

**NOTICE OF MEETING TO BE HELD BY THE ANZALDUAS INTERNATIONAL BRIDGE
BOARD OF TRUSTEES**

DATE: Monday, March 9, 2020
TIME: 12:00 P.M.
PLACE: Council Chambers – McAllen City Hall, Third Floor

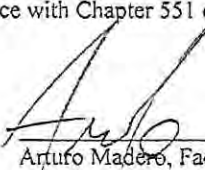
SUBJECT MATTERS:

1. Approval of minutes for the Regular Meeting held on February 10, 2020.
2. Anzalduas Intl. Bridge Southbound Empty Traffic Report.
3. Anzalduas Southbound Traffic Count by Category – February 2020.
4. Anzalduas International Bridge Financial Statement for the period ending January 31, 2020.
5. Consider and Accept External Audit Report for period ending September 30, 2019 and 2018.
6. Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection, Maquila Manager's Report:
7. Engineering Report:
8. EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 ATTORNEY-CLIENT PRIVILEGE AND PENDING OR CONTEMPLATING LITIGATION, SECTION 551.072 LAND TRANSACTION, SECTION 551.074 PERSONNEL MATTERS AND SECTION 551.086 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS.
 - a. Consultation with City Attorney regarding legal aspects of contractual agreement (T.G.C. 551.071)
 - b. Consultation with City Attorney regarding economic development (T.G.C. 551.087)

ADJOURNMENT

CERTIFICATION

I, the Undersigned authority, do hereby certify that the agenda of the meeting to be held by the McAllen/Hidalgo International Toll Bridge Board of Trustees is a true and correct copy and that I posted a true and correct copy of said notice on the bulletin board in the Municipal Building, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the 6th day of March, 2020 at 11:00 a.m. and will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.



Arturo Madero, Facilities Manager

If accommodations for a disability are required, notify the City Manager's Office at 681-1001 prior to the meeting.

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 1
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Approval of minutes for the Regular Meeting held on February 10, 2020.
2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges
3. Nature of Request: (Brief Overview) Attachments: X Yes No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes <u> </u>	No <u> </u>
b) _____			Yes <u> </u>	No <u> </u>
c) _____			Yes <u> </u>	No <u> </u>

8. Staff's Recommendation: Approve

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: RD Approved Disapproved None

**STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF MCALLEN**

The McAllen-Hidalgo International Toll Bridge Board of Trustees met in joint session on February 10, 2020 in the Council Chambers – McAllen City Hall, Third Floor with the following present:

HIDALGO BRIDGE BOARD:

Jim Darling
Sergio Coronado
Javier Villalobos
Veronica Whitacre
Martin Anzaldua

Mayor of McAllen-Chairman
Mayor of Hidalgo-Vice Chairman
Bridge Board Member
Bridge Board Member
Bridge Board Member

ABSENT: Martin Anzaldua

Bridge Board Member

ALSO PRESENT:

Roel “Roy” Rodriguez P.E.
Julian Gonzalez
Juan Olaguibel
Hilda Cavazos
Michelle Rivera
Kevin Pagan
Sergio Villasana
Maria Chavero
Angie Rodriguez
Eduardo Mendoza
Gerardo Noriega
Carlos Rodriguez
David Gonzalez
David Moreno
Mitch Ferman

City Manager, McAllen
City Manager, Hidalgo
Interim Superintendent of Bridges’, McAllen
Office Manager, McAllen
Asst. City Manager, McAllen
City Attorney, McAllen
Finance Director, McAllen
Asst Finance Director, McAllen
Budget Director, McAllen
Engineering, McAllen
Purchasing Director, McAllen
Customs and Border Protection
Customs and Border Protection
Customs and Border Protection
Monitor

THE MEETING WAS CALLED TO ORDER AT 12:21 P.M. by Mayor Jim Darling.

1. Approval of minutes for the Regular Meeting held on January 13, 2020.

A motion was made by Commissioner Javier Villalobos, seconded by Mayor Sergio Coronado and carried unanimously to approve the minutes for the regular meeting held January 13, 2020.

2. McAllen-Hidalgo Intl Toll Bridge Southbound Traffic by Category – January 2020.

Interim Superintendent of Bridges’ Juan Olaguibel reported the Southbound Toll Bridge traffic count by category for the month of January 2020.

3. McAllen-Hidalgo International Toll Bridge Financial Statement for the period ending December 31, 2019.

A motion was made by Commissioner Javier Villalobos, seconded by Mayor Sergio Coronado and carried unanimously to accept the financial statements for the period ending December 31, 2019 as presented.

4. Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection Report.

No Report.

5. Engineering Report

No report.

6. EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 ATTORNEY-CLIENT PRIVILEGE AND PENDING OR CONTEMPLATING LITIGATION, SECTION 551.072 LAND TRANSACTION, SECTION 551.074 PERSONNEL MATTERS AND SECTION 551.086 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS.

a. Consultation with City Attorney regarding economic development. (T.G.C. 551.087)

a. No action

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned by Mayor Jim Darling at 12:26 pm.

Mayor Jim Darling, Chairman

ATTEST:

Juan Olaguibel, Interim Bridge Superintendent

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 2
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Anzalduas Intl. Bridge Southbound Empty Traffic Report.
2. Party Making Request: Juan Olaquibel, Interim Superintendent of Bridges
3. Nature of Request: (Brief Overview) Attachments: X Yes No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes <u> </u>	No <u> </u>
b) _____			Yes <u> </u>	No <u> </u>
c) _____			Yes <u> </u>	No <u> </u>

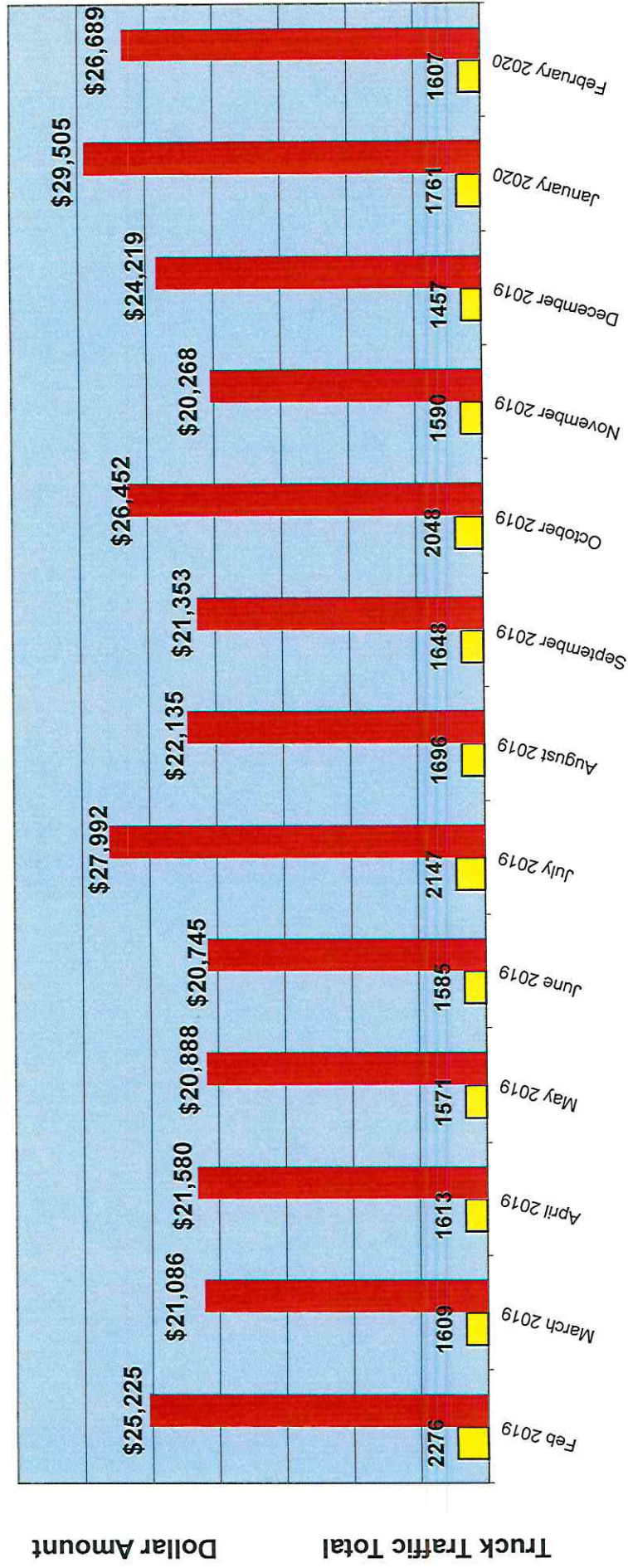
8. Staff's Recommendation: Report Only

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: RP Approved Disapproved None

Anzalduas Commercial Traffic



Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 3
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Anzalduas Southbound Traffic Count by Category – February 2020.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: X Yes No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____

Budgeted Amount: _____

Under Budget: _____

Over Budget: _____

Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes <u> </u>	No <u> </u>
b) _____			Yes <u> </u>	No <u> </u>
c) _____			Yes <u> </u>	No <u> </u>

8. Staff's Recommendation: Report Only

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: DD Approved Disapproved None

McAllen International Toll Bridge

Month	PEDESTRIANS		% VAR	CARS		% VAR	BUSES & OTHERS		% VAR.	Maquila Employee		% VAR.
	FY 2019	FY 2020		FY 2019	FY 2020		FY 2019	FY 2020		FY 2019	FY 2020	
OCTOBER 2019	120,351	139,456	16%	238,677	227,271	-5%	2,329	2,470	6%	123	199	62%
NOVEMBER	119,414	141,577	19%	234,519	232,560	-1%	2,370	2,583	9%	150	192	28%
DECEMBER	129,705	149,612	15%	268,733	244,893	-9%	2,541	2,728	7%	176	197	12%
JANUARY	109,457	128,134	17%	240,535	219,871	-9%	2,384	2,524	6%	133	171	29%
FEBRUARY	107,645	122,782	14%	215,477	208,709	-3%	2,113	2,342	11%	142	211	49%
MARCH	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
APRIL	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
May	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
June	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
July	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
August	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
September	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
TOTALS	586,572	681,561	16%	1,197,941	1,133,304	-5%	11,737	12,647	8%	724	970	34%

Anzalduas Bridge Crossing

Month	EMPTIES		% VAR	CARS		% VAR	BUSES & OTHERS		% VAR.	Maquila Employees		% VAR.
	FY 2019	FY 2020		FY 2019	FY 2020		FY 2019	FY 2020		FY 2019	FY 2020	
OCTOBER 2019	2,937	2,048	-30%	73,628	77,851	6%	95	104	9%	2,220	1,994	-10%
NOVEMBER	2,033	1,590	-22%	79,484	87,660	10%	168	218	30%	1,813	1,561	-14%
DECEMBER	1,445	1,457	1%	93,316	97,185	4%	131	127	-3%	1,523	1,334	-12%
JANUARY	1,538	1,761	14%	76,659	78,387	2%	166	161	-3%	2,023	1,826	-10%
FEBRUARY	1,645	1,607	-2%	71,893	74,001	3%	136	99	-27%	1,943	1,770	-9%
MARCH	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
APRIL	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
May	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
June	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
July	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
August	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
September	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!	0	0	#DIV/0!
TOTALS	9,598	8,463	-12%	394,980	415,084	5%	696	709	2%	9,522	8,485	-11%

Hidalgo-Pharr-AnzaIduas-Donna

February 2020 Southbound Traffic (cars only)

Feb 2020	Day	Hidalgo Feb 2020	Hidalgo % of Traffic	Pharr Feb 2020	Pharr % of Traffic	AnzaIduas Feb 2020	AnzaIduas % of Traffic	Donna Feb 2020	Donna % of Traffic	Hidalgo Feb 2019	Hidalgo 2020-2019 variance	Pharr Feb 2019	Pharr 2020-2019 variance	AnzaIduas Feb 2019	AnzaIduas 2020-2019 variance	Donna Feb 2019	Donna 2020-2019 variance
1	Saturday	7660	56%	1376	10%	2778	20%		1883	8878	(1218)	2619	(1,243)	3041	(263)	1,972	(89)
2	Sunday	5599	56%	968	10%	2147	21%		1319	8918	(3319)	1998	(1,030)	2808	(661)	2,250	(931)
3	Monday	7638	50%	1463	10%	4457	29%		1592	6397	1241	1419	44	2257	2200	1,676	(84)
4	Tuesday	7432	60%	1045	8%	2482	20%		1451	8132	(700)	2184	(1,139)	4465	(1983)	1,808	(357)
5	Wednesday	7274	59%	1559	13%	2216	18%		1276	7578	(304)	2174	(615)	2517	(301)	1,463	(187)
6	Thursday	6901	58%	1514	13%	2298	19%		1273	7563	(662)	2285	(771)	2272	26	1,513	(240)
7	Friday	8178	55%	1833	12%	3014	20%		1764	7544	634	2249	(416)	2238	776	1,571	193
8	Saturday	7893	57%	1330	10%	2663	19%		1846	8300	(407)	2493	(1,163)	2945	(282)	1,893	(47)
9	Sunday	6414	57%	986	9%	2474	22%		1411	7622	(1208)	1748	(762)	2489	(15)	1,904	(493)
10	Monday	6579	57%	1571	14%	2170	19%		1232	7587	(412)	2200	(570)	2253	97	1,415	(44)
11	Tuesday	7024	58%	1562	13%	2324	19%		1294	7117	(93)	2209	(647)	2212	112	1,484	(190)
12	Wednesday	7175	64%	1630	15%	2350	21%		1351	7947	(400)	2410	(817)	2354	46	1,533	(166)
13	Thursday	7547	65%	1593	14%	2400	21%		1367	7947	(400)	2410	(817)	2354	46	1,533	(166)
14	Friday	7940	54%	1808	12%	3168	22%		1714	7494	446	2163	(355)	2401	767	1,528	186
15	Saturday	7927	57%	1431	10%	2681	19%		1979	8520	(593)	2715	(1,284)	3151	(470)	2,023	(44)
16	Sunday	6498	56%	1040	9%	2475	21%		1563	8931	(2433)	2119	(1,079)	2904	(429)	2,338	(775)
17	Monday	6417	58%	1429	13%	2004	18%		1269	7068	(310)	2150	(637)	2115	28	1,418	(147)
18	Tuesday	6758	58%	1513	13%	2143	18%		1271	7067	37	2217	(623)	2095	127	1,407	(77)
19	Wednesday	7104	58%	1594	13%	2222	18%		1330	7515	(691)	2342	(850)	2238	26	1,465	(264)
20	Thursday	6824	58%	1492	13%	2264	19%		1201	7587	570	2214	(626)	2472	479	1,530	182
21	Friday	8157	57%	1588	11%	2951	20%		1641	8836	(949)	2632	(1,312)	3003	(319)	2,004	(363)
22	Saturday	7897	58%	1320	10%	2684	20%		1322	8548	(2477)	2022	(1,056)	2781	(202)	2,234	(912)
23	Sunday	6071	56%	966	9%	2579	24%		1102	6928	(418)	1512	(94)	2784	(677)	1,740	(638)
24	Monday	6510	58%	1418	13%	2303	19%		1261	7149	(132)	2281	(747)	2215	88	1,534	(273)
25	Tuesday	7017	58%	1514	13%	2303	19%		1271	7363	(357)	2222	(713)	2219	96	1,495	(224)
26	Wednesday	7006	58%	1509	12%	2315	19%		1258	7724	(605)	2357	(795)	2293	55	1,609	(351)
27	Thursday	7119	58%	1562	13%	2348	19%		1694	7894	(76)	2181	(412)	2346	893	1,585	109
28	Friday	7818	54%	1769	12%	3239	22%		1933	0	8342	0	1,360	0	2745	0	1933
29	Saturday	8342	58%	1360	9%	2745	19%										
		208,709	57%	41,743	11%	74,001	20%		42,580	215,477	(6,768)	60,102	(18,359)	71,893	2,108	47,802	(5,222)

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 4
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Anzalduas International Bridge Financial Statement for the period ending January 31, 2020.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: X Yes No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____ Budgeted Amount: _____
Under Budget: _____ Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes <u> </u>	No <u> </u>
b) _____			Yes <u> </u>	No <u> </u>
c) _____			Yes <u> </u>	No <u> </u>

8. Staff's Recommendation: Accept

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: RM Approved Disapproved None



ANZALDUAS INTERNATIONAL TOLL BRIDGE

Financial Statements
For the Period Ending January 31, 2020
Prepared By
Juan Olaguibel, Director of Operations

Executive Summary

Anzalduas International Crossing

OPERATING RESULTS

For the Month Ending January 31, 2020

Comparison with Last Year

Net income before depreciation, as reflected on page 3, for the month of January is \$259,583. This does not include depreciation expense of \$121,915 and the debt transfer in for Series B of \$70,315. Net income before depreciation was \$25,175 better than last year for the month. Toll Revenues for the month were \$314,272. Toll revenues were \$15,341 better than last year for the month. Expenses were \$72,176 or \$9,544 less than last year for the month.

Comparison with Budget

Net income before depreciation, as reflected on page 4, for the month of January is \$259,583. Net income before depreciation was \$85,257 better than budget for the month. Toll revenues were \$314,272 for the month. Toll revenues were \$62,519 better than budget for the month. January's monthly expenses were \$72,176 or \$13,000 less than budget for the month.

ANZALDUAS INTERNATIONAL TOLL BRIDGE FUND
STATEMENT OF NET ASSETS
For the Period Ending January 31, 2020

	Anzalduas Int'l Toll Bridge Fund	Series A Debt Service Fund	Series B Debt Service Fund	Anzalduas Cap Imprv Fund	Total
ASSETS					
<u>Current:</u>					
Cash on hand.....	\$ 13,632	\$ -	\$ -	\$ -	\$ 13,632
Cash in bank.....	514,848	-	-	-	514,848
Investments.....	2,052,521	-	-	-	2,052,521
Interest receivable.....	229	-	-	-	229
Total Current Assets	2,581,230	-	-	-	2,581,230
<u>Restricted Assets:</u>					
Contingency Fund..... X	430,944	-	-	-	430,944
Debt Service Fund.....	-	-	-	-	-
Capital Improvement Fund.....	-	-	-	-	-
Investments/TaxPool	-	1,211,976	670,521	826,609	2,709,106
Cash	-	-	-	74,517	74,517
Certificates of Deposits - McAllen.....	-	-	-	-	-
Total Restricted Assets	430,944	1,211,976	670,521	901,126	3,214,567
<u>Fixed Assets:</u>					
Land.....	2,922,773	-	-	-	2,922,773
Buildings.....	2,997,469	-	-	-	2,997,469
Infrastructure	39,825,626	-	-	-	39,825,626
Development Costs.....	7,417,616	-	-	-	7,417,616
Construction in Progress	564,194	-	-	-	564,194
Imprv - other than bldg, Machinery & Equipment.....	1,715,501	-	-	-	1,715,501
	55,443,179	-	-	-	55,443,179
Less accumulated depreciation.....	15,427,751	-	-	-	15,427,751
Total Fixed Assets	40,015,428	-	-	-	40,015,428
<u>Other Assets, Net:</u>					
Bond Issue Cost / Series 2007 A	-	-	-	-	-
Bond Issue Cost / Series 2007 B	-	-	-	-	-
Deferred Outflows	95,214	-	-	-	95,214
Total Other Assets, net	95,214	-	-	-	95,214
TOTAL ASSETS	\$ 43,122,816	\$ 1,211,976	\$ 670,521	\$ 901,126	\$ 45,906,439
LIABILITIES AND FUND EQUITY					
<u>Current Liabilities:</u>					
Vouchers Payable.....	\$ 14,325	\$ -	\$ -	\$ -	\$ 14,325
Accrued Expenses	22,680	-	-	-	22,680
Retainage Payable.....	-	-	-	-	-
Interest Payable.....	-	-	-	-	-
Noncurrent Liabilities	159,775	-	-	-	159,775
Total Current Liabilities	196,780	-	-	-	196,780
<u>Payable from Restricted Assets:</u>					
Current installments of revenue bonds.....	1,540,000	-	-	-	1,540,000
Due to McAllen International toll bridge.....	-	-	-	-	-
Interest Payable.....	-	-	-	-	-
Liabilities Payable from Restricted Assets	1,540,000	-	-	-	1,540,000
<u>Long-term Liabilities:</u>					
Revenue Bonds, excluding current installments.....	24,120,000	-	-	-	24,120,000
Bond Premiums	2,100,750	-	-	-	2,100,750
Deferred revenues / Other	307,131	-	-	-	307,131
Board Advance from / Hidl/McAll Bridge series "A"	4,499,712	-	-	-	4,499,712
Board Advance from / Start-up fund - original cost	7,220,129	-	-	-	7,220,129
Board Advance from / Start-up fund - after original cost	7,507,774	-	-	-	7,507,774
Total long-term liabilities	45,755,496	-	-	-	45,755,496
<u>Net Assets:</u>					
Net Investment in Capital Assets.....	12,349,892	-	-	-	12,349,892
Restricted:					
Contingency Fund.....	430,944	-	-	-	430,944
Bond Reserve Fund..... X	-	-	-	-	-
Capital Improvement.....	-	-	-	901,126	901,126
Debt Service Fund.....	-	1,211,976	670,521	-	1,882,497
City of McAllen..... X	-	-	-	-	-
Total restricted	430,944	1,211,976	670,521	901,126	3,214,567
Unrestricted.....	(17,150,296)	-	-	-	(17,150,296)
Total Net Assets	(4,369,460)	1,211,976	670,521	901,126	(1,585,837)
TOTAL LIABILITIES AND NET ASSETS	\$ 43,122,816	\$ 1,211,976	\$ 670,521	\$ 901,126	\$ 45,906,439

ANZALDUAS INTERNATIONAL TOLL BRIDGE FUND

	Year-To-Date			
	Current	Prior Year	Variance	Incl(Dec)
REVENUES:				
Tolls	\$314,272	\$298,931	\$15,341	5%
Rentals	1,017	1,546	(\$529)	-34%
Miscellaneous	9,769	8,313	1456	18%
Interest	6,701	7,338	(637)	-9%
Total Revenues	\$ 331,759	\$ 316,128	\$ 15,631	4.94%
	I/31/20			
EXPENSES:				
Administration	\$40,603	48,250	(7,647)	-16%
Bridge Operations	29,827	31,724	(1,897)	-6%
Insurance	1,746	1,746	-	0%
Total Exp. before Depreciation	\$72,176	\$ 81,720	\$ (9,544)	-12%
NET INCOME/(LOSS) before depreciation	\$ 259,583	\$ 234,408	\$ 25,175	10.74%
Depreciation	121,915	128,152	(6,237)	
NET INCOME/(LOSS) after depreciation	\$ 137,668	\$ 106,256	\$ 31,412	29.56%
Transfer In:				
Anarold Debt SVC Series B	70,315	70,748	\$ (433)	
		282,092	\$ (834)	

ANZALDUAS INTERNATIONAL TOLL BRIDGE FUND
STATEMENT OF OPERATING REVENUES AND OPERATING EXPENSES - BUDGET BASIS
For the Period Ending January 31, 2020

	Budget	Budget-by-Mth	Actual-by-Mth	Actual Variance with Budget Positive (Negative)	% Actual to Budget-by-Mth Positive (Negative)	Budget-to-Date	Actual-to-Date	Actual Variance with Budget Positive (Negative)	% Actual to Budget-to-Date Positive (Negative)
Operating Revenues:									
Tolls	\$ 3,021,042	\$ 251,753	\$ 314,272	\$ 62,519	24.83%	\$ 1,007,012	\$ 1,338,684	\$ 331,672	32.94%
Rentals	18,552	1,546	1,017	(529)	0.00%	6,184	4,069	(2,115)	0.00%
Miscellaneous	34,449	2,870	9,769	6,899	240.38%	11,480	39,065	27,585	240.29%
Total Operating Revenues	3,074,043	256,169	325,058	68,889	26.89%	1,024,676	1,381,818	357,142	34.55%
Non-Operating Revenues:									
Interest	40,000	3,333	6,701	3,368	100.00%	13,332	24,097	10,765	100.00%
Total Non-Operating Revenues	40,000	3,333	6,701	3,368	100.00%	13,332	24,097	10,765	100.00%
Total Revenues	3,114,043	259,502	331,759	72,257	27.84%	1,038,008	1,405,915	367,907	35.44%
Expenses:									
Administration									
Salaries	167,562	13,718	18,686	(4,968)	-36.22%	57,752	56,445	1,307	2.26%
Supplies	8,200	683	1,724	(1,041)	-152.42%	2,732	3,504	(772)	-28.26%
Other Services	358,000	29,829	19,958	9,871	33.09%	119,316	130,426	(11,110)	-9.31%
Maintenance/Capital Outlay	7,000	582	235	347	59.62%	2,328	464	1,864	0.00%
Total Administration	540,762	44,812	40,603	4,209	9.39%	182,128	190,839	(8,711)	-4.78%
Operations:									
Salaries	370,313	30,529	25,199	5,330	17.46%	126,018	76,970	49,048	38.92%
Supplies	15,000	1,249	500	749	59.97%	4,996	2,074	2,922	58.49%
Other Services	41,010	3,416	1,423	1,993	58.34%	13,664	6,350	7,314	53.53%
Maintenance/Capital Outlay	41,094	3,424	2,705	719	21.00%	13,696	14,072	(376)	-2.75%
Total Operations	467,417	38,618	29,827	8,791	22.76%	158,374	99,466	58,909	37.20%
Non-department									
Liability Insurance	20,963	1,746	1,746	-	0.00%	6,984	6,984	-	0.00%
Total Non-department	20,963	1,746	1,746	-	0.00%	6,984	6,984	-	0.00%
Total Expenses excluding Depreciation	1,029,142	85,176	72,176	13,000	15.25%	347,486	297,289	50,197	14.45%
NET INCOME (1.)	\$ 2,084,901	\$ 174,326	\$ 259,583	\$ 85,257	48.91%	\$ 690,522	\$ 1,108,626	\$ 418,104	60.55%

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 5
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Consider and Accept External Audit Report for period ending September 30, 2019 and 2018.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: X Yes No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes <u> </u>	No <u> </u>
b) _____			Yes <u> </u>	No <u> </u>
c) _____			Yes <u> </u>	No <u> </u>

8. Staff's Recommendation: Accept

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: RD Approved Disapproved None

Anzalduas International Crossing

Financial Statements
And Report of Independent Certified Public Accountants

September 30, 2019 and 2018

ANZALDUAS INTERNATIONAL CROSSING

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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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Financial Reporting Unit

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

Other Matters

Required Supplementary Information

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

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

The Board of Trustees
Anzalduas International Crossing

Other Reporting Required by Government Auditing Standards

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 14, 2020

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(Unaudited)
**Anzalduas International Crossing
Management's Discussion and Analysis**
September 30, 2019

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, 2019 and 2018 and the related effect on its financial condition. Please read it in conjunction with the basic financial statements, which follow and include the notes thereto, which are necessary for a complete understanding of the data contained in the financial statements. Following the notes to the financial statements is certain supplementary information.

ANZALDUAS BRIDGE OPERATIONAL HIGHLIGHTS

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, operating income amounted to \$1.42M. Net position for FY 2019 increased by \$837K, resulting in a deficit ending net position of \$1.96M.

The southbound car crossings at Anzalduas increased 10.24% over last year's crossing, while bus crossings have decreased 9.38% from last year. In August 2016, the Anzalduas Bridge began accepting the southbound crossings of trucks with empty cargo. For FY 18-19, empty truck traffic decreased by 23.43% from FY 17-18. 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 31-47.

SOUTH BOUND CROSSINGS

Category	FY 18-19	FY 17-18	% Increase	
			Increase (Decrease)	Increase (Decrease)
Cars	965,077	875,430	89,647	10.24%
Trucks - empties	21,467	28,036	(6,569)	-23.43%
Buses	1,429	1,577	(148)	-9.38%
Passengers in cars	2,412,693	2,188,575	224,118	10.24%

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, 2019 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.

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, 2019, net position amounted to a deficit of \$1.96M. Total liabilities, which consist of current, restricted, and long-term liabilities, decreased by \$898K combined when comparing FY 17-18 to FY 18-19.

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

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

	2019	2018	2017
ASSETS:			
Current assets	\$ 2,361,975	\$ 1,895,106	\$ 1,795,273
Restricted assets	2,469,893	1,684,492	1,832,996
Net capital assets	<u>40,523,924</u>	<u>41,940,599</u>	<u>43,183,058</u>
 Total assets	 <u>\$ 45,355,792</u>	 <u>\$ 45,520,197</u>	 <u>\$ 46,811,327</u>
 Deferred outflows of resources - pension	 <u>\$ 95,214</u>	 <u>\$ 81,657</u>	 <u>\$ 106,128</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 45,451,006</u></u>	 <u><u>\$ 45,601,854</u></u>	 <u><u>\$ 46,917,455</u></u>
 LIABILITIES:			
Current liabilities	\$ 49,929	\$ 36,881	\$ 45,442
Payable from restricted assets	1,683,035	1,608,467	1,577,672
Long-term liabilities	<u>45,361,294</u>	<u>46,346,789</u>	<u>47,509,537</u>
 Total liabilities	 <u>\$ 47,094,258</u>	 <u>\$ 47,992,137</u>	 <u>\$ 49,132,651</u>
 Deferred inflows of resources	 <u>\$ 313,481</u>	 <u>\$ 403,248</u>	 <u>\$ 356,346</u>
 Total liabilities and deferred inflows of resources	 <u><u>\$ 47,407,739</u></u>	 <u><u>\$ 48,395,385</u></u>	 <u><u>\$ 49,488,997</u></u>
 NET POSITION:			
Net investment in capital assets	\$ 12,456,044	\$ 12,101,388	\$ 11,623,863
Restricted per revenue bond ordinance	1,338,478	1,256,661	1,175,148
Restricted for improvements	988,325	329,364	554,587
Unrestricted (deficit)	<u>(16,739,580)</u>	<u>(16,480,944)</u>	<u>(15,925,140)</u>
 Total net position	 <u><u>\$ (1,956,733)</u></u>	 <u><u>\$ (2,793,531)</u></u>	 <u><u>\$ (2,571,542)</u></u>

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

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.

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

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

	2019	2018	2017
Operating revenues:			
Tolls	\$ 3,702,402	\$ 3,421,737	\$ 3,555,823
Other income	108,890	121,707	144,843
Total operating revenues	<u>3,811,292</u>	<u>3,543,444</u>	<u>3,700,666</u>
Operating expenses:			
Salaries	326,434	368,351	363,499
Payroll taxes and benefits	115,452	116,288	129,966
Insurance	20,963	20,963	20,964
Materials and supplies	12,385	13,957	14,750
Maintenance	49,558	43,363	48,161
Miscellaneous services	328,321	1,055,172	296,378
Depreciation	1,541,397	1,534,738	1,533,466
Total operating expenses	<u>2,394,510</u>	<u>3,152,832</u>	<u>2,407,184</u>
Operating income	<u>1,416,782</u>	<u>390,612</u>	<u>1,293,482</u>
Nonoperating revenues (expenses):			
Interest income	78,628	44,757	23,278
Interest income - restricted assets	25,207	17,288	5,947
Other income	-	-	8,653
Interest expense	(811,004)	(857,654)	(2,131,909)
Interest expense - Board advance - relating to Series 2007A Bonds and Start up Fund	<u>(692,142)</u>	<u>(661,086)</u>	<u>(631,458)</u>
Total nonoperating expenses, net	<u>(1,399,311)</u>	<u>(1,456,695)</u>	<u>(2,725,489)</u>
Income (loss) before contributions and transfers	17,471	(1,066,083)	(1,432,007)
Capital contributions	2,185	2,240	-
Transfers in - McAllen International Toll Bridge Fund	844,742	846,258	914,417
Transfers-out - Health Insurance Fund	<u>(27,600)</u>	<u>(4,404)</u>	<u>(2,502)</u>
Changes in net position	836,798	(221,989)	(520,092)
Total net position at beginning of year	<u>(2,793,531)</u>	<u>(2,571,542)</u>	<u>(2,051,450)</u>
Total net position at end of year	<u>\$ (1,956,733)</u>	<u>\$ (2,793,531)</u>	<u>\$ (2,571,542)</u>

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

TOLL RATES

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

<u>Category</u>	TOLL RATES	
	<u>FY 18-19</u>	<u>FY 17-18</u>
Cars	\$3.50	\$3.50
Trucks (Depending on # of Axles)	\$6.25-\$14.00	\$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 \$3.7M, which also included southbound commercial truck tolls, \$302K. Other operating income of \$109K was mainly due to the gain in the exchange of the Mexican peso to U.S. Dollars and rental income of \$17K. Interest income during the year was approximately \$79K as compared to approximately \$45K in 2018. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$845K, creating a difference of \$1K when compared to FY 17-18. This transfer supported debt service requirements of Refunding Series 2017B bonds.

EXPENSES

In FY 18-19, operating expenses came in at \$2.4M, including depreciation in the amount of \$1.5M. The decrease was attributable to a reduction of miscellaneous service expenses related to the Madero Bridge, and North & South Bound Traffic lanes at Anzalduas. In FY 17-18, operating expenses were \$3.2M, including depreciation in the amount of \$1.5M. The increase was due to the financing of the construction of one additional lane and equipment on the Mexican side of the Anzalduas Reynosa-Mission International Bridge to allow southbound commercial empty truck traffic. All non-operating expenses were relatively flat.

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total capital assets, before depreciation, at September 30, 2019 are reported at \$55.4M. Last year, at September 30, 2018, total capital assets, before depreciation, were reported at \$55.3M. For the current year, an additional \$125K was added to capital assets which is attributed to construction in progress projects, machinery and equipment, and improvements other than buildings.

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

The table below reflects the capital assets:

	Capital Assets		
	<u>FY 18-19</u>	<u>FY 17-18</u>	<u>FY 16-17</u>
Capital assets not being depreciated:			
Land	\$ 2,922,772	\$ 2,922,773	\$ 2,922,773
Construction in progress	564,194	503,132	244,528
Capital assets:			
Buildings	2,997,470	2,997,470	2,997,470
Improvements other than buildings	47,922,934	47,900,204	47,891,073
Machinery and equipment	<u>1,035,809</u>	<u>994,878</u>	<u>970,334</u>
 Total capital assets	 55,443,179	 55,318,457	 55,026,178
Accumulated depreciation	<u>(14,919,255)</u>	<u>(13,377,858)</u>	<u>(11,843,120)</u>
 Total capital assets, net	 <u>\$ 40,523,924</u>	 <u>\$ 41,940,599</u>	 <u>\$ 43,183,058</u>

Debt

At the end of this fiscal year, the Anzalduas Bridge had \$27.8M in revenue bonds. Last fiscal year, the Anzalduas Bridge had \$29.5M 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

Anzalduas International Crossing
Management's Discussion and Analysis – (Unaudited)
September 30, 2019

ECONOMIC FACTORS

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

Taking the above factors into account, toll revenues were budgeted conservatively. Operating expenses were marginally increased and provision was made to service debt repayment requirements.

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.

Basic Financial Statements

Anzalduas International Crossing
Statements of Net Position
September 30, 2019 and 2018

	2019	2018
Current Assets		
Cash	\$ 81,685	\$ 103,055
Investments	2,280,036	1,791,154
Accrued interest receivable	254	898
	<u>2,361,975</u>	<u>1,895,107</u>
Total non-restricted assets		
Restricted Assets		
Cash	136,151	68,818
Investments	2,333,742	1,615,674
	<u>2,469,893</u>	<u>1,684,492</u>
Total restricted assets		
Total current assets	<u>4,831,868</u>	<u>3,579,599</u>
Capital Assets – at cost		
Capital assets not being depreciated:		
Land	2,922,772	2,922,772
Construction in progress	564,194	503,132
Capital assets:		
Buildings	2,997,470	2,997,470
Improvements other than buildings	47,922,934	47,900,204
Machinery and equipment	1,035,809	994,878
	<u>55,443,179</u>	<u>55,318,456</u>
Total capital assets		
Less accumulated depreciation	<u>(14,919,255)</u>	<u>(13,377,858)</u>
Net capital assets	<u>40,523,924</u>	<u>41,940,598</u>
Total assets	<u>45,355,792</u>	<u>45,520,197</u>
Deferred outflows of resources - pension	<u>95,214</u>	<u>81,657</u>
Total assets and deferred outflows of resources	<u>\$ 45,451,006</u>	<u>\$ 45,601,854</u>

The accompanying notes are an integral part of these statements

Anzalduas International Crossing
Statements of Net Position
September 30, 2019 and 2018

	2019	2018
Current Liabilities		
Accounts payable	\$ 27,249	\$ 20,500
Accrued liabilities	4,619	5,363
Compensated absences	18,061	11,018
Total unrestricted current liabilities	49,929	36,881
Liabilities Payable From Restricted Assets		
Current installments of revenue bonds	1,540,000	1,510,000
Accounts payable	55,095	7,235
Accrued revenue bond interest	87,940	91,232
Total liabilities payable from restricted assets	1,683,035	1,608,467
Total current liabilities	1,732,964	1,645,348
Long-Term Liabilities		
Revenue bonds – excluding current installments	26,220,750	27,997,509
Compensated absences	-	1,766
Net pension liability	153,423	52,535
Advance from McAllen International Toll Bridge Fund - Anzalduas Special & Startup Fund	14,494,983	13,825,241
Advance from McAllen International Toll Bridge Fund - Board Advance relating to Series 2017 A Bonds	4,492,138	4,469,738
Total long-term liabilities	45,361,294	46,346,789
Deferred inflow of resources - refunding	307,130	331,701
Deferred inflow of resources - pension	6,351	71,547
Total deferred inflow of resources	313,481	403,248
Total liabilities and deferred inflows of resources	47,407,739	48,395,385
Net Position		
Net investment in capital assets	12,456,044	12,101,388
Restricted per revenue bond ordinances	1,338,478	1,256,661
Restricted for improvements	988,325	329,364
Unrestricted (deficit)	(16,739,580)	(16,480,944)
Total net position	(1,956,733)	(2,793,531)
Total liabilities, deferred inflow of resources, and net position	45,451,006	\$ 45,601,854

The accompanying notes are an integral part of these statements

Anzalduas International Crossing
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Tolls	\$ 3,702,402	\$ 3,421,737
Other income	<u>108,890</u>	<u>121,707</u>
Total operating revenues	<u>3,811,292</u>	<u>3,543,444</u>
Operating expenses:		
Salaries	326,434	368,351
Payroll taxes and benefits	115,452	116,288
Insurance	20,963	20,963
Materials and supplies	12,385	13,957
Maintenance	49,558	43,363
Miscellaneous services	328,321	1,055,172
Depreciation	<u>1,541,397</u>	<u>1,534,738</u>
Total operating expenses	<u>2,394,510</u>	<u>3,152,832</u>
Operating income	<u>1,416,782</u>	<u>390,612</u>
Nonoperating revenues (expenses):		
Interest income	78,628	44,757
Interest income-restricted accounts	25,207	17,288
Interest expense	(811,004)	(857,654)
Interest expense - Board advance - relating to Series 2007 A Bonds and Start up Fund	<u>(692,142)</u>	<u>(661,086)</u>
Total nonoperating expenses, net	<u>(1,399,311)</u>	<u>(1,456,695)</u>
Income (loss) before contributions and transfers	17,471	(1,066,083)
Capital contributions	2,185	2,240
Transfers in - McAllen International Toll Bridge Fund	844,742	846,258
Transfers out - Health Insurance Fund	<u>(27,600)</u>	<u>(4,404)</u>
Changes in net position	836,798	(221,989)
Total net position at beginning of year	<u>(2,793,531)</u>	<u>(2,571,542)</u>
Total net position at end of year	<u>\$ (1,956,733)</u>	<u>\$ (2,793,531)</u>

The accompanying notes are an integral part of these statements

Anzalduas International Crossing
Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Receipts from customers	\$ 3,811,292	\$ 3,538,444
Payments to employees	(415,218)	(483,914)
Payments to suppliers	(356,618)	(1,136,971)
Net cash provided by operating activities	3,039,456	1,917,559
Cash Flows From Noncapital Financing Activities		
Transfer from McAllen International Toll Bridge - Board B	844,742	846,258
Transfer to Health Insurance Fund	(27,600)	(4,404)
Net cash provided by noncapital financing activities	817,142	841,854
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(122,538)	(292,279)
Capital contributions	-	2,240
Interest paid	(1,075,625)	(1,110,090)
Principal paid on long-term debt	(1,510,000)	(1,470,000)
Net cash used by capital and related financing activities	(2,708,163)	(2,870,129)
Cash Flows From Investing Activities		
Receipt of interest	104,478	63,732
Proceeds from sales and maturities of investments	7,314,550	5,280,991
Purchase of investments	(8,521,499)	(5,258,382)
Net cash provided (used) by investing activities	(1,102,471)	86,341
Net change in cash	45,964	(24,375)
Cash at beginning of year	171,872	196,247
Cash at end of year	\$ 217,836	\$ 171,872

The accompanying notes are an integral part of these statements

Anzalduas International Crossing
Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position		
Unrestricted cash	\$ 81,685	\$ 103,054
Restricted cash	<u>136,151</u>	<u>68,818</u>
	<u>\$ 217,836</u>	<u>\$ 171,872</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
	<u>\$ 1,416,782</u>	<u>\$ 390,612</u>
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,541,397	1,534,738
(Increase) decrease in deferred outflows of resources	(13,557)	24,471
Increase (decrease) in deferred inflows of resources	(65,196)	71,473
Changes in assets and liabilities:		
Increase (decrease) in unearned revenue	-	(5,000)
Increase (decrease) in accounts payable	54,609	(3,516)
Increase (decrease) in accrued liabilities	(744)	(1,054)
Increase (decrease) in compensated absences payable	5,277	(3,980)
Increase (decrease) in net pension liability	<u>100,888</u>	<u>(90,185)</u>
Total adjustments	<u>1,622,674</u>	<u>1,526,947</u>
Net cash provided by operating activities	<u>\$ 3,039,456</u>	<u>\$ 1,917,559</u>

The accompanying notes are an integral part of these statements

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

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.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

1. Summary of Significant Accounting Policies - Continued

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.

Restricted Assets

Restricted assets 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, 2018 pertaining to qualifying assets which are related to construction in progress is capitalized.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

1. Summary of Significant Accounting Policies - Continued

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended September 30, 2019 was \$1,541,397 (\$1,534,738 in 2018). 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.

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.

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

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

1. Summary of Significant Accounting Policies - Continued

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, 2019 the board advances payable to the Hidalgo Bridge amounts to \$4,492,138 (\$4,469,738 in 2018), of which the City of McAllen's portion is \$2,874,968 and the City of Hidalgo's portion is \$1,617,170. During this fiscal year, the balance was increased by accrued interest of \$22,400. No board advances were made during the year.

Board Advance "B"

During this fiscal year, the Hidalgo Bridge also transferred \$844,742 (\$846,258 in 2018) 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, 2019 the board advance owed by the City of Mission to the City of McAllen amounts to \$3,532,927 increasing from \$3,226,075 for the year ended September 30, 2018. This board advance is recorded in the General fund of the City of McAllen.

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.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

1. Summary of Significant Accounting Policies - Continued

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.

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, 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.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

2. Cash and Investments – Continued

Investments at fair value, as of September 30, 2019 and 2018, are as follows:

		<u>Fair Value Measurements Using</u>			
<u>2019</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level					
United States government agency securities	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -

		<u>Fair Value Measurements Using</u>			
<u>2018</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level					
United States government agency securities	\$ 249,379	\$ 249,379	\$ -	\$ 249,379	\$ -
Certificates of Deposit	-	-	-	-	-
Total investments by fair value level	\$ 249,379	\$ 249,379	\$ -	\$ 249,379	\$ -

The total amount excludes investments in local government pools which are reported at amortized cost. These investments total \$3,350,515 and \$3,157,449 as of September 30, 2019 and September 30, 2018 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

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

2. Cash and Investments – Continued

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, 2019.

	Certificates of Deposits
< 1 Year	\$ 754,839
1-3 Years	508,422
Total	<u>\$ 1,263,262</u>
Weighted Average Maturity	470

Credit risk. As of September 30, 2019 and 2018, the investments in the TexPool Prime investment pool are rated AAAM by Standards and Poor's. The City's investment policy limits authorized investments to local government investment pools of political subdivisions in the State of Texas that invest in instruments and follow practices allowed by current law and that maintains as an 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, 2019 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.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

3. Capital Assets

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

	Balance at September 30, 2018	Additions	(Retirement)/ Transfer	Balance at September 30, 2019
Capital assets not being depreciated:				
Land	\$ 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	13,377,858	1,541,397	-	14,919,255
Net capital assets	\$ 41,940,598	\$ (1,418,859)	\$ 2,185	\$ 40,523,924

	Balance at September 30, 2017	Additions	(Retirement)/ Transfer	Balance at September 30, 2018
Capital assets not being depreciated:				
Land	\$ 2,922,772	\$ -	\$ -	\$ 2,922,772
Construction in progress	244,528	258,604	-	503,132
Capital assets:				
Buildings	2,997,470	-	-	2,997,470
Improvements other than buildings	47,891,073	9,131		47,900,204
Machinery and equipment	970,334	24,544		994,878
Total capital assets	55,026,177	292,279		55,318,456
Less accumulated depreciation	11,843,120	1,534,738		13,377,858
Net capital assets	\$ 43,183,057	\$ (1,242,459)	\$ -	\$ 41,940,598

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

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 up to \$900,000 of 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, 2019, the Anzalduas Bridge recorded \$302,000 for southbound commercial truck traffic tolls. Once the total reimbursement for the \$900,000 is complete, 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. 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.

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

5. Revenue Bonds Payable and Long-Term Liabilities

Long-term liability activities for the year ended September 30, 2019 and September 30, 2018 are reflected as follows:

	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>

	Balance at September 30, 2017	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2018	Amounts Due Within One Year
Revenue bonds payable	\$ 28,640,000	\$ -	\$ (1,470,000)	\$ 27,170,000	\$ 1,510,000
Unamortized bond premium	2,562,924	-	(225,415)	2,337,509	236,759
Net pension liability	142,720	(90,185)	-	52,535	-
Compensated absences	16,764	9,771	(13,751)	12,784	11,018
	<u>\$ 31,362,408</u>	<u>\$ (80,414)</u>	<u>\$ (1,709,166)</u>	<u>\$ 29,572,828</u>	<u>\$ 1,757,777</u>

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

5. Revenue Bonds Payable and Long-Term Liabilities - Continued

The aggregate maturities of revenue bonds payable as of September 30, 2018, including interest payments, are as follows:

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	5.00%	\$ 1,540,000	\$ 1,030,375	\$ 2,570,375
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
2025-2029	5.00%	10,140,000	2,725,907	12,865,907
2030-2032	5.00%	7,225,000	494,794	7,719,794
		<u>\$ 25,660,000</u>	<u>\$ 7,796,632</u>	<u>\$ 33,456,632</u>

6. Deficit Unrestricted Net Position

The unrestricted portion of net position reflects a deficit in the amount of \$16,739,580, 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.

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.

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

Anzalduas International Crossing
Notes to Financial Statements
September 30, 2019 and 2018

7. Retirement Plan - Continued

The table describes the plan provisions adopted by the City:

	Plan Year 2017	Plan Year 2018
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	100%, Transfers	100%, Transfers
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 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 \$153,423, deferred outflow of resources, \$95,214, and deferred inflows of resources, \$6,351.

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 \$27,600 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.

Supplemental Information

Anzalduas International Crossing
Schedule of Income Distribution
Last Ten Years

	<u>Year Ended September 30,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues	\$1,766,490	\$2,394,420	\$2,650,482
Maintenance, operation expenses, and capital assets purchase	<u>487,072</u>	<u>708,795</u>	<u>820,479</u>
Net Revenues	1,279,418	1,685,625	1,830,003
Less:			
Bond Requirements:			
Transfer to Debt Service Fund - Series 2007 "A" (\$26M Issue)	1,697,834	1,663,765	1,836,015
Less: Amount Provided by Board Advance from McAllen Intl Bridge Fund	<u>(815,001)</u>	<u>(326,833)</u>	<u>(326,833)</u>
Net Transfer Provided by Anzalduas Intl Crossing Revenues for Debt Service	882,833	1,336,932	1,509,182
Transfer to Contingency Fund	-	33,750	45,000
Transfer to Capital Improvement Fund	<u>-</u>	<u>67,685</u>	<u>213,706</u>
Balance Available After Bond Requirements	<u>396,585</u>	<u>247,258</u>	<u>62,115</u>
Repayment of Advances from McAllen International Toll Bridge			
"Anzalduas Special and Start-Up Advancement Fund" (\$6M Limit) (1)	(396,585)	-	-
"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	<u>-</u>	<u>(247,258)</u>	<u>(62,115)</u>
Unallocated Balance of Surplus Net Revenue Attributable to Cities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Year Ended September 30,

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2,892,328	\$ 3,054,289	\$ 3,220,899	\$ 3,687,962	\$ 3,723,945	\$ 3,588,201	\$ 3,889,920
<u>760,403</u>	<u>797,804</u>	<u>816,588</u>	<u>1,940,489</u>	<u>873,718</u>	<u>1,618,094</u>	<u>853,113</u>
2,131,925	2,256,485	2,404,311	1,747,473	2,850,227	1,970,107	3,036,807
1,962,319	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715	1,755,092
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,962,319	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715	1,755,092
45,000	45,000	45,000	45,000	45,000	45,000	45,000
<u>232,326</u>	<u>235,426</u>	<u>240,910</u>	<u>443,237</u>	<u>642,950</u>	<u>753,715</u>	<u>773,216</u>
<u>(107,720)</u>	<u>11,323</u>	<u>153,264</u>	<u>(704,546)</u>	<u>118,119</u>	<u>(583,323)</u>	<u>463,499</u>
-	-	-	-	-	-	-
<u>107,720</u>	<u>(11,323)</u>	<u>(153,264)</u>	<u>704,546</u>	<u>(118,119)</u>	<u>583,323</u>	<u>(463,498)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

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

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

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 13,820,997	\$ 3,811,292	\$ 17,632,289
Payments to employees	(1,560,678)	(415,218)	(1,975,896)
Payments to suppliers	(2,277,962)	(356,618)	(2,634,580)
Net cash provided by operating activities	9,982,357	3,039,456	13,021,813
Cash Flows From Noncapital Financing Activities			
Distribution of income to the City of Hidalgo	(2,540,652)	-	(2,540,652)
Operating transfers to the City of McAllen	(5,601,810)	-	(5,601,810)
Transfer to/from McAllen International Toll Bridge-Board B	(844,742)	844,742	-
Transfer to Health Insurance Fund	(93,150)	(27,600)	(120,750)
Net cash provided (used) by noncapital financing activities	(9,080,354)	817,142	(8,263,212)
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(228,154)	(122,538)	(350,692)
Capital contributions	300	-	300
Principal paid on long-term debt	(314,866)	(1,510,000)	(1,824,866)
Interest paid	(11,576)	(1,075,625)	(1,087,201)
Net cash used by capital and related financing activities	(554,296)	(2,708,163)	(3,262,459)
Cash Flows From Investing Activities			
Receipt of interest	152,387	104,478	256,865
Proceeds from sales and maturities of investments	21,649,641	7,314,550	28,964,191
Purchase of investments	(22,115,813)	(8,521,499)	(30,637,312)
Net cash used by investing activities	(313,785)	(1,102,471)	(1,416,256)
Net change in cash	33,922	45,964	79,886
Cash at beginning of year	384,553	171,872	556,425
Cash at end of year	\$ 418,475	\$ 217,836	\$ 636,311

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

(Continued)

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position			
Unrestricted cash	\$ 303,918	\$ 81,685	\$ 385,603
Restricted cash	114,557	136,151	250,708
	<u>\$ 418,475</u>	<u>\$ 217,836</u>	<u>\$ 636,311</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	<u>\$ 9,462,173</u>	<u>\$ 1,416,782</u>	<u>\$ 10,878,955</u>
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,292,102	1,541,397	2,833,499
(Increase) decrease in deferred outflows of resources	(119,491)	(13,557)	(133,048)
Increase (decrease) in deferred inflows of resources	(178,919)	(65,196)	(244,115)
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	(867,013)	54,609	(812,404)
Increase (decrease) in accrued liabilities	9,896	(744)	9,152
Increase (decrease) in compensated absences payable	(3,366)	5,277	1,911
Increase (decrease) in net pension liability	374,408	100,888	475,296
Increase (decrease) in unearned revenue	12,567	-	12,567
Total adjustments	<u>520,184</u>	<u>1,622,674</u>	<u>2,142,858</u>
Net cash provided by operating activities	<u>\$ 9,982,357</u>	<u>\$ 3,039,456</u>	<u>\$ 13,021,813</u>

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Anzalduas International Crossing
Schedule of Vehicle and Passenger Traffic
(Unaudited)

		Year Ended September 30,			
		2010	2011	2012	2013
Vehicular traffic southbound:					
Cars		705,035	846,077	858,488	933,694
Trucks		768	742	732	960
Buses		1,746	3,355	3,878	4,417
Total vehicles	(1)	<u>707,549</u>	<u>850,174</u>	<u>863,098</u>	<u>939,071</u>
Passenger traffic southbound:					
Passengers in cars	(2)	1,762,588	2,115,193	2,146,220	2,334,235
Passengers and drivers – buses	(2)	<u>50,634</u>	<u>97,295</u>	<u>112,462</u>	<u>128,093</u>
Total persons		<u>1,813,222</u>	<u>2,212,488</u>	<u>2,258,682</u>	<u>2,462,328</u>

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

(2) Calculation based on historical average of 2.5

Anzalduas International Crossing
Schedule of Vehicle and Passenger Traffic
(Unaudited)

Year Ended September 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
950,143	974,930	1,015,219	966,364	875,430	965,077
859	-	732	15,528	28,036	21,467
<u>1,922</u>	<u>1,342</u>	<u>1,636</u>	<u>1,374</u>	<u>1,577</u>	<u>1,429</u>
<u>952,924</u>	<u>976,272</u>	<u>1,017,587</u>	<u>983,266</u>	<u>905,043</u>	<u>987,973</u>
2,375,358	2,437,325	2,538,048	2,415,910	2,188,575	2,412,693
<u>55,738</u>	<u>38,918</u>	<u>47,444</u>	<u>39,846</u>	<u>45,733</u>	<u>41,441</u>
<u>2,431,096</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>

Anzalduas International Crossing
Schedule of Car and Truck Traffic Revenue
(Unaudited)

Year Ended
September 30,

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Southbound traffic:				
Cars	705,035	846,077	858,488	933,694
Trucks	<u>768</u>	<u>742</u>	<u>732</u>	<u>960</u>
Total car and truck traffic	<u><u>705,803</u></u>	<u><u>846,819</u></u>	<u><u>859,220</u></u>	<u><u>934,654</u></u>
 Truck traffic percentage	0.11%	0.09%	0.09%	0.10%
 Car and truck revenue:				
Cars	\$ 1,684,515	\$ 2,249,809	\$ 2,537,957	\$ 2,795,401
Trucks	<u>5,732</u>	<u>5,194</u>	<u>5,221</u>	<u>6,720</u>
Total car and truck revenue	<u><u>\$ 1,690,247</u></u>	<u><u>\$ 2,255,003</u></u>	<u><u>\$ 2,543,178</u></u>	<u><u>\$ 2,802,121</u></u>
 Truck revenue percentage	0.34%	0.23%	0.21%	0.24%
 Average revenue per car	\$ 2.39	\$ 2.66	\$ 2.96	\$ 2.99
 Average revenue per truck	\$ 7.46	\$ 7.00	\$ 7.13	\$ 7.00

Anzalduas International Crossing
Schedule of Car and Truck Traffic Revenue
(Unaudited)

Year Ended
September 30,

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
950,143	974,930	1,015,219	966,364	875,430	965,077
<u>859</u>	<u>-</u>	<u>732</u>	<u>15,528</u>	<u>28,036</u>	<u>21,467</u>
<u>951,002</u>	<u>974,930</u>	<u>1,015,951</u>	<u>981,892</u>	<u>903,466</u>	<u>986,544</u>
0.09%	0.00%	0.07%	1.58%	3.10%	2.18%
\$ 2,964,866	\$ 3,173,047	\$ 3,504,191	\$ 3,389,172	\$ 3,094,093	\$ 3,400,254
<u>6,013</u>	<u>-</u>	<u>9,927</u>	<u>166,651</u>	<u>327,644</u>	<u>302,148</u>
<u>\$ 2,970,879</u>	<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>
0.20%	0.00%	0.28%	4.69%	9.58%	8.16%
\$ 3.12	\$ 3.25	\$ 3.45	\$ 3.51	\$ 3.53	\$ 3.52
\$ 7.00	\$ -	\$ 13.56	\$ 10.73	\$ 11.69	\$ 14.07

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

Anzalduas Special & Startup Fund:

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

Board advance "A" to Anzalduas International Crossing:

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

Combined totals of advances to Anzalduas International Crossing:

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

Distribution of Advances:

City of McAllen- Share @ 64%	\$ 11,708,787	\$ -	\$ 442,969	\$ 12,151,756
City of Hidalgo- Share @ 36%	<u>6,586,192</u>	<u>-</u>	<u>249,173</u>	<u>6,835,365</u>
	<u>\$ 18,294,979</u>	<u>\$ -</u>	<u>\$ 692,142</u>	<u>\$ 18,987,121</u>

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

Activity Schedule-Anzalduas Special & Startup Fund:

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

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

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

Activity Schedule-Board Advances "A":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>	<u>Interest</u>	<u>Balance</u>
Opening balance					4,469,738
10/01/18			-	-	4,469,738
10/31/18	0.50%	31		1,898	4,471,635
11/01/18			-	-	4,471,635
11/30/18	0.50%	30		1,838	4,473,473
12/01/18			-	-	4,473,473
12/31/18	0.50%	31		1,900	4,475,373
01/01/19			-	-	4,475,373
01/31/19	0.50%	31		1,901	4,477,273
02/01/19			-	-	4,477,273
02/28/19	0.50%	28		1,717	4,478,990
03/01/19			-	-	4,478,990
03/31/19	0.50%	31		1,902	4,480,892
04/01/19			-	-	4,480,892
04/30/19	0.50%	30		1,841	4,482,734
05/01/19			-	-	4,482,734
05/31/19	0.50%	31		1,904	4,484,638
06/01/19			-	-	4,484,638
06/30/19	0.50%	30		1,843	4,486,481
07/01/19			-	-	4,486,481
07/31/19	0.50%	31		1,905	4,488,386
08/01/19			-	-	4,488,386
08/31/19	0.50%	31		1,906	4,490,292
09/01/19			-	-	4,490,292
09/30/19	0.50%	30		1,846	4,492,138

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

Activity Schedule-Board Advances "B":

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

	<u>Bank Rate</u>	<u># Days</u>	<u>Advance</u>		<u>Interest</u>	<u>Balance</u>
			<u>Total</u>	<u>Applicable to Mission</u>		
Opening balance						\$3,226,074
10/01/18			70,448	24,185	-	\$3,250,259
10/31/18	0.50%	31	-	-	1,380	\$3,251,639
11/01/18			70,448	24,185	-	\$3,275,824
11/30/18	0.50%	30	-	-	1,346	\$3,277,170
12/01/18			70,448	24,185	-	\$3,301,355
12/31/18	0.50%	31	-	-	1,402	\$3,302,757
01/01/19			70,448	24,185	-	\$3,326,942
01/31/19	0.50%	31	-	-	1,413	\$3,328,354
02/01/19			70,448	24,185	-	\$3,352,539
02/28/19	0.50%	28	-	-	1,286	\$3,353,825
03/01/19			70,315	24,139	-	\$3,377,964
03/31/19	0.50%	31	-	-	1,434	\$3,379,399
04/01/19			70,315	24,139	-	\$3,403,538
04/30/19	0.50%	30	-	-	1,399	\$3,404,936
05/01/19			70,315	24,139	-	\$3,429,075
05/31/19	0.50%	31	-	-	1,456	\$3,430,532
06/01/19			70,315	24,139	-	\$3,454,671
06/30/19	0.50%	30	-	-	1,420	\$3,456,090
07/01/19			70,315	24,139	-	\$3,480,229
07/31/19	0.50%	31	-	-	1,478	\$3,481,707
08/01/19			70,315	24,139	-	\$3,505,846
08/31/19	0.50%	31	-	-	1,489	\$3,507,335
09/01/19			70,315	24,139	-	\$3,531,474
09/30/19	0.50%	30	-	-	1,452	\$3,532,927

Anzalduas International Crossing
Schedule of Insurance Coverage
Year Ended September 30, 2019
(Unaudited)

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

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

To the Board of Trustees
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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated February 14, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Board of Trustees
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
February 14, 2020

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE _____ X _____

AGENDA ITEM 6
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Chairman's, City Manager's, Superintendent of Bridges', Customs and Border Protection, Maquila Manager's Report.

2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: ___ Yes X No

4. Policy Implication: _____

5. Budgeted: ___ Yes ___ No ___ N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes	No
b) _____			Yes	No
c) _____			Yes	No

8. Staff's Recommendation: Report Only

Advisory Board: ___ Approved ___ Disapproved ___ None

City Attorney: ___ Approved ___ Disapproved ___ None

Manager's Recommendation: ___ Approved ___ Disapproved RP None

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 7
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Engineering Report.
2. Party Making Request: Juan Olaguibel, Interim Superintendent of Bridges
3. Nature of Request: (Brief Overview) Attachments: Yes X No

4. Policy Implication: _____
5. Budgeted: Yes No N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>
a) _____			Yes _____ No _____
b) _____			Yes _____ No _____
c) _____			Yes _____ No _____

8. Staff's Recommendation: Report Only

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: Approved Disapproved None

RP

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 8a
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Consultation with City Attorney regarding legal aspects of contractual agreement (T.G.C. 551.071).
2. Party Making Request: Juan Olaquibel, Interim Superintendent of Bridges
3. Nature of Request: (Brief Overview) Attachments: Yes X No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____
Under Budget: _____

Budgeted Amount: _____
Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

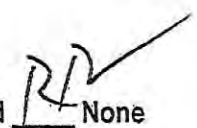
7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>
a) _____			Yes _____ No _____
b) _____			Yes _____ No _____
c) _____			Yes _____ No _____

8. Staff's Recommendation: Seek Direction

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: Approved Disapproved None 

Anzalduas International Bridge

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION _____
UTILITY BOARD _____
ANZALDUAS BRIDGE X

AGENDA ITEM 8b
DATE SUBMITTED 3/4/20
MEETING DATE 3/9/20

1. Agenda Item: Consultation with City Attorney regarding economic development (T.G.C. 551.087).

2. Party Making Request: Juan Olaquibel, Interim Superintendent of Bridges

3. Nature of Request: (Brief Overview) Attachments: Yes X No

4. Policy Implication: _____

5. Budgeted: Yes No N/A

Bid Amount: _____ Budgeted Amount: _____
Under Budget: _____ Over Budget: _____
Amount Remaining: _____

If over budget how will it be paid for: _____

6. Alternate option/costs: _____

7. Routing:

<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>	
a) _____			Yes _____	No _____
b) _____			Yes _____	No _____
c) _____			Yes _____	No _____

8. Staff's Recommendation: Seek Direction

Advisory Board: Approved Disapproved None

City Attorney: Approved Disapproved None

Manager's Recommendation: Approved Disapproved None

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