduas Special & Startup Fund	15,199,134	14,494,983
Advance from McAllen International Toll Bridge Fund - Board Advance relating to Series 2017 A Bonds	4,514,714	4,492,138
Total long-term liabilities	46,598,831	45,361,294
<b>Deferred Inflows of Resources</b>		
Deferred inflow of resources - refunding	282,560	307,130
Deferred inflow of resources - pension	35,162	6,351
Total deferred inflow of resources	317,722	313,481
Total liabilities and deferred inflows of resources	49,069,418	47,407,739
<b>Net Position</b>		
Net investment in capital assets	12,750,544	12,456,044
Restricted per revenue bond ordinances	1,425,199	1,338,478
Restricted for improvements	860,413	988,325
Restricted for Distribution to TXDOT	491,253	-
Unrestricted (deficit)	(17,374,375)	(16,739,580)
Total net position	(1,846,966)	(1,956,733)
Total liabilities, deferred inflow of resources, and net position	\$ 47,222,452	\$ 45,451,006

*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, 2020 and 2019**

	2020	2019
Operating revenues:		
Tolls	\$ 2,898,204	\$ 3,702,402
Other income	82,680	108,890
Total operating revenues	2,980,884	3,811,292
Operating expenses:		
Salaries	246,043	326,434
Payroll taxes and benefits	116,339	115,452
Insurance	20,963	20,963
Materials and supplies	14,379	12,385
Maintenance	60,631	49,558
Miscellaneous services	316,307	328,321
Depreciation	1,476,747	1,541,397
Total operating expenses	2,251,410	2,394,510
Operating income	729,474	1,416,782
Nonoperating revenues (expenses):		
Distribution of income to SCT	(17,431)	-
Interest income	53,389	78,628
Interest income - restricted assets	10,662	25,207
Loss on sale of capital assets	(7,000)	-
Interest expense	(763,217)	(811,004)
Interest expense - Board advance - relating to Series 2007A Bonds and Start up Fund	(726,727)	(692,142)
Total nonoperating expenses, net	(1,450,324)	(1,399,311)
Income (loss) before contributions and transfers	(720,850)	17,471
Capital contributions	-	2,185
Transfers in - McAllen International Toll Bridge Fund	842,725	844,742
Transfers-out - Health Insurance Fund	(12,108)	(27,600)
Changes in net position	109,767	836,798
Total net position at beginning of year	(1,956,733)	(2,793,531)
Total net position at end of year	\$ (1,846,966)	\$ (1,956,733)

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

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

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 2,980,884	\$ 3,811,292
Payments to employees	(325,079)	(415,218)
Payments to suppliers	(3,414,798)	(356,618)
Net cash provided (used) by operating activities	(758,993)	3,039,456
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfer from McAllen International Toll Bridge - Board B	842,725	844,742
Transfer to Health Insurance Fund	(12,108)	(27,600)
Subsidy from federal grant	2,251,429	-
Net cash provided by noncapital financing activities	3,082,046	817,142
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(35,700)	(122,538)
Proceeds from sale of capital assets	61,062	-
Interest paid	(1,030,975)	(1,075,625)
Principal paid on long-term debt	(1,540,000)	(1,510,000)
Net cash used by capital and related financing activities	(2,545,613)	(2,708,163)
<b>Cash Flows From Investing Activities</b>		
Receipt of interest	64,234	104,478
Proceeds from sales and maturities of investments	6,649,766	7,314,550
Purchase of investments	(6,277,632)	(8,521,499)
Net cash provided (used) by investing activities	436,368	(1,102,471)
Net change in cash	213,808	45,964
Cash at beginning of year	217,836	171,872
Cash at end of year	\$ 431,644	\$ 217,836

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

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

	2020	2019
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>		
Unrestricted cash	\$ 132,868	\$ 81,685
Restricted cash	298,776	136,151
	\$ 431,644	\$ 217,836
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
	\$ 729,474	\$ 1,416,782
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,476,747	1,541,397
(Increase) decrease in deferred contributions	(3,126,452)	-
(Increase) decrease in deferred outflows of resources	71,159	(13,557)
Increase (decrease) in deferred inflows of resources	28,811	(65,196)
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	123,935	54,609
Increase (decrease) in accrued liabilities	1,730	(744)
Increase (decrease) in compensated absences payable	(11,542)	5,277
Increase (decrease) in net pension liability	(52,855)	100,888
Total adjustments	(1,488,467)	1,622,674
Net cash provided (used) by operating activities	\$ (758,993)	\$ 3,039,456

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Reporting Entity*

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003 ("2003 Agreement"), the City of McAllen, Texas (the "City") and the City of Mission own and operate the Anzalduas International Crossing ("Anzalduas Bridge") linking the United States, south of the City of Mission, Texas and the westernmost part of Reynosa, Tamaulipas, Mexico. According to that agreement, the ownership interest of the City of McAllen and the City of Mission are 66 2/3% and 33 1/3%, respectively. The agreement also provides that complete management and control of the Anzalduas Bridge, with the exception of fixing rates and charges for services and the issuance of debt, which is reserved by the Board of Commissioners of McAllen, shall be vested in a Board of Trustees consisting of five (6) voting-members, two members of which are appointed from the existing members of the Hidalgo Bridge Board by McAllen with the Mayors of the cities of McAllen, Hidalgo and Mission serving as ex-officio board members. The Mayor of Granjeno also serves as an ex-officio non-voting member of the board. In addition, the budget is subject to final approval by the Board of Commissioners of McAllen. The agreement also provides that these cities as well as the City of Hidalgo will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 44%; City of Mission, 23%; and the City of Hidalgo, 33%.

In order to finance the construction of the Anzalduas Bridge, the City of McAllen issued \$39,160,000 in revenue bonds during fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007 A and \$13,160,000 Series 2007 B. The bonds are secured by a pledge of the net revenues of the McAllen International Toll Bridge ("Hidalgo Bridge"), located in Hidalgo, Texas and the Anzalduas Bridge. According to the 2003 Agreement, both the City of McAllen and the City of Hidalgo are responsible for Series 2007A bonds from each city's respective share of net revenues of the Hidalgo Bridge. The City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge as well as the City of Mission from its share of net revenues of the Anzalduas Bridge. Commencement of operations was December 15, 2009. The City of McAllen issues publicly available audited financial statements for the Hidalgo Bridge, which may be obtained by writing to City of McAllen Finance Department, P.O. Box 220, McAllen, Texas 78505.

The activities of the Anzalduas Bridge are to be financed through the collection of tolls.

The accompanying financial statements of the Anzalduas 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"). Its financial statements are included in the basic financial statements of the City of McAllen as promulgated by requirements defining the reporting entity.

These financial statements present only the operations and activities of Anzalduas 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 Anzalduas Bridge's activity is 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 Anzalduas 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.

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

Deferred Contributions include the construction costs of a northbound inspection station which will be contributed upon completion to another governmental entity. Upon completion of the project, these assets will be transferred to another government entity and expensed in the Statement of Revenues, Expenses, and Changes in Net Position.

*Restricted Assets*

Restricted cash and investments represent interest-bearing checking accounts and investments, which are restricted for current debt service as well as the bond construction fund. Per the bond ordinance, one year subsequent to the commencement of operations, a contingency fund will be established and funded at the rate of \$3,750 per month until the fund reaches \$500,000. These restricted accounts are requirements of bond ordinances related to the revenues bonds outstanding. Net position is restricted to the extent of such legally imposed restrictions.

*Capital Assets*

Capital assets which include property, equipment and infrastructure are defined as assets with an initial individual cost of \$2,500 or more and an estimated useful life in excess of one year. Capital assets are capitalized because they are used in operations to provide services. Capital assets are recorded at cost if purchased or constructed. Net interest cost prior to October 1, 2019 pertaining to qualifying assets which are related to construction in progress is capitalized.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended September 30, 2020 was \$1,476,747 (\$1,541,397 in 2019). The estimated useful lives for depreciation provision will be 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 will be charged to expense as incurred. Gains and losses on disposition of capital assets will be included in income.

*Long-Term Obligations*

Long-term obligations of the Anzalduas Bridge include bonds expected to be paid entirely by net revenues of the Anzalduas Bridge, except during a startup period during which time net revenues will be advanced from the Hidalgo Bridge. The outstanding bonds are secured by the net revenues of the Hidalgo Bridge as well as those of the Anzalduas Bridge.

*Unearned Revenues*

The Anzalduas Bridge recorded unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the Anzalduas Bridge reported unearned revenues received from another governmental entity for the reimbursement of construction costs for a northbound inspection station which was not completed as of 9/30/2020.

*Advances**Anzalduas Special and Start Up Fund Advance Payable from Anzalduas International Crossing to McAllen International Toll Bridge*

Beginning with fiscal year ending September 30, 1991, the Hidalgo Bridge has financed the development costs for the Anzalduas International Crossing from a restricted account of that fund, the Anzalduas Special and Start Up Fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

According to the 2003 Agreement, the amount that may be spent from that fund for expenses relating to the obtaining of the Anzalduas Bridge Presidential Permit and for the design or construction costs, operation expenses of the Anzalduas Bridge, and initial debt service on bonds related to the Anzalduas Bridge is limited to no more than \$6,000,000. This advance is to be repaid with interest accruing at the interest rate on bonds issued to finance the Anzalduas Bridge, from the net revenues of the Anzalduas Bridge, after all bond ordinance requirements have been met. As of September 30, 2020, the Anzalduas Special and Start Up Fund advance payable to the Hidalgo Bridge amounts to \$15,199,134 (\$14,494,983 in 2019), of which the City of McAllen's portion is \$9,727,446 and the City of Hidalgo's portion is \$5,471,688. During this fiscal year, the balance was increased by accrued interest in the amount of \$704,151. No board advances were made during the year.

*Board Advances Payable from Anzalduas International Crossing to McAllen International Toll Bridge.*

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 payable has been paid.

As of September 30, 2020 the board advances payable to the Hidalgo Bridge amounts to \$4,514,714 (\$4,492,138 in 2019), of which the City of McAllen's portion is \$2,889,417 and the City of Hidalgo's portion is \$1,625,297. During this fiscal year, the balance was increased by accrued interest of \$22,576. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$842,725 (\$844,742 in 2019) to the Anzalduas Bridge in support of the Refunding Series 2017 B bond 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 Refunding Series 2017 A have been paid.

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

*Bond Premium*

Bond premium is amortized using the effective interest method.

*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.

*Cash and Cash Equivalents*

For purposes 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 City 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 Anzalduas Bridge, limits investments to U.S. Treasuries, U.S. government agencies, investment pools, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds,

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

fully collateralized repurchase agreements, as well as certificates of deposit. Investments are stated at fair value, cost, or amortized cost, as required under Governmental Accounting Standards Board Statement No. 72.

**Investments***Fair Value Measurement:*

The City 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.

Investments at fair value, as of September 30, 2020 and 2019, are as follows:

	2020	Carrying Value	Fair Value	Fair Value Measurements Using		
				(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>						
Certificates of Deposit		\$ 1,023,040	\$ 1,023,040	\$ -	\$ 1,023,040	\$ -
Total investments by fair value level		\$ 1,023,040	\$ 1,023,040	\$ -	\$ 1,023,040	\$ -
	2019	Carrying Value	Fair Value	Fair Value Measurements Using		
				(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>						
Certificates of Deposit		\$ 1,263,262	\$ 1,263,262	\$ -	\$ 1,263,262	\$ -
Total investments by fair value level		\$ 1,263,262	\$ 1,263,262	\$ -	\$ 1,263,262	\$ -

The total amount excludes investments in local government pools which are reported at amortized cost. These investments total \$3,218,604 and \$3,350,515 as of September 30, 2020 and September 30, 2019 respectively.

*Public Funds Investment Pools*

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the values of its shares.

The Anzalduas Bridge investments in Pools are reported at amortized cost.

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Act. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool 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 one year, the Anzalduas Bridge reduces its risk to the rising interest rates. The table that follows reflects the allocation of the investment portfolio at September 30, 2020.

# ANZALDUAS INTERNATIONAL CROSSING

Notes To Financial Statements, Year Ended September 30, 2020 and 2019

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

	<u>Certificates of Deposits</u>
< 1 Year	\$ 1,023,040
Total	<u>\$ 1,023,040</u>
Weighted Average Maturity	243

*Credit risk.* As of September 30, 2020 and 2019, the investments in the TexPool Prime investment pool are rated AAAM by Standards and Poor's. The City's investment policy limits authorized investments to local government investment pools of political subdivisions in the State of Texas that invest in instruments and follow practices allowed by current law and that maintains as an investments 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, and full collateralized repurchase agreements.

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

## NOTE 3 - CAPITAL ASSETS

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

	<u>Balance at September 30, 2019</u>	<u>Additions</u>	<u>(Retirement)/ Transfer</u>	<u>Balance at September 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 2,922,772	\$ -	\$ -	\$ 2,922,772
Construction in progress	564,194	-	(61,062)	503,132
Capital assets:				
Buildings	2,997,470	14,900	-	3,012,370
Improvements other than buildings	47,922,934	15,000	(7,000)	47,930,934
Machinery and equipment	1,035,809	5,800	-	1,041,609
Total capital assets	55,443,179	35,700	(68,062)	55,410,817
Less accumulated depreciation	<u>(14,919,255)</u>	<u>(1,476,747)</u>	<u>-</u>	<u>(16,396,002)</u>
Net capital assets	<u>\$ 40,523,924</u>	<u>\$ (1,441,047)</u>	<u>\$ (68,062)</u>	<u>\$ 39,014,815</u>

	<u>Balance at September 30, 2018</u>	<u>Additions</u>	<u>(Retirement)/ Transfer</u>	<u>Balance at September 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 2,922,772	\$ -	\$ -	\$ 2,922,772
Construction in progress	503,132	61,062	-	564,194
Capital assets:				
Buildings	2,997,470	-	-	2,997,470
Improvements other than buildings	47,900,204	20,545	2,185	47,922,934
Machinery and equipment	994,878	40,931	-	1,035,809
Total capital assets	55,318,456	122,538	2,185	55,443,179
Less accumulated depreciation	<u>(13,377,858)</u>	<u>(1,541,397)</u>	<u>-</u>	<u>(14,919,255)</u>
Net capital assets	<u>\$ 41,940,598</u>	<u>\$ (1,418,859)</u>	<u>\$ 2,185</u>	<u>\$ 40,523,924</u>

**NOTE 4 - SOUTHBOUND COMMERCIAL AGREEMENT**

On August 27, 2015, the Anzalduas International Bridge Board (“ABB”) and the Mexico Federal Agency La Secretaria de Comunicaciones y Transportes de los Estados Unidos Mexicanos (“SCT”) agreed to improve the infrastructure and operation of the Anzalduas Bridge to allow the crossings of southbound commercial empty truck traffic. The ABB agreed to finance the construction of one additional lane and equipment on the Mexico side of the Anzalduas Bridge, which would be provided by funds from the Anzalduas Capital Improvement fund. The ABB and the SCT agreed that after the initial operation of the installations, 100% of the toll revenue generated from southbound empties will be used to reimburse the cost of the project to the Anzalduas Bridge. Presently, the Anzalduas International Bridge is responsible for collecting and accounting for the toll revenue. As of September 30, 2020, the Anzalduas Bridge recorded \$249,532 for southbound commercial truck traffic tolls. The total cost of construction in the amount of \$1,030,865 has been reimbursed to ABB as of July 31, 2020.

The ABB and SCT agreed that future toll revenues generated on the U.S. side for crossings of southbound empty truck traffic, after expenses of operation, maintenance, administrative, and fiscal responsibility, will be divided 80% to Anzalduas Bridge and 20% to the SCT. For the year ending September 30, 2020, a total of \$87,155 was generated in excess of construction resulting in \$17,431 due to the SCT.

The division of toll revenues for southbound empty traffic will continue with no changes until the ABB completes the construction of one lane and equipment on the United States side of the Anzalduas Bridge for the crossing and operation of northbound commercial empty truck traffic. After the initial opening of the northbound commercial facility for empty trucks, then each party will receive 100% of their own tolls.

**NOTE 5 - REVENUE BONDS PAYABLE AND LONG-TERM LIABILITIES**

Long-term liability activities for the year ended September 30, 2020 and September 30, 2019 are reflected as follows:

	Balance at September 30, 2019	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2020	Amounts Due Within One Year
Revenue bonds payable	\$ 25,660,000	\$ -	\$ (1,540,000)	\$ 24,120,000	\$ 1,595,000
Unamortized bond premium	2,100,750	-	(239,038)	1,861,712	237,497
Net pension liability	153,423	-	(52,855)	100,568	-
Compensated absences	18,061	1,068	(12,610)	6,519	6,519
	<u>\$ 27,932,234</u>	<u>\$ 1,068</u>	<u>\$ (1,844,503)</u>	<u>\$ 26,088,799</u>	<u>\$ 1,839,016</u>
	Balance at September 30, 2018	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2019	Amounts Due Within One Year
Revenue bonds payable	\$ 27,170,000	\$ -	\$ (1,510,000)	\$ 25,660,000	\$ 1,540,000
Unamortized bond premium	2,337,509	-	(236,759)	2,100,750	239,038
Net pension liability	52,535	100,888	-	153,423	-
Compensated absences	12,784	29,242	(23,965)	18,061	18,061
	<u>\$ 29,572,828</u>	<u>\$ 130,130</u>	<u>\$ (1,770,724)</u>	<u>\$ 27,932,234</u>	<u>\$ 1,797,099</u>

**NOTE 5 - REVENUE BONDS PAYABLE AND LONG-TERM LIABILITIES ( CONTINUED )**

The aggregate maturities of revenue bonds payable as of September 30, 2020, including interest payments, are as follows:

Year Ending	Interest Rate	Principal	Interest	Total
2021	5.00%	\$ 1,595,000	\$ 979,575	\$ 2,574,575
2022	5.00%	1,650,000	923,775	2,573,775
2023	5.00%	1,720,000	857,275	2,577,275
2024	5.00%	1,790,000	784,931	2,574,931
2025	5.00%	1,860,000	711,063	2,571,063
2026-2030	5.00%	10,585,000	2,285,910	12,870,910
2031-2032	5.00%	4,920,000	223,728	5,143,728
		<u>\$ 24,120,000</u>	<u>\$ 6,766,257</u>	<u>\$ 30,886,257</u>

**NOTE 6 - DEFICIT UNRESTRICTED NET POSITION**

The unrestricted portion of net position reflects a deficit in the amount of \$17,374,375, as a result of advances payable to the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. Anzalduas Bridge's management does not believe the Hidalgo Bridge Board of trustees has current intention of calling these advances, which will be repaid once the fund is able.

**NOTE 7 - RETIREMENT PLAN**

The City and Anzalduas Bridge provide pension benefits for all full-time employees, except firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (the "TMRS"), an agent multiple-employer public employee retirement system. TMRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 1-877-634-8595; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

The table describes the plan provisions adopted by the City:

	Plan Year 2018	Plan Year 2019
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	100%, Transfers	100%, Transfers
Annuity Increase (to retire)	0% of CPI	0% of CPI

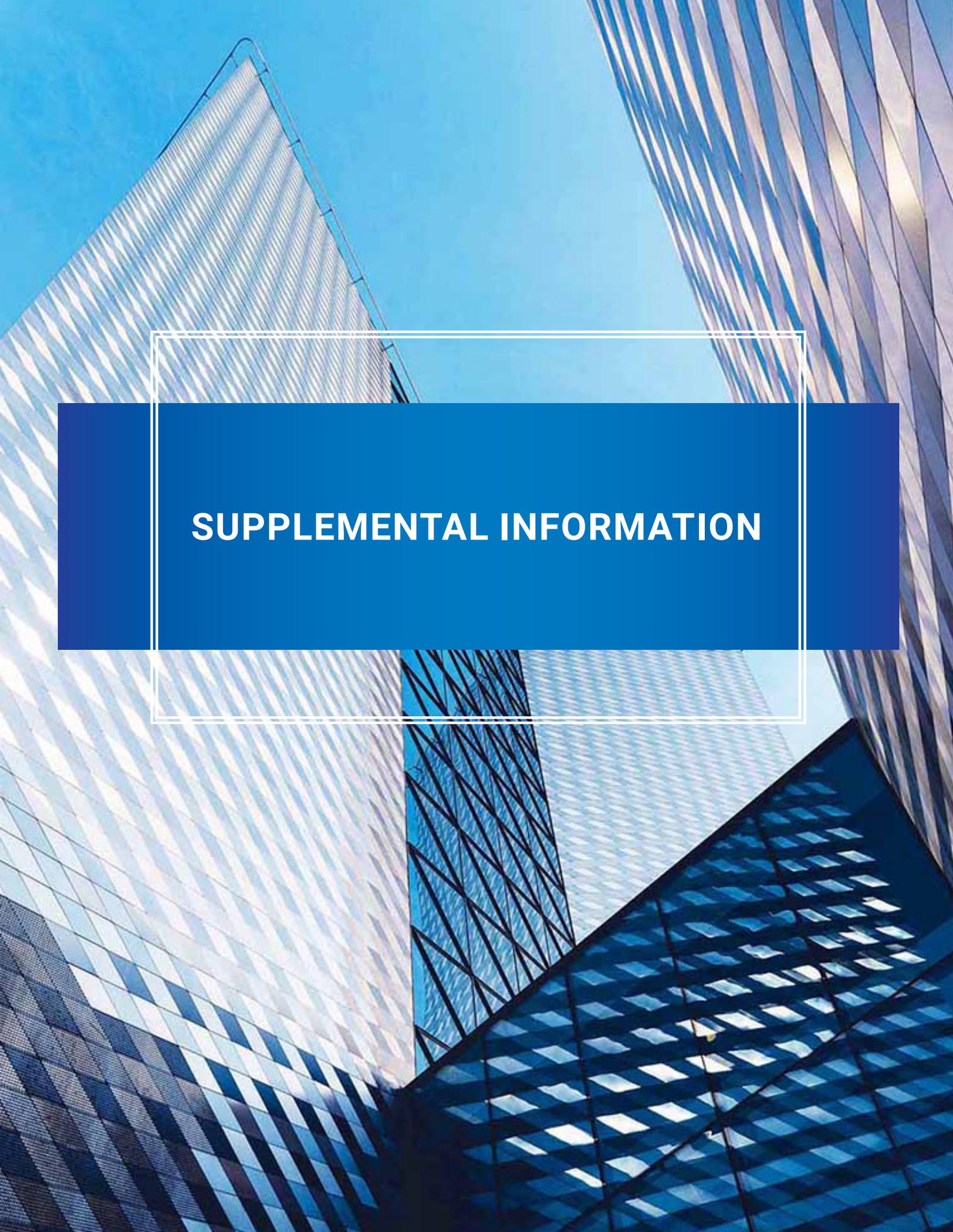
**NOTE 7 - RETIREMENT PLAN - CONTINUED**

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 Anzalduas Bridge is a component of the overall financial City wide audit report, additional pension disclosures are reflected in the City's Comprehensive Annual Financial Report. Included in the financial statements are the Anzalduas Bridge's allocable share of net pension liability of \$100,568, deferred outflow of resources, \$24,055, and deferred inflows of resources, \$35,162.

**NOTE 8 - ACCOUNTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The City, as an entity wide, will report all required disclosures of GASB Statement Number 75 in the City's Comprehensive Annual Financial Report. The City instituted an internal service fund to account for health benefits related to current and future retirees. The Anzalduas Bridge has five full time employees. For the current year, the fund contributed \$3,696 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 Anzalduas Bridge Fund.

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**SUPPLEMENTAL INFORMATION**

**Schedule of Income Distribution  
Last Ten Years**

	Year Ended September 30,		
	2011	2012	2013
Revenues	\$ 2,394,420	\$ 2,650,482	\$ 2,892,328
Maintenance, operation expenses, and capital assets purchase	708,795	820,479	760,403
Net Revenues	1,685,625	1,830,003	2,131,925
Less:			
Bond Requirements:			
Transfer to Debt Service Fund - Series 2007 "A" (\$26M Issue)	1,663,765	1,836,015	1,962,319
Less: Amount Provided by Board Advance from McAllen Intl Bridge Fund	(326,833)	(326,833)	-
Net Transfer Provided by Anzalduas Intl Crossing Revenues for Debt Service	1,336,932	1,509,182	1,962,319
Transfer to Contingency Fund	33,750	45,000	45,000
Transfer to Capital Improvement Fund	67,685	213,706	232,326
Balance Available After Bond Requirements	247,258	62,115	(107,720)
Repayment of Advances from McAllen International Toll Bridge			
"Anzalduas Special and Start-Up Advancement Fund" (\$6M Limit) (1)	-	-	-
"Board Advancement to Anzalduas Bridge Board" (with respect to advances for transfers to debt service fund Series 2007 "A" (\$26M Issue)			
Retain in Working Capital	(247,258)	(62,115)	107,720
Unallocated Balance of Surplus Net Revenue Attributable to Cities	\$ -	\$ -	\$ -

(1) As per agreement dated 2003, start up fund must be reimbursed first before any other distributions.

## Year Ended September 30,

	2014	2015	2016	2017	2018	2019	2020
\$	3,054,289	\$ 3,220,899	\$ 3,687,962	\$ 3,723,945	\$ 3,588,201	\$ 3,889,920	\$ 3,034,273
	797,804	816,588	1,940,489	873,718	1,618,094	853,113	774,663
	2,256,485	2,404,311	1,747,473	2,850,227	1,970,107	3,036,807	2,259,610
	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715	1,755,092	1,755,583
	-	-	-	-	-	-	-
	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715	1,755,092	1,755,583
	45,000	45,000	45,000	45,000	45,000	45,000	45,000
	235,426	240,910	443,237	642,950	753,715	773,217	603,165
	11,323	153,264	(704,546)	118,119	(583,323)	463,498	(144,138)
	-	-	-	-	-	-	-
	(11,323)	(153,264)	704,546	(118,119)	583,323	(463,498)	144,138
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

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

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

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

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

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

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

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

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

**Schedule of Vehicle and Passenger Traffic  
(Unaudited)**

	Year Ended September 30,			
	2011	2012	2013	2014
Vehicular traffic southbound:				
Cars	846,077	858,488	933,694	950,143
Trucks	742	732	960	859
Buses	3,355	3,878	4,417	1,922
Total vehicles	(1) <u>850,174</u>	<u>863,098</u>	<u>939,071</u>	<u>952,924</u>
Passenger traffic southbound:				
Passengers in cars	(2) 2,115,193	2,146,220	2,334,235	2,375,358
Passengers and drivers – buses	(2) <u>97,295</u>	<u>112,462</u>	<u>128,093</u>	<u>55,738</u>
Total persons	<u>2,212,488</u>	<u>2,258,682</u>	<u>2,462,328</u>	<u>2,431,096</u>

(1) Source: Anzalduas International Crossing Traffic Count Report.

(2) Calculation based on historical average of 2.5

Year Ended September 30,					
2015	2016	2017	2018	2019	2020
974,930	1,015,219	966,364	875,430	965,077	724,046
-	732	15,528	28,036	21,467	19,359
<u>1,342</u>	<u>1,636</u>	<u>1,374</u>	<u>1,577</u>	<u>1,429</u>	<u>1,194</u>
<u>976,272</u>	<u>1,017,587</u>	<u>983,266</u>	<u>905,043</u>	<u>987,973</u>	<u>744,599</u>
2,437,325	2,538,048	2,415,910	2,188,575	2,412,693	1,810,115
<u>38,918</u>	<u>47,444</u>	<u>39,846</u>	<u>45,733</u>	<u>41,441</u>	<u>34,626</u>
<u>2,476,243</u>	<u>2,585,492</u>	<u>2,455,756</u>	<u>2,234,308</u>	<u>2,454,134</u>	<u>1,844,741</u>

**Schedule of Car and Truck Traffic Revenue  
(Unaudited)**

	Year Ended September 30,			
	2011	2012	2013	2014
Southbound traffic:				
Cars	846,077	858,488	933,694	950,143
Trucks	742	732	960	859
Total car and truck traffic	<u>846,819</u>	<u>859,220</u>	<u>934,654</u>	<u>951,002</u>
Truck traffic percentage	0.09%	0.09%	0.10%	0.09%
Car and truck revenue:				
Cars	\$ 2,249,809	\$ 2,537,957	\$ 2,795,401	\$ 2,964,866
Trucks	5,194	5,221	6,720	6,013
Total car and truck revenue	<u>\$ 2,255,003</u>	<u>\$ 2,543,178</u>	<u>\$ 2,802,121</u>	<u>\$ 2,970,879</u>
Truck revenue percentage	0.23%	0.21%	0.24%	0.20%
Average revenue per car	\$ 2.66	\$ 2.96	\$ 2.99	\$ 3.12
Average revenue per truck	\$ 7.00	\$ 7.13	\$ 7.00	\$ 7.00

Year Ended September 30,					
2015	2016	2017	2018	2019	2020
974,930	1,015,219	966,364	875,430	965,077	724,046
-	732	15,528	28,036	21,467	19,359
<u>974,930</u>	<u>1,015,951</u>	<u>981,892</u>	<u>903,466</u>	<u>986,544</u>	<u>743,405</u>
0.00%	0.07%	1.58%	3.10%	2.18%	2.60%
\$ 3,173,047	\$ 3,504,191	\$ 3,389,172	\$ 3,094,093	\$ 3,400,254	\$ 2,648,672
-	9,927	166,651	327,644	302,148	249,532
<u>\$ 3,173,047</u>	<u>\$ 3,514,118</u>	<u>\$ 3,555,823</u>	<u>\$ 3,421,737</u>	<u>\$ 3,702,402</u>	<u>\$ 2,898,204</u>
0.00%	0.28%	4.69%	9.58%	8.16%	8.61%
\$ 3.25	\$ 3.45	\$ 3.51	\$ 3.53	\$ 3.52	\$ 3.66
\$ -	\$ 13.56	\$ 10.73	\$ 11.69	\$ 14.07	\$ 12.89

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Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2020  
(Unaudited)

Anzalduas Special & Startup Fund:

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

Board advance "A" to Anzalduas International Crossing:

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

Combined totals of advances to Anzalduas International Crossing:

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

**Distribution of Advances:**

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

**Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2020  
(Unaudited)**

Activity Schedule-Anzalduas Special & Startup Fund:

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

	<u>Bond Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u>
10/01/2019	Opening balance					\$ 14,494,983
10/31/2019	4.74%	31	-	58,353	\$	14,553,336
11/30/2019	4.74%	30	-	56,698	\$	14,610,034
12/31/2019	4.74%	31	-	58,816	\$	14,668,850
01/31/2020	4.74%	31	-	59,053	\$	14,727,903
02/29/2020	4.74%	29	-	55,466	\$	14,783,369
03/31/2020	4.74%	31	-	59,514	\$	14,842,883
04/30/2020	4.74%	30	-	57,826	\$	14,900,709
05/31/2020	4.74%	31	-	59,987	\$	14,960,696
06/30/2020	4.74%	30	-	58,285	\$	15,018,981
07/31/2020	4.74%	31	-	60,463	\$	15,079,444
08/31/2020	4.74%	31	-	60,706	\$	15,140,150
09/30/2020	4.74%	30	-	58,984	\$	15,199,134

**Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2020  
(Unaudited)**

Activity Schedule-Board Advances "A":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>Balance</u>
Opening balance					4,492,138
10/1/2019			-	-	4,492,138
10/31/2019	0.50%	31		1,908	4,494,045
11/01/2019			-	-	4,494,045
11/30/2019	0.50%	30		1,847	4,495,892
12/01/2019			-	-	4,495,892
12/31/2019	0.50%	31		1,909	4,497,801
01/01/2020			-	-	4,497,801
01/31/2020	0.50%	31		1,910	4,499,711
02/01/2020			-	-	4,499,711
02/29/2020	0.50%	29		1,788	4,501,499
03/01/2020			-	-	4,501,499
03/31/2020	0.50%	31		1,912	4,503,411
04/01/2020			-	-	4,503,411
04/30/2020	0.50%	30		1,851	4,505,261
05/01/2020			-	-	4,505,261
05/31/2020	0.50%	31		1,913	4,507,175
06/01/2020			-	-	4,507,175
06/30/2020	0.50%	30		1,852	4,509,028
07/01/2020			-	-	4,509,028
07/31/2020	0.50%	31		1,915	4,510,943
08/01/2020			-	-	4,510,943
08/31/2020	0.50%	31		1,916	4,512,858
09/01/2020			-	-	4,512,858
09/30/2020	0.50%	30		1,856	4,514,714

**Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2020  
(Unaudited)**

Activity Schedule-Board Advances "B":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>		<u>Interest</u>	<u>Balance</u>
			<u>Total</u>	<u>Applicable to Mission</u>		
	Opening balance				\$	3,532,927
10/01/2019			70,315	24,139	- \$	3,557,066
10/31/2019	0.50%	31	-	-	1,511 \$	3,558,577
11/01/2019			70,315	24,139	- \$	3,582,716
11/30/2019	0.50%	30	-	-	1,472 \$	3,584,188
12/01/2019			70,315	24,139	- \$	3,608,327
12/31/2019	0.50%	31	-	-	1,532 \$	3,609,859
01/01/2020			70,315	24,139	- \$	3,633,998
01/31/2020	0.50%	31	-	-	1,543 \$	3,635,541
02/01/2020			70,315	24,139	- \$	3,659,680
02/29/2020	0.50%	29	-	-	1,454 \$	3,661,134
03/01/2020			70,165	24,088	- \$	3,685,222
03/31/2020	0.50%	31	-	-	1,565 \$	3,686,787
04/01/2020			70,165	24,088	- \$	3,710,874
04/30/2020	0.50%	30	-	-	1,525 \$	3,712,399
05/01/2020			70,165	24,088	- \$	3,736,488
05/31/2020	0.50%	31	-	-	1,587 \$	3,738,075
06/01/2020			70,165	24,088	- \$	3,762,162
06/30/2020	0.50%	30	-	-	1,546 \$	3,763,709
07/01/2020			70,165	24,088	- \$	3,787,797
07/31/2020	0.50%	31	-	-	1,609 \$	3,789,406
08/01/2020			70,165	24,088	- \$	3,813,494
08/31/2020	0.50%	31	-	-	1,619 \$	3,815,113
09/01/2020			70,165	24,088	- \$	3,839,200
09/30/2020	0.50%	30	-	-	1,578 \$	3,840,779

Schedule of Insurance Coverage  
September 30, 2020  
(Unaudited)

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit	Aggregate	Occurrence Retention/ Deductible
Property Insurance	Texas Municipal	10/01/19 -	Real & Personal Property	\$349,880,333		\$500,000
- Bridge & Surrounding Area	League	9/30/20	Loss of Revenue/Extra Expense	\$15,188,455**		*\$50,000 Food & Earthquake Deductible
				**Loss of Revenue / Extra Expense / Rental Value for all City owned locations		
Excess Workers' Compensation	Safety National Casualty	10/01/19 - 9/30/20	Workers Compensation Employer's liability	Statutory \$2,000,000		\$750,000 (OR)
Third Party Claims Admin	Tristar Risk Management					
All Lines Aggregate	Self-Insured	10/01/19 - 9/30/20		\$250,000/\$5500,000		
- General liability				Tort Claims cap		
- Automobile liability						
- Errors & Omissions Liability						
- Employee Benefits Liability						
Crimes Insurance	Alliant	10/01/19 - 9/30/20	Employee Dishonesty Forgery or Alteration	\$1,000,000		\$2,500
				\$1,000,000		\$2,500
			Theft, Disappearance & Destruction	\$1,000,000		\$2,500
			Computer Fraud	\$1,000,000		\$2,500



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

To the Board of Trustees  
Anzalduas International Crossing

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 Anzalduas International Crossing (the Bridge), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated March 5, 2021.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

The Board of Trustees  
Anzalduas International Crossing

**Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 5, 2021