

**Anzalduas International Crossing**

Financial Statements  
And Report of Independent Certified Public Accountants

September 30, 2018 and 2017



# 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 year ended September 30, 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 as of September 30, 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, 2018 and 2017, 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***

#### *Predecessor Auditor*

The financial statements of the Bridge for the year ended September 30, 2017 were audited by another auditor, whose report dated February 1, 2018 included an emphasis-of-matter paragraph describing the financial reporting unit disclosed in Note 1 to the financial statements, and expressed an unmodified opinion on those statements.

#### *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 year ended September 30, 2018, and have issued our report thereon dated February 8, 2019 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 8, 2019, 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 8, 2019

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(Unaudited)  
**Anzalduas International Crossing**  
**Management's Discussion and Analysis**  
September 30, 2018

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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, 2018 and 2017 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 \$391K. Net position for FY 2018 is reported as a deficit of \$2.80M decreasing by \$222K.

The southbound car crossings at Anzalduas decreased 9.41% over last year's crossing, and bus crossings have also increased 14.77% from last year. In August 2016, the Anzalduas Bridge began accepting the southbound crossings of trucks with empty cargo. 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 17-18	FY 16-17	% Increase	
			Increase (Decrease)	Increase (Decrease)
Cars	875,430	966,364	(90,934)	-9.41%
Trucks - empties	28,036	15,528	12,508	80.55%
Buses	1,577	1,374	203	14.77%
Passengers in cars	2,188,575	2,415,910	(227,335)	-9.41%

## ***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, 2018 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, 2018, net position amounted to a deficit of \$2.8M. Total liabilities, which consist of current, restricted, and long term liabilities, decreased by \$1.14M combined when comparing FY 16-17 to FY 17-18.

Anzalduas International Crossing  
Management's Discussion and Analysis – (Unaudited)  
September 30, 2018

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**

	2018	2017	2016
ASSETS:			
Current assets	\$ 1,895,106	\$ 1,795,273	\$ 1,618,785
Restricted assets	1,684,492	1,832,996	1,386,113
Net capital assets	<u>41,940,599</u>	<u>43,183,058</u>	<u>44,664,355</u>
 Total assets	 <u>\$ 45,520,197</u>	 <u>\$ 46,811,327</u>	 <u>\$ 47,669,253</u>
 Deferred outflows of resources - pension	 <u>\$ 81,657</u>	 <u>\$ 106,128</u>	 <u>\$ 126,213</u>
 Total assets and deferred outflows of resources	 <u>\$ 45,601,854</u>	 <u>\$ 46,917,455</u>	 <u>\$ 47,795,466</u>
LIABILITIES:			
Current liabilities	\$ 36,881	\$ 45,442	\$ 42,029
Payable from restricted assets	1,608,467	1,577,672	1,729,686
Long-term liabilities	<u>46,346,789</u>	<u>47,509,537</u>	<u>48,075,201</u>
 Total liabilities	 <u>\$ 47,992,137</u>	 <u>\$ 49,132,651</u>	 <u>\$ 49,846,916</u>
 Deferred inflows of resources	 <u>\$ 403,248</u>	 <u>\$ 356,346</u>	 <u>\$ -</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 48,395,385</u>	 <u>\$ 49,488,997</u>	 <u>\$ 49,846,916</u>
NET POSITION:			
Net investment in capital assets	\$ 12,101,388	\$ 11,623,863	\$ 12,389,867
Restricted per revenue bond ordinance	1,256,661	1,175,148	1,055,064
Restricted for improvements	329,364	554,587	-
Unrestricted (deficit)	<u>(16,480,944)</u>	<u>(15,925,140)</u>	<u>(15,496,381)</u>
 Total net position	 <u>\$ (2,793,531)</u>	 <u>\$ (2,571,542)</u>	 <u>\$ (2,051,450)</u>

Anzalduas International Crossing  
Management's Discussion and Analysis – (Unaudited)  
September 30, 2018

***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, 2018

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

	2018	2017	2016
Operating revenues:			
Tolls	\$ 3,421,737	\$ 3,555,823	\$ 3,538,359
Other Income	121,707	144,843	82,898
Total operating revenues	<u>3,543,444</u>	<u>3,700,666</u>	<u>3,621,257</u>
Operating expenses:			
Salaries	368,351	363,499	354,925
Payroll taxes and benefits	116,288	129,966	117,878
Insurance	20,963	20,964	20,963
Materials and supplies	13,957	14,750	16,949
Maintenance	43,363	48,161	56,960
Miscellaneous services	1,055,172	296,378	311,602
Non-capitalized Southbound project	-	-	1,061,212
Depreciation	1,534,738	1,533,466	1,531,255
Total operating expenses	<u>3,152,832</u>	<u>2,407,184</u>	<u>3,471,744</u>
Operating income	<u>390,612</u>	<u>1,293,482</u>	<u>149,513</u>
Nonoperating revenues (expenses):			
Interest income	44,757	23,278	9,320
Interest income - restricted assets	17,288	5,947	1,505
Other income	-	8,653	-
Gain on sale of capital assets	-	-	57,385
Interest expense	(1,107,640)	(1,537,019)	(1,544,955)
Bond related charges	249,986	(594,890)	-
Interest expense - Board advance - relating to Series 2007A Bonds and Start up Fund	(661,086)	(631,458)	(604,807)
Total nonoperating expenses	<u>(1,456,695)</u>	<u>(2,725,489)</u>	<u>(2,081,552)</u>
Loss before contributions and transfers	(1,066,083)	(1,432,007)	(1,932,039)
Capital contributions	2,240	-	-
Transfers in - McAllen International Toll Bridge Fund	846,258	914,417	949,755
Transfers-out - Health Insurance Fund	(4,404)	(2,502)	(12,331)
Changes in net position	(221,989)	(520,092)	(994,615)
Total net position at beginning of year	<u>(2,571,542)</u>	<u>(2,051,450)</u>	<u>(1,056,835)</u>
Total net position at end of year	<u><u>\$ (2,793,531)</u></u>	<u><u>\$ (2,571,542)</u></u>	<u><u>\$ (2,051,450)</u></u>

Anzalduas International Crossing  
Management's Discussion and Analysis – (Unaudited)  
September 30, 2018

***TOLL RATES***

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

<u>Category</u>	<b>TOLL RATES</b>	
	<u>FY 17-18</u>	<u>FY 16-17</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 \$3.5M. Actual toll revenues came in at \$3.4M, which also included southbound commercial truck tolls, \$328K. Other operating income of \$122K was mainly due to the gain in the exchange of the Mexican peso to U.S. Dollars and rental income of \$18K. Interest income during the year was approximately \$45K as compared to approximately \$23K in 2017. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$846K, creating a difference of \$68K when compared to FY 16-17. This transfer supported debt service requirements of Refunding Series 2017B bonds.

***EXPENSES***

In FY 17-18, operating expenses came in at \$3.2M, including depreciation in the amount of \$1.5M. In FY 16-17, operating expenses were \$2.4M, 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, 2018

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

*Capital Assets*

Total capital assets, before depreciation, at September 30, 2018 are reported at \$55M. Last year, at September 30, 2017, total capital assets, before depreciation, were reported at \$55M. For the current year, an additional \$292K was added to capital assets which the majority could be attributed to construction in progress projects.

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

The table below reflects the capital assets:

	<u>FY 17-18</u>	<u>FY 16-17</u>	<u>FY 15-16</u>
Capital assets not being depreciated:			
Land	\$ 2,922,773	\$ 2,922,773	\$ 2,922,773
Construction in progress	503,132	244,528	213,113
Capital assets:			
Buildings	2,997,470	2,997,470	2,997,470
Improvements other than buildings	47,900,204	47,891,073	47,870,319
Machinery and equipment	<u>994,878</u>	<u>970,334</u>	<u>970,334</u>
 Total capital assets	 55,318,457	 55,026,178	 54,974,009
Accumulated depreciation	<u>(13,377,858)</u>	<u>(11,843,120)</u>	<u>(10,309,654)</u>
 Total capital assets, net	 <u>\$ 41,940,599</u>	 <u>\$ 43,183,058</u>	 <u>\$ 44,664,355</u>

*Debt*

At the end of this fiscal year, the Anzalduas Bridge had \$29.6M in revenue bonds. Last fiscal year, the Anzalduas Bridge had \$31.2M 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, 2018

***ECONOMIC FACTORS***

During the budget process for fiscal year 2017-18, 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, 2018 and 2017

	2018	2017
<b>Current Assets</b>		
Cash	\$ 103,054	\$ 145,352
Investments	1,791,154	1,647,336
Accrued interest receivable	898	2,585
	<u>1,895,106</u>	<u>1,795,273</u>
<b>Restricted Assets</b>		
Cash	68,818	50,895
Investments	1,615,674	1,782,101
	<u>1,684,492</u>	<u>1,832,996</u>
	<u>3,579,598</u>	<u>3,628,269</u>
<b>Capital Assets – at cost</b>		
Capital assets not being depreciated:		
Land	2,922,773	2,922,773
Construction in progress	503,132	244,528
Capital assets:		
Buildings	2,997,470	2,997,470
Improvements other than buildings	47,900,204	47,891,073
Machinery and equipment	994,878	970,334
	<u>55,318,457</u>	<u>55,026,178</u>
Less accumulated depreciation	<u>(13,377,858)</u>	<u>(11,843,120)</u>
	<u>41,940,599</u>	<u>43,183,058</u>
Total assets	<u>45,520,197</u>	<u>46,811,327</u>
<b>Deferred outflows of resources - pension</b>	<u>81,657</u>	<u>106,128</u>
Total assets and deferred outflows of resources	<u><u>\$ 45,601,854</u></u>	<u><u>\$ 46,917,455</u></u>

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

**Anzalduas International Crossing**  
**Statements of Net Position**  
September 30, 2018 and 2017

	2018	2017
<b>Current Liabilities</b>		
Accounts payable	\$ 20,500	\$ 22,261
Accrued liabilities	5,363	6,417
Compensated absences	11,018	16,764
Total unrestricted current liabilities	36,881	45,442
<b>Liabilities Payable From Restricted Assets</b>		
Current installments of revenue bonds	1,510,000	1,470,000
Accounts payable	7,235	8,990
Accrued revenue bond interest	91,232	93,682
Unearned revenues	-	5,000
Total liabilities payable from restricted assets	1,608,467	1,577,672
Total current liabilities	1,645,348	1,623,114
<b>Long-Term Liabilities</b>		
Revenue bonds – excluding current installments	27,997,509	29,732,924
Compensated absences	1,766	-
Net pension liability	52,535	142,720
Advance from McAllen International Toll Bridge Fund - Anzalduas Special & Startup Fund	13,825,241	13,186,444
Advance from McAllen International Toll Bridge Fund - Board Advance relating to Series 2017 A Bonds	4,469,738	4,447,449
Total long-term liabilities	46,346,789	47,509,537
Deferred inflow of resources - refunding	331,701	356,272
Deferred inflow of resources - pension	71,547	74
Total deferred inflow of resources	403,248	356,346
Total liabilities and deferred inflows of resources	48,395,385	49,488,997
<b>Net Position</b>		
Net investment in capital assets	12,101,388	11,623,863
Restricted per revenue bond ordinances	1,256,661	1,175,148
Restricted for improvements	329,364	554,587
Unrestricted (deficit)	(16,480,944)	(15,925,140)
Total net position	(2,793,531)	(2,571,542)
Total liabilities, deferred inflow of resources, and net position	\$ 45,601,854	\$ 46,917,455

*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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Tolls	\$ 3,421,737	\$ 3,555,823
Other Income	<u>121,707</u>	<u>144,843</u>
Total operating revenues	<u>3,543,444</u>	<u>3,700,666</u>
Operating expenses:		
Salaries	368,351	363,499
Payroll taxes and benefits	116,288	129,966
Insurance	20,963	20,964
Materials and supplies	13,957	14,750
Maintenance	43,363	48,161
Miscellaneous services	1,055,172	296,378
Depreciation	<u>1,534,738</u>	<u>1,533,466</u>
Total operating expenses	<u>3,152,832</u>	<u>2,407,184</u>
Operating income	<u>390,612</u>	<u>1,293,482</u>
Nonoperating revenues (expenses):		
Interest income	44,757	23,278
Interest income-restricted accounts	17,288	5,947
Other income	-	8,653
Interest expense	(1,107,640)	(1,537,019)
Bond related charges	249,986	(594,890)
Interest expense - Board advance - relating to Series 2007 A Bonds and Start up Fund	<u>(661,086)</u>	<u>(631,458)</u>
Total nonoperating expenses, net	<u>(1,456,695)</u>	<u>(2,725,489)</u>
Loss before contributions and transfers	(1,066,083)	(1,432,007)
Capital contributions	2,240	-
Transfers in - McAllen International Toll Bridge Fund	846,258	914,417
Transfers out - Health Insurance Fund	<u>(4,404)</u>	<u>(2,502)</u>
Changes in net position	(221,989)	(520,092)
Total net position at beginning of year	<u>(2,571,542)</u>	<u>(2,051,450)</u>
Total net position at end of year	<u><u>\$ (2,793,531)</u></u>	<u><u>\$ (2,571,542)</u></u>

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

**Anzalduas International Crossing**  
**Statements of Cash Flows**  
**Years Ended September 30, 2018 and 2017**

	2018	2017
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$ 3,538,444	\$ 3,700,666
Payments to employees	(483,914)	(465,849)
Payments to suppliers	(1,136,971)	(626,240)
Net cash provided by operating activities	1,917,559	2,608,577
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfer from McAllen International Toll Bridge - Board B	846,258	914,417
Transfer to Health Insurance Fund	(4,404)	(2,502)
Net cash provided by noncapital financing activities	841,854	911,915
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(292,279)	(52,169)
Capital contributions	2,240	-
Bond issuance cost	-	(103,831)
Interest paid	(1,110,090)	(1,410,346)
Principal paid on long-term debt	(1,470,000)	(1,360,000)
Net cash used by capital and related financing activities	(2,870,129)	(2,926,346)
<b>Cash Flows From Investing Activities</b>		
Receipt of interest	63,732	28,744
Proceeds from sales and maturities of investments	5,280,991	5,275,504
Purchase of investments	(5,258,382)	(5,935,064)
Net cash provided (used) by investing activities	86,341	(630,816)
Net decrease in cash	(24,375)	(36,670)
Cash at beginning of year	196,247	232,917
Cash at end of year	\$ 171,872	\$ 196,247

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

**Anzalduas International Crossing**  
**Statements of Cash Flows**  
**Years Ended September 30, 2018 and 2017**

	2018	2017
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>		
Unrestricted cash	\$ 103,054	\$ 145,352
Restricted cash	68,818	50,895
	<u>\$ 171,872</u>	<u>\$ 196,247</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
	<u>\$ 390,612</u>	<u>\$ 1,293,482</u>
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,534,738	1,533,466
(Increase) decrease in deferred outflows of resources	24,471	20,085
Increase (decrease) in deferred inflows of resources	71,473	74
Changes in assets and liabilities:		
Increase (decrease) in unearned revenue	(5,000)	-
Increase (decrease) due to Toll Bridge	-	(157,359)
Increase (decrease) in accounts payable	(3,516)	(88,628)
(Increase) decrease in accrued liabilities	(1,054)	1,251
(Increase) decrease in compensated absences payable	(3,980)	1,280
(Increase) decrease in net pension liability	(90,185)	4,926
Total adjustments	<u>1,526,947</u>	<u>1,315,095</u>
Net cash provided by operating activities	<u>\$ 1,917,559</u>	<u>\$ 2,608,577</u>
<b>Noncash capital financing activities:</b>		
Refunding revenue bonds	<u>\$ -</u>	<u>\$ 31,174,708</u>

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

## **Anzalduas International Crossing**

Notes to Financial Statements

September 30, 2018 and 2017

### ***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 (5) 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, 2018 and 2017**

#### ***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 pertaining to qualifying assets which are related to construction in progress is capitalized. No interest was capitalized during the years ended September 30, 2018 and 2017.



## **Anzalduas International Crossing**

Notes to Financial Statements

September 30, 2018 and 2017

### ***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, 2018 was \$1,534,738 (\$1,533,446 in 2017). 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, 2018, the Anzalduas Special and Start Up Fund advance payable to the Hidalgo Bridge amounts to \$13,825,241 (\$13,186,444 in 2017), of which the City of McAllen's portion is \$8,848,154 and the City of Hidalgo's portion is \$4,977,087. During this fiscal year, the balance was increased by accrued interest in the amount of \$638,797. No board advances were made during the year.

## **Anzalduas International Crossing**

Notes to Financial Statements

September 30, 2018 and 2017

### ***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, 2018 the board advances payable to the Hidalgo Bridge amounts to \$4,469,738 (\$4,447,449 in 2017), of which the City of McAllen's portion is \$2,860,632 and the City of Hidalgo's portion is \$1,609,106. During this fiscal year, the balance was increased by accrued interest of \$22,289. No board advances were made during the year.

#### ***Board Advance "B"***

During this fiscal year, the Hidalgo Bridge also transferred \$846,258 (\$914,417 in 2017) 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, 2018 the board advance owed by the City of Mission to the City of McAllen amounts to \$3,226,074, increasing from \$2,920,130 for the year ended September 30, 2017. 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, 2018 and 2017

### ***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, 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, 2018 and 2017

## 2. *Cash and Investments – Continued*

Investments at fair value, as of September 30, 2018 and 2017, are as follows:

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

		<u>Fair Value Measurements Using</u>			
<b>2017</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments by fair value level</b>					
Debt Securities					
United States government agency securities	\$ 748,343	\$ 748,343	\$ -	\$ 748,343	\$ -
Total investments by fair value level	\$ 748,343	\$ 748,343	\$ -	\$ 748,343	\$ -

The total amount excludes investments in local government pools which are reported at amortized cost. These investments total \$3,157,449 and \$2,681,005 as of September 30, 2018 and September 30, 2017 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, 2018 and 2017

### **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.

	<b>Government Agencies and Treasuries</b>
< 1 Year	\$ 249,379
1-3 Years	-
Total	<u>\$ 249,379</u>
Weighted Average Maturity	88 Days

*Credit risk.* As of September 30, 2018 and 2017, 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, 2018 were confined to TexPool Prime and U.S. governments. 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, 2018 and 2017

### **3. Capital Assets**

Capital assets activity for the year ended September 30, 2018 and September 30, 2017 are presented in the following tables:

	Balance at September 30, 2017	Additions	(Retirement)/ Transfer	Balance at September 30, 2018
Capital assets not being depreciated:				
Land	\$ 2,922,773	\$ -	\$ -	\$ 2,922,773
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	55,026,178	292,279	-	55,318,457
Less accumulated depreciation	11,843,120	1,534,738	-	13,377,858
Net capital assets	\$ 43,183,058	\$ (1,242,459)	\$ -	\$ 41,940,599

	Balance at September 30, 2016	Additions	(Retirement)/ Transfer	Balance at September 30, 2017
Capital assets not being depreciated:				
Land	\$ 2,922,773	\$ -	\$ -	\$ 2,922,773
Construction in progress	213,113	31,415	-	244,528
Capital assets:				
Buildings	2,997,470	-	-	2,997,470
Improvements other than buildings	47,870,319	20,754	-	47,891,073
Machinery and equipment	970,334	-	-	970,334
Total capital assets	54,974,009	52,169	-	55,026,178
Less accumulated depreciation	10,309,654	1,533,466	-	11,843,120
Net capital assets	\$ 44,664,355	\$ (1,481,297)	\$ -	\$ 43,183,058

## **Anzalduas International Crossing**

Notes to Financial Statements

September 30, 2018 and 2017

### **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, 2018, the Anzalduas Bridge recorded \$328,000 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, 2018 and 2017

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

Long term liability activities for the year ended September 30, 2018 and September 30, 2017 are reflected as follows:

	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	-
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>\$ 1,521,018</u>

  

	Balance at September 30, 2016	Additional Obligations and Net Increases	Retirement and Net Inc / (Dec)	Balance at September 30, 2017	Amounts Due Within One Year
Revenue bonds payable	\$ 31,890,000	\$ 28,640,000	\$ (31,890,000)	\$ 28,640,000	\$ 1,470,000
Unamortized bond premium	384,488	2,562,924	(384,488)	2,562,924	-
Net pension liability	137,794	4,926	-	142,720	-
Compensated absences	15,484	1,280	-	16,764	16,764
	<u>\$ 32,427,766</u>	<u>\$ 31,209,130</u>	<u>\$ (32,274,488)</u>	<u>\$ 31,362,408</u>	<u>\$ 1,486,764</u>



## **Anzalduas International Crossing**

### **Notes to Financial Statements**

September 30, 2018 and 2017

#### **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>
2019	5.00%	\$ 1,510,000	\$ 1,075,025	\$ 2,585,025
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
2024-2028	5.00%	9,725,000	3,141,788	12,866,788
2029-2033	5.00%	<u>9,430,000</u>	<u>863,844</u>	<u>10,293,844</u>
		<u>\$ 27,170,000</u>	<u>\$ 8,871,657</u>	<u>\$ 36,041,657</u>

#### **6. Deficit Unrestricted Net Position**

The unrestricted portion of net position reflects a deficit in the amount of \$16,480,944, 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](http://www.TMRS.com).

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

## **Anzalduas International Crossing**

### **Notes to Financial Statements**

September 30, 2018 and 2017

#### **7. Retirement Plan - Continued**

The table describes the plan provisions adopted by the City:

	Plan Year 2016	Plan Year 2017
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 \$52,535, deferred outflow of resources, \$81,657, and deferred inflows of resources, \$71,547.

#### **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 \$4,348 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 Nine Years**

	<u>Year Ended September 30,</u>	
	<u>2010</u>	<u>2011</u>
Revenues	\$ 1,766,490	\$ 2,394,420
Maintenance, operation expenses, and capital assets purchase	<u>487,072</u>	<u>708,795</u>
Net Revenues	1,279,418	1,685,625
Less:		
Bond Requirements:		
Transfer to Debt Service Fund - Series 2007 "A" (\$26M Issue)	1,697,834	1,663,765
Less: Amount Provided by Board Advance from McAllen Intl Bridge Fund	<u>(815,001)</u>	<u>(326,833)</u>
Net Transfer Provided by Anzalduas Intl Crossing Revenues for Debt Service	882,833	1,336,932
Transfer to Contingency Fund	-	33,750
Transfer to Capital Improvement Fund	<u>-</u>	<u>67,685</u>
Balance Available After Bond Requirements	<u>396,585</u>	<u>247,258</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>
Unallocated Balance of Surplus Net Revenue Attributable to Cities	<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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,650,482	\$ 2,892,328	\$ 3,054,289	\$ 3,220,899	\$ 3,687,962	\$ 3,723,945	\$ 3,588,201
<u>820,479</u>	<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>
1,830,003	2,131,925	2,256,485	2,404,311	1,747,473	2,850,227	1,970,107
1,836,015	1,962,319	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715
<u>(326,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,509,182	1,962,319	1,964,736	1,965,137	1,963,782	2,044,158	1,754,715
45,000	45,000	45,000	45,000	45,000	45,000	45,000
<u>213,706</u>	<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>62,115</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>(62,115)</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>\$ -</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, 2018**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Assets</b>			
Cash	\$ 269,585	\$ 103,054	\$ 372,639
Investments	1,837,685	1,791,154	3,628,839
Accrued interest receivable	-	898	898
Due from other governments	176,338	-	176,338
Total current assets	2,283,608	1,895,106	4,178,714
<b>Restricted Assets</b>			
Cash (all interest-bearing)			
Capital improvement	114,968	68,818	183,786
Total restricted cash	114,968	68,818	183,786
Investments- reserved for distribution	5,601,810	-	5,601,810
Investments	2,586,122	1,615,674	4,201,796
Due from other governments		-	-
Total restricted assets – excluding current bond installments	8,302,900	1,684,492	9,987,392
<b>Capital Assets – at cost</b>			
Capital assets not being depreciated:			
Land	809,233	2,922,773	3,732,006
Construction in progress	598,500	503,132	1,101,632
Goodwill	609,713	-	609,713
Capital assets:			
Buildings	14,415,500	2,997,470	17,412,970
Improvements other than buildings	4,730,271	47,900,204	52,630,475
Machinery and equipment	3,825,705	994,878	4,820,583
Total capital assets	24,988,922	55,318,457	80,307,379
Less accumulated depreciation	(13,395,596)	(13,377,858)	(26,773,454)
Net capital assets	11,593,326	41,940,599	53,533,925
<b>Other Assets</b>			
Board advances	18,294,979	-	18,294,979
Total assets	40,474,813	45,520,197	85,995,010
<b>Deferred outflows of resources - pension</b>	233,858	81,657	315,515
Total assets and deferred outflows of resources	\$ 40,708,671	\$ 45,601,854	\$ 86,310,525

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Net Position**  
**September 30, 2018**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Current Liabilities</b>			
Due to City of Hidalgo	\$ 42,413	\$ -	\$ 42,413
Accounts payable and accrued liabilities	871,226	25,863	897,089
Compensated absences	93,315	11,018	104,333
Current note payable	193,046	-	193,046
Other payables	21,746	-	21,746
Unearned revenues	124,612	-	124,612
Total current liabilities	1,346,358	36,881	1,383,239
<b>Liabilities Payable From Restricted Assets</b>			
Accounts payable	73,609	7,235	80,844
Due to City of McAllen-interest on investments	39,765	-	39,765
Current installments of revenue bonds	-	1,510,000	1,510,000
Accrued revenue bond interest	-	91,232	91,232
Total liabilities payable from restricted assets	113,374	1,608,467	1,721,841
<b>Long-Term Liabilities</b>			
Revenue bonds – excluding current installments	-	27,997,509	27,997,509
Compensated absences	28,525	1,766	30,291
Net pension liability	147,184	52,535	199,719
Other long term payables	133,600	18,294,979	18,428,579
Total long-term liabilities	309,309	46,346,789	46,656,098
Total liabilities	1,769,041	47,992,137	49,761,178
Deferred inflow of resources - refunding	-	331,701	331,701
Deferred inflow of resources - pensions	202,490	71,547	274,037
Total deferred inflow of resources	202,490	403,248	605,738
Total liabilities and deferred inflows of resources	1,971,531	48,395,385	50,366,916
<b>Net Position</b>			
Net investment in capital assets	11,593,326	12,101,388	23,694,714
Restricted per revenue bond ordinances	518,790	1,256,661	1,775,451
Restricted for improvements	2,108,691	329,364	2,438,055
Restricted for distribution to the City of McAllen	5,711,863	-	5,711,863
Unrestricted (deficit)	18,804,470	(16,480,944)	2,323,526
Total net position	38,737,140	(2,793,531)	35,943,609
Total liabilities, deferred inflows of resources, and net position	\$ 40,708,671	\$ 45,601,854	\$ 86,310,525

**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, 2018**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Operating revenues:			
Tolls	\$ 11,572,352	\$ 3,421,737	\$ 14,994,089
Rental income	2,510,503	-	2,510,503
Other income	309,552	121,707	431,259
Total operating revenues	14,392,407	3,543,444	17,935,851
Operating expenses:			
Salaries	1,135,904	368,351	1,504,255
Payroll taxes and benefits	373,672	116,288	489,960
Insurance	23,171	20,963	44,134
Materials and supplies	79,699	13,957	93,656
Maintenance	179,854	43,363	223,217
Bridge security	293,187	-	293,187
Miscellaneous services	719,445	1,055,172	1,774,617
Depreciation and amortization	1,147,670	1,534,738	2,682,408
Total operating expenses	3,952,602	3,152,832	7,105,434
Operating income	10,439,805	390,612	10,830,417
Non Operating revenues (expenses):			
Distribution of income to the City of Hidalgo	(3,627,039)	-	(3,627,039)
Interest income	94,391	44,757	139,148
Interest income-restricted accounts	-	17,288	17,288
Gain on sale of capital assets	(834)	-	(834)
Interest expense	(19,229)	(1,107,640)	(1,126,869)
Bond related charges - issuance cost	-	249,986	249,986
Interest on Board advances	661,086	(661,086)	-
Total nonoperating expenses, net	(2,891,625)	(1,456,695)	(4,348,320)
Income (loss) before transfers and contributions	7,548,180	(1,066,083)	6,482,097
Capital contributions	-	2,240	2,240
Transfers to the City of McAllen	(5,711,863)	-	(5,711,863)
Transfers to/from debt service Series "B" 2007 bonds	(846,258)	846,258	-
Transfers to Health Insurance Fund	(14,863)	(4,404)	(19,267)
Changes in net position	975,196	(221,989)	753,207
Total net position at beginning of year	37,761,944	(2,571,542)	35,190,402
Total net position at end of year	\$ 38,737,140	\$ (2,793,531)	\$ 35,943,609



**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2018**

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 14,467,380	\$ 3,538,444	\$ 18,005,824
Payments to employees	(582,709)	(483,914)	(1,066,623)
Payments to suppliers	(1,477,193)	(1,136,971)	(2,614,164)
Net cash provided by operating activities	<u>12,407,478</u>	<u>1,917,559</u>	<u>14,325,037</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Distribution of income to the City of Hidalgo	(4,406,009)	-	(4,406,009)
Operating transfers to the City of McAllen	(5,711,863)	-	(5,711,863)
Transfer to/from McAllen International Toll Bridge-Board B	(846,258)	846,258	-
Transfer to Health Insurance Fund	(14,863)	(4,404)	(19,267)
Net cash provided (used) by noncapital financing activities	<u>(10,978,993)</u>	<u>841,854</u>	<u>(10,137,139)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(1,140,934)	(292,279)	(1,433,213)
Capital contributions	950	2,240	3,190
Principal paid on long-term debt	(184,568)	(1,470,000)	(1,654,568)
Interest paid	(19,229)	(1,110,090)	(1,129,319)
Net cash used by capital and related financing activities	<u>(1,343,781)</u>	<u>(2,870,129)</u>	<u>(4,213,910)</u>
<b>Cash Flows From Investing Activities</b>			
Receipt of interest	93,777	63,732	157,509
Proceeds from sales and maturities of investments	20,676,349	5,280,991	25,957,340
Purchase of investments	(20,802,514)	(5,258,382)	(26,060,896)
Net cash provided (used) by investing activities	<u>(32,388)</u>	<u>86,341</u>	<u>53,953</u>
Net increase (decrease) in cash	52,316	(24,375)	27,941
Cash at beginning of year	<u>332,237</u>	<u>196,247</u>	<u>528,484</u>
Cash at end of year	<u><u>\$ 384,553</u></u>	<u><u>\$ 171,872</u></u>	<u><u>\$ 556,425</u></u>

**Toll Bridge System**  
**McAllen International Toll Bridge and Anzalduas International Crossing**  
**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2018**

(Continued)

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
<b>Reconciliation of Cash Per Statements of Cash Flows to the Statements of Net Position</b>			
Unrestricted cash	\$ 269,585	\$ 103,054	\$ 372,639
Restricted cash	114,968	68,818	183,786
	<u>\$ 384,553</u>	<u>\$ 171,872</u>	<u>\$ 556,425</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	<u>\$ 10,439,805</u>	<u>\$ 390,612</u>	<u>\$ 10,830,417</u>
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,147,670	1,534,738	2,682,408
(Increase) decrease in deferred outflows of resources	69,259	24,471	93,730
Increase (decrease) in deferred inflows of resources	202,281	71,473	273,754
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	85,889	-	85,889
Increase (decrease) due to other funds	(16,822)	-	(16,822)
Increase (decrease) in accounts payable	729,469	(3,516)	725,953
Increase (decrease) in accrued liabilities	2,176	(1,054)	1,122
Increase (decrease) in compensated absences payable	13,908	(3,980)	9,928
Increase (decrease) in net pension liability	(255,241)	(90,185)	(345,426)
Increase (decrease) in unearned revenue	(10,916)	(5,000)	(15,916)
Total adjustments	<u>1,967,673</u>	<u>1,526,947</u>	<u>3,494,620</u>
Net cash provided by operating activities	<u>\$ 12,407,478</u>	<u>\$ 1,917,559</u>	<u>\$ 14,325,037</u>
<b>Noncash capital financing activities:</b>			
Capital asset increase (decrease) in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>
950,143	974,930	1,015,219	966,364	875,430
859	-	732	15,528	28,036
<u>1,922</u>	<u>1,342</u>	<u>1,636</u>	<u>1,374</u>	<u>1,577</u>
<u>952,924</u>	<u>976,272</u>	<u>1,017,587</u>	<u>983,266</u>	<u>905,043</u>
2,375,358	2,437,325	2,538,048	2,415,910	2,188,575
<u>55,738</u>	<u>38,918</u>	<u>47,444</u>	<u>39,846</u>	<u>45,733</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>

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

Year Ended  
September 30,

	2010	2011	2012	2013
Southbound traffic:				
Cars	705,035	846,077	858,488	933,694
Trucks	768	742	732	960
Total car and truck traffic	<u>705,803</u>	<u>846,819</u>	<u>859,220</u>	<u>934,654</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	5,732	5,194	5,221	6,720
Total car and truck revenue	<u>\$ 1,690,247</u>	<u>\$ 2,255,003</u>	<u>\$ 2,543,178</u>	<u>\$ 2,802,121</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>
950,143	974,930	1,015,219	966,364	875,430
<u>859</u>	<u>-</u>	<u>732</u>	<u>15,528</u>	<u>28,036</u>
<u>951,002</u>	<u>974,930</u>	<u>1,015,951</u>	<u>981,892</u>	<u>903,466</u>
0.09%	0.00%	0.07%	1.58%	3.10%
\$ 2,964,866	\$ 3,173,047	\$ 3,504,191	\$ 3,389,172	\$ 3,094,093
<u>6,013</u>	<u>-</u>	<u>9,927</u>	<u>166,651</u>	<u>327,644</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>
0.20%	0.00%	0.28%	4.69%	9.58%
\$ 3.12	\$ 3.25	\$ 3.45	\$ 3.51	\$ 3.53
\$ 7.00	\$ -	\$ 13.56	\$ 10.73	\$ 11.69

**Anzalduas International Crossing**  
Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2018  
(Unaudited)

Anzalduas Special & Startup Fund:

Balance at September 30, 2017	Additions Advances	Implied Interest	Balance at September 30, 2018
\$ 13,186,444	\$ -	\$ 638,797	\$ 13,825,241

Board advance "A" to Anzalduas International Crossing:

Balance at September 30, 2017	Additions Advances	Implied Interest	Balance at September 30, 2018
\$ 4,447,449	\$ -	\$ 22,289	\$ 4,469,738

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2017	Additions Advances	Implied Interest	Balance at September 30, 2018
\$ 17,633,893	\$ -	\$ 661,086	\$ 18,294,979

**Distribution of Advances:**

City of McAllen- Share @ 64%	\$ 11,285,692	\$ -	\$ 423,094	\$ 11,708,786
City of Hidalgo- Share @ 36%	6,348,201	-	237,992	6,586,193
	\$ 17,633,893	\$ -	\$ 661,086	\$ 18,294,979



**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2018**  
**(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>
10/1/2017 Opening balance	—————→				\$ 13,186,444
10/31/2017	4.74%	31	-	53,085	13,239,529
11/30/2017	4.74%	30	-	51,580	13,291,109
12/31/2017	4.74%	31	-	53,507	13,344,616
1/31/2018	4.74%	31	-	53,722	13,398,338
2/28/2018	4.74%	28	-	48,719	13,447,057
3/31/2018	4.74%	31	-	54,135	13,501,192
4/30/2018	4.74%	30	-	52,599	13,553,791
5/31/2018	4.74%	31	-	54,564	13,608,355
6/30/2018	4.74%	30	-	53,017	13,661,372
7/31/2018	4.74%	31	-	54,997	13,716,369
8/31/2018	4.74%	31	-	55,219	13,771,588
9/30/2018	4.74%	30	-	53,653	13,825,241

**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2018**  
**(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					\$ 4,447,449
10/01/17			-	-	4,447,449
10/31/17	0.50%	31		1,889	4,449,338
11/01/17			-	-	4,449,338
11/30/17	0.50%	30		1,828	4,451,167
12/01/17			-	-	4,451,167
12/31/17	0.50%	31		1,890	4,453,056
01/01/18			-	-	4,453,056
01/31/18	0.50%	31		1,891	4,454,947
02/01/18			-	-	4,454,947
02/28/18	0.50%	28		1,709	4,456,656
03/01/18			-	-	4,456,656
03/31/18	0.50%	31		1,893	4,458,549
04/01/18			-	-	4,458,549
04/30/18	0.50%	30		1,832	4,460,381
05/01/18			-	-	4,460,381
05/31/18	0.50%	31		1,894	4,462,275
06/01/18			-	-	4,462,275
06/30/18	0.50%	30		1,834	4,464,109
07/01/18			-	-	4,464,109
07/31/18	0.50%	31		1,896	4,466,005
08/01/18			-	-	4,466,005
08/31/18	0.50%	31		1,897	4,467,901
09/01/18			-	-	4,467,901
09/30/18	0.50%	30		1,836	4,469,738

**Anzalduas International Crossing**  
**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2018**  
**(Unaudited)**

Activity Schedule-Board Advances "B":

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

		Advance				
<u>Bank Rate</u>	<u># Days</u>	<u>Total</u>	<u>Applicable to Mission</u>	<u>Interest</u>		<u>Balance</u>
Opening balance						\$ 2,920,130
10/01/17		70,565	24,225	-		2,944,355
10/31/17	0.50%	31	-	-	1,250	2,945,605
11/01/17		70,565	24,225	-		2,969,830
11/30/17	0.50%	30	-	-	1,220	2,971,050
12/01/17		70,565	24,225	-		2,995,275
12/31/17	0.50%	31	-	-	1,272	2,996,547
01/01/18		70,565	24,225	-		3,020,772
01/31/18	0.50%	31	-	-	1,283	3,022,055
02/01/18		70,565	24,225	-		3,046,280
02/28/18	0.50%	28	-	-	1,168	3,047,448
03/01/18		70,448	24,185	-		3,071,633
03/31/18	0.50%	31	-	-	1,304	3,072,937
04/01/18		70,748	24,288	-		3,097,225
04/30/18	0.50%	30	-	-	1,273	3,098,498
05/01/18		70,448	24,185	-		3,122,682
05/31/18	0.50%	31	-	-	1,326	3,124,009
06/01/18		70,448	24,185	-		3,148,194
06/30/18	0.50%	30	-	-	1,294	3,149,488
07/01/18		70,448	24,185	-		3,173,673
07/31/18	0.50%	31	-	-	1,348	3,175,021
08/01/18		70,448	24,185	-		3,199,205
08/31/18	0.50%	31	-	-	1,359	3,200,564
09/01/18		70,448	24,185	-		3,224,749
09/30/18	0.50%	30	-	-	1,325	3,226,074

**Anzalduas International Crossing**  
**Schedule of Insurance Coverage**  
**Year Ended September 30, 2018**  
**(Unaudited)**

Coverage	Insurance Company	Policy Period	Type of Coverage	Limit		Retention/ Deductible
				Occurrence	Aggregate	
Property Insurance	Texas Municipal League	10-01-17/18	Real & Personal Property	\$ 46,330,214	Not Applicable	\$ 500,000
-Bridge & Surrounding Area			Loss of Revenue/ Extra Expense	15,188,455	Not Applicable	
*\$50,000 Food & Earthquake Deductible						
**Loss of Revenue/Extra Expense/Rental Value for all City owned locations						
Excess Workers' Compensation	Safety National Casualty	10-01-17/18	Workers Compensation		Statutory	\$ 750,000
			Employer's liability		\$ 2,000,000	\$ 750,000
-Third Party Claims Admin.	Tristar Risk Management					
All Lines Aggregate	Princeton Excess & Surplus	10-01-17/18				
-General Liability				\$ 2,500,000	\$ 4,000,000	\$ 500,000
-Automobile Liability	Texas Municipal League	10-01-17/18		Not Covered	Not Covered	N/A
-Errors & Omissions Liability				2,500,000	\$ 4,000,000	\$ 500,000
-Employee Benefits Liability				2,500,000	\$ 4,000,000	\$ 500,000
Crimes Insurance	Texas Municipal League	10-01-17/18	Employee Dishonesty	\$ 1,000,000	Not Applicable	\$ 5,000
			Forgery or Alteration	50,000	Not Applicable	\$ 1,000
			Theft, Disappearance & Destruction	50,000	Not Applicable	\$ 1,000
			Computer Fraud	1,000,000	Not Applicable	\$ 5,000

**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 year ended September 30, 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 8, 2019.

***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 8, 2019