



# Anzalduas International Crossing

## Financial Statements And Report of Independent Certified Public Accountants September 30, 2023 and 2022



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## **Independent Auditor's Report**

To the Board of Trustees  
Anzalduas International Crossing

### **Report on the Audit of 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Anzalduas International Crossing, as of September 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Emphasis of Matter***

#### *Financial Reporting Unit*

As discussed in Note 1, the financial statements present only the Bridge and do not purport to, and do not, present fairly the financial position of the City of McAllen, as of September 30, 2023 and 2022, 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.

The Board of Trustees  
Anzalduas International Crossing

We have also audited the financial statements of McAllen International Toll Bridge as of and for the years ended September 30, 2023 and 2022, and have issued our report thereon dated March 5, 2024 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. Such information, which is included in the supplemental combining schedules of this report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare those financial statements. The information has been subjected to the auditing procedures applied in that audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to those financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, on our consideration of the Bridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bridge's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 5, 2024



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

September 30, 2023

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, 2023 and 2022 and the related effect on its financial condition. Please read it in conjunction with the basic financial statements, which follow and include the notes thereto, which are necessary for a complete understanding of the data contained in the financial statements. Following the notes to the financial statements is certain supplementary information.

**OPERATIONAL HIGHLIGHTS**

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, operating income amounted to \$3.4M. Net position for FY 2023 increased by \$1.2M, resulting in an ending net position of \$426.4K.

Southbound car crossings increased by 20.74% from last year's crossing, while bus crossings increased by 29.79% from last year. In August 2016, the Anzalduas Bridge began accepting the southbound crossings of trucks with empty cargo. For the year ended September 30, 2023, empty truck traffic increased by 39.87% from FY 2022. The table below reflects the activities for southbound traffic.

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

| Category           | FY 2023   | FY 2022   | Increase<br>(Decrease) | % Increase<br>(Decrease) |
|--------------------|-----------|-----------|------------------------|--------------------------|
| Cars               | 1,378,419 | 1,141,646 | 236,773                | 20.74%                   |
| Trucks - empties   | 42,749    | 30,564    | 12,185                 | 39.87%                   |
| Buses              | 2,488     | 1,917     | 571                    | 29.79%                   |
| Passengers in cars | 3,446,048 | 2,854,115 | 591,933                | 20.74%                   |

**Overview of the Financial Statements**

The financial statements include the Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statement of Cash Flows for the fiscal years ending September 30, 2023 and 2022.

**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 nonoperating expenses.

The Statement of Cash Flows is the final required financial statement. This statement provides information on the cash receipts, cash payments, and net changes in cash resulting from operations, financing and investment activities.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found in the section following the Statements of Cash Flows.

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

September 30, 2023

**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, 2023, net position amounted to \$426.45K. Total assets, which consist of current and noncurrent assets, increased by 18.9M over the prior year. Total liabilities, which consist of current and noncurrent liabilities, increased by \$6.25M when comparing FY 2022 to FY 2023.

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**

|   | 2023                      | 2022                       | 2021                         |
|---|---------------------------|----------------------------|------------------------------|
| <b>ASSETS</b>                                       |                           |                            |                              |
| Current assets                                      | \$ 5,303,803              | \$ 4,324,216               | \$ 2,730,532                 |
| Noncurrent restricted assets                        | 73,403,868                | 65,820,142                 | 2,754,407                    |
| Net capital assets                                  | <u>35,109,796</u>         | <u>36,400,307</u>          | <u>37,647,809</u>            |
| Total assets  | <u>113,817,467</u>        | <u>106,544,665</u>         | <u>43,132,748</u>            |
| Deferred outflows of resources                      | <u>113,310</u>            | <u>20,620</u>              | <u>21,872</u>                |
| Total assets and deferred outflows of resources     | <u><u>113,930,777</u></u> | <u><u>106,565,285</u></u>  | <u><u>43,154,620</u></u>     |
| <b>LIABILITIES</b>                                  |                           |                            |                              |
| Current liabilities                                 | 7,483,891                 | 2,443,062                  | 2,124,526                    |
| Other noncurrent liabilities                        | <u>105,803,690</u>        | <u>104,594,128</u>         | <u>42,834,353</u>            |
| Total liabilities                                   | <u>113,287,581</u>        | <u>107,037,190</u>         | <u>44,958,879</u>            |
| Deferred inflows of resources                       | <u>216,748</u>            | <u>321,368</u>             | <u>293,373</u>               |
| Total liabilities and deferred inflows of resources | <u><u>113,504,329</u></u> | <u><u>107,358,558</u></u>  | <u><u>45,252,252</u></u>     |
| <b>NET POSITION</b>                                 |                           |                            |                              |
| Net investment in capital assets                    | 14,583,859                | 13,903,079                 | 13,240,604                   |
| Restricted for:                                     |                           |                            |                              |
| Capital projects                                    | 2,248,257                 | 1,702,189                  | 1,286,740                    |
| Debt service  | 1,671,839                 | 1,550,273                  | 1,502,646                    |
| Unrestricted  | <u>(18,077,507)</u>       | <u>(17,948,814)</u>        | <u>(18,127,622)</u>          |
| Total net position                                  | <u><u>\$ 426,448</u></u>  | <u><u>\$ (793,273)</u></u> | <u><u>\$ (2,097,632)</u></u> |

## Management's Discussion and Analysis (Unaudited)

September 30, 2023

## Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides additional information on the changes in the Anzalduas Bridge fund and is presented below as of September 30.

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

|  | 2023         | 2022         | 2021           |
|--|--------------|--------------|----------------|
| Operating revenues:                                  |              |              |                |
| Charges for services                                 | \$ 5,630,760 | \$ 4,559,048 | \$ 3,064,295   |
| Rentals  | 12,206       | 11,677       | 12,735         |
| Other  | 269,698      | 218,380      | 58,651         |
| Total operating revenues                             | 5,912,664    | 4,789,105    | 3,135,681      |
| Operating expenses:                                  |              |              |                |
| Salaries, wages, and employee benefits               | 475,842      | 336,474      | 350,279        |
| Supplies   | 15,511       | 19,286       | 10,437         |
| Contractual and other services                       | 539,107      | 425,827      | 3,487,293      |
| Repairs and maintenance                              | 37,933       | 22,384       | 34,256         |
| Depreciation and amortization                        | 1,469,337    | 1,450,778    | 1,429,963      |
| Total operating expenses                             | 2,537,730    | 2,254,749    | 5,312,228      |
| Operating income (loss)                              | 3,374,934    | 2,534,356    | (2,176,547)    |
| Nonoperating revenues (expenses):                    |              |              |                |
| Investment earnings                                  | 1,677,688    | 43,288       | 14,656         |
| Net increase (decrease) in fair value of investments | 1,351,421    | (13,038)     | -              |
| Interest expense                                     | (3,196,801)  | (965,178)    | (975,858)      |
| Interest on board advances                           | (832,217)    | (794,704)    | (758,926)      |
| Bond related charges-issuance cost                   | 251,291      | (243,124)    | 262,068        |
| Intergovernmental                                    | -            | 435          | -              |
| Other  | (149,777)    | (106,003)    | (95,065)       |
| Total nonoperating expenses, net                     | (898,395)    | (2,078,324)  | (1,553,125)    |
| Income (loss) before contributions and transfers     | 2,476,539    | 456,032      | (3,729,672)    |
| Capital contributions                                | -            | -            | 2,635,200      |
| Transfers in   | 778,327      | 850,792      | 846,642        |
| Transfers out  | (2,035,145)  | (2,465)      | (2,836)        |
| Changes in net position                              | 1,219,721    | 1,304,359    | (250,666)      |
| Net position, beginning of year                      | (793,273)    | (2,097,632)  | (1,846,966)    |
| Net position, end of year                            | \$ 426,448   | \$ (793,273) | \$ (2,097,632) |

## Management's Discussion and Analysis (Unaudited)

September 30, 2023

**TOLL RATES**

The Anzalduas Bridge charged tolls on southbound crossings into Mexico as indicated below:

| Category                         | FY 2023           | FY 2022           |
|----------------------------------|-------------------|-------------------|
| Cars                             | \$3.50            | \$3.50            |
| Motorcycles                      | \$3.50            | \$3.50            |
| Trucks (Depending on # of Axles) | \$11.25 - \$23.00 | \$11.25 - \$23.00 |
| Buses (Depending on # of Axles)  | \$7.00 - \$9.00   | \$7.00 - \$9.00   |
| Extra Axle                       | \$3.00            | \$3.00            |

**REVENUES**

The forecast for toll revenues was estimated at \$4.1M. Actual toll revenues came in at \$5.6M, which included southbound commercial truck tolls of \$748.9K. Rental income remained steady at \$12.2K for FY 2023 due to agreements with RBT and UETA. Other operating income increased by \$51.3K as a result of gains over the Mexican peso. Investment income increased by \$1.6M in FY 2023 as compared to the previous year in relation to revenue bonds series 2022 A&B. Other changes in net position include a net transfer from the Hidalgo Bridge Fund in the amount of \$778.3K, creating a difference of \$72.5K when compared to FY 2022. This transfer supported debt service requirements of Refunding Series 2017B bonds.

**EXPENSES**

In FY 2023, operating expenses came in at \$2.5M including depreciation and amortization in the amount of \$1.5M. In FY 2022, operating expenses were \$2.3M including depreciation and amortization in the amount of \$1.5M. The increase in operational expenses is attributed to an increase in spending related to salaries, wages, and employees benefits as well as an increase in management fees. Interest expense increased \$2.2M with the addition of the revenue bond series 2022 A&B. Other nonoperating expenses remained relatively flat. Other changes in net position include a transfer to the City of McAllen's general fund in the amount of \$2,009,950. Transfer served as a reimbursement for 2022 and 2023 annual debt service payments and partial reimbursement of the 2024 annual debt service payment advance made to Anzalduas Bridge during FY 2023.

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

Total capital assets net of depreciation at September 30, 2023 were reported at \$35.1M. At September 30, 2022, total capital assets net of depreciation were reported at \$36.4M. The decrease of \$1.3M in net capital assets over the previous year is a result of an increase in accumulated depreciation.

## Management's Discussion and Analysis (Unaudited)

September 30, 2023

The table below reflects capital assets for the Anzalduas Bridge:

|                                       | FY 2023       | FY 2022       | FY 2021       |
|---------------------------------------|---------------|---------------|---------------|
| Capital assets, not being depreciated |               |               |               |
| Land                                  | \$ 2,922,772  | \$ 2,922,772  | \$ 2,922,772  |
| Construction in progress              | 183,293       | 84,176        | 338,651       |
| Capital assets, being depreciated     |               |               |               |
| Buildings and systems                 | 10,429,987    | 10,429,987    | 10,429,987    |
| Improvements other than buildings     | 41,205,698    | 41,187,040    | 40,729,289    |
| Machinery and equipment               | 1,114,127     | 1,053,075     | 1,053,075     |
| Total capital assets                  | 55,855,877    | 55,677,050    | 55,473,774    |
| Less accumulated depreciation         | (20,746,081)  | (19,276,743)  | (18,430,456)  |
| Total capital assets, net             | \$ 35,109,796 | \$ 36,400,307 | \$ 37,043,318 |

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

### Debt

On September 30, 2023, the Anzalduas Bridge had \$82.2M in revenue bonds compared to \$83.9M for the previous year. In 2022, the Anzalduas Bridge issued revenue bonds in the amount of \$63M in relation to the construction of commercial vehicle inspection facilities at the Anzalduas Bridge to support the processing of commercial vehicles. These bonds have a rating of "A" from FitchRatings as well as Standard & Poors. The Anzaldaus Bridge previously issued bonds in 2007 of which the proceeds, as well as other sources of funding, were used to construct the bridge structure, including all related infrastructure and facilities.

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

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

During the fiscal year 2024 budget process, the elected and appointed officials considered many factors affecting bridge crossings. Included in these factors were job growth, retail sales growth, inflation, the level of growth in the maquiladora industry, the dollar exchange rate with the Mexican peso, and the residual effect of COVID-19. As a result, Bridge management prepared the annual budget conservatively. Budgeted revenues and expenses remained flat 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 *surplus net 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 W Houston, McAllen, TX 78501.

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# **BASIC FINANCIAL STATEMENTS**

**Statements of Net Position**  
**September 30, 2023 and 2022**

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>ASSETS</b>  |                |                |
| Current assets:  |                |                |
| Cash   | \$ 125,789     | \$ 39,565      |
| Investments  | 5,045,530      | 4,088,035      |
| Receivables, net:  |                |                |
| Accounts   | -              | 87,645         |
| Due from other governments   | -              | 11,277         |
| Restricted assets:   |                |                |
| Cash and cash equivalents  | 132,484        | 97,694         |
| Total current assets   | 5,303,803      | 4,324,216      |
| Noncurrent assets:   |                |                |
| Restricted assets:   |                |                |
| Investments  | 57,385,008     | 64,783,707     |
| Accrued interest   | 2,651          | 1,485          |
| Deferred contributions   | 16,016,209     | 996,577        |
| Total noncurrent restricted assets                                     | 73,403,868     | 65,781,769     |
| Net pension asset  | -              | 38,373         |
| Capital assets:  |                |                |
| Land   | 2,922,772      | 2,922,772      |
| Buildings and systems  | 10,429,987     | 10,429,987     |
| Improvements other than buildings                                      | 41,205,698     | 41,187,040     |
| Machinery and equipment  | 1,114,127      | 1,053,075      |
| Construction in progress   | 183,293        | 84,176         |
| Less accumulated depreciation and amortization                         | (20,746,081)   | (19,276,743)   |
| Total capital assets, net of accumulated depreciation and amortization | 35,109,796     | 36,400,307     |
| Total noncurrent assets  | 108,513,664    | 102,220,449    |
| Total assets   | 113,817,467    | 106,544,665    |
| Deferred outflows of resources   |                |                |
| Pension related  | 113,310        | 20,620         |
| Total deferred outflows of resources                                   | 113,310        | 20,620         |
| Total assets and deferred outflows of resources                        | \$ 113,930,777 | \$ 106,565,285 |

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



**Statements of Net Position**  
**September 30, 2023 and 2022**  
**(Continued)**

|   | 2023           | 2022           |
|---|----------------|----------------|
| <b>LIABILITIES</b>  |                |                |
| Current liabilities:  |                |                |
| Accounts payable  | \$ 4,081,377   | \$ 122,407     |
| Accrued expenses  | 1,381,049      | 358,396        |
| Compensated absences  | 18,958         | 15,538         |
| Current portion of revenue bonds                                  | 2,002,507      | 1,946,721      |
| Total current liabilities   | 7,483,891      | 2,443,062      |
| Other noncurrent liabilities:                                     |                |                |
| Revenue bonds, net of current portion                             | 81,314,581     | 83,317,088     |
| Compensated absences  | 17,513         | 9,562          |
| Unearned revenues   | 2,209,775      | -              |
| Board advances  | 22,099,695     | 21,267,478     |
| Net pension liability   | 162,126        | -              |
| Total other noncurrent liabilities                                | 105,803,690    | 104,594,128    |
| Total liabilities   | 113,287,581    | 107,037,190    |
| Deferred inflows of resources                                     |                |                |
| Refunding related   | 208,849        | 233,419        |
| Pension related   | 7,899          | 87,949         |
| Total deferred inflows of resources                               | 216,748        | 321,368        |
| Total liabilities and deferred inflows of resources               | 113,504,329    | 107,358,558    |
| <b>NET POSITION</b>   |                |                |
| Net investments in capital assets                                 | 14,583,859     | 13,903,079     |
| Restricted for:   |                |                |
| Capital projects  | 2,248,257      | 1,702,189      |
| Debt service  | 1,671,839      | 1,550,273      |
| Unrestricted  | (18,077,507)   | (17,948,814)   |
| Total net position  | 426,448        | (793,273)      |
| Total liabilities, deferred inflows of resources and net position | \$ 113,930,777 | \$ 106,565,285 |

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

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**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended September 30, 2023 and 2022**

|  | 2023               | 2022                |
|--|--------------------|---------------------|
| Operating revenues:                                  |                    |                     |
| Charges for services                                 | \$ 5,630,760       | \$ 4,559,048        |
| Rentals  | 12,206             | 11,677              |
| Other  | 269,698            | 218,380             |
| Total operating revenues                             | <u>5,912,664</u>   | <u>4,789,105</u>    |
| Operating expenses:                                  |                    |                     |
| Salaries, wages and employee benefits                | 475,842            | 336,474             |
| Supplies   | 15,511             | 19,286              |
| Contractual and other services                       | 539,107            | 425,827             |
| Repairs and maintenance                              | 37,933             | 22,384              |
| Depreciation and amortization                        | <u>1,469,337</u>   | <u>1,450,778</u>    |
| Total operating expenses                             | <u>2,537,730</u>   | <u>2,254,749</u>    |
| Operating income                                     | <u>3,374,934</u>   | <u>2,534,356</u>    |
| Nonoperating revenues (expenses)                     |                    |                     |
| Investment earnings                                  | 1,677,688          | 43,288              |
| Net increase (decrease) in fair value of investments | 1,351,421          | (13,038)            |
| Interest expense                                     | (3,196,801)        | (965,178)           |
| Interest on board advances                           | (832,217)          | (794,704)           |
| Bond related charges--issuance cost                  | 251,291            | (243,124)           |
| Intergovernmental                                    | -                  | 435                 |
| Other  | <u>(149,777)</u>   | <u>(106,003)</u>    |
| Net nonoperating expenses                            | <u>(898,395)</u>   | <u>(2,078,324)</u>  |
| Income before capital contributions and transfers    | 2,476,539          | 456,032             |
| Transfers in   | 778,327            | 850,792             |
| Transfers out  | <u>(2,035,145)</u> | <u>(2,465)</u>      |
| Change in net position                               | 1,219,721          | 1,304,359           |
| Net position, beginning of year                      | <u>(793,273)</u>   | <u>(2,097,632)</u>  |
| Net position, end of year                            | <u>\$ 426,448</u>  | <u>\$ (793,273)</u> |

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

**Statements of Cash Flows**  
**Years Ended September 30, 2023 and 2022**

|  | 2023         | 2022          |
|--|--------------|---------------|
| <b>Cash flows from operating activities</b>                              |              |               |
| Receipts from customers  | \$ 6,000,309 | \$ 4,701,460  |
| Payments to employees  | (434,345)    | (399,564)     |
| Payments to suppliers  | (10,919,947) | (1,353,595)   |
| Net cash provided by (used for) operating activities                     | (5,353,983)  | 2,948,301     |
| <b>Cash flows from noncapital financing activities</b>                   |              |               |
| Transfers from other funds   | 778,327      | 850,792       |
| Transfers to other funds   | (2,035,145)  | (2,465)       |
| Subsidy from federal grant   | 2,221,052    | 47,558        |
| Distribution of income to SCT  | (5,245)      | (9,738)       |
| Net cash provided by noncapital financing activities                     | 958,989      | 886,147       |
| <b>Cash flows from capital and related financing activities</b>          |              |               |
| Purchases of capital assets  | (178,827)    | (203,276)     |
| Bond issuance cost   | -            | (503,100)     |
| Proceeds from bond issuance  | -            | 63,000,000    |
| Principal repayments-bonds and notes                                     | (1,720,000)  | (1,650,000)   |
| Interest paid  | (3,054,312)  | (924,375)     |
| Net cash provided by (used for) capital and related financing activities | (4,953,139)  | 59,719,249    |
| <b>Cash flows from investing activities</b>                              |              |               |
| Proceeds from sales and maturities of investments                        | 65,867,459   | 57,208,293    |
| Purchase of investments  | (59,426,255) | (120,924,977) |
| Net increase (decrease) in fair value of investments                     | 1,351,421    | (13,038)      |
| Receipt of interest  | 1,676,522    | 41,803        |
| Net cash provided by (used for) investing activities                     | 9,469,147    | (63,687,919)  |
| Net change in cash   | 121,014      | (134,222)     |
| Cash, beginning of year  | 137,259      | 271,481       |
| Cash, end of year  | \$ 258,273   | \$ 137,259    |

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

**Statements of Cash Flows**  
**Years Ended September 30, 2023 and 2022**  
**(Continued)**

|  | 2023                  | 2022                |
|--|-----------------------|---------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b> |                       |                     |
| Operating income (loss)  | \$ 3,374,934          | \$ 2,534,356        |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                       |                     |
| Depreciation and amortization  | 1,469,338             | 1,450,778           |
| (Increase) decrease in deferred contributions  | (15,019,632)          | (996,577)           |
| (Increase) decrease in deferred outflows of resources - pension  | (92,690)              | 1,252               |
| Increase (decrease) in deferred inflows of resources - pension   | (80,050)              | 52,565              |
| (Increase) decrease in accounts receivable   | 87,645                | -87,645             |
| Increase (decrease) in accounts payable  | 4,692,235             | 110,479             |
| Increase (decrease) in compensated absences payable  | 11,371                | 3,439               |
| Increase (decrease) in accrued liabilities   | 2,367                 | 3,588               |
| Increase (decrease) in net pension liability   | 200,499               | (123,934)           |
| Total adjustments  | (8,728,917)           | 413,945             |
| Net cash provided by (used for) operating activities   | <u>\$ (5,353,983)</u> | <u>\$ 2,948,301</u> |
| <b>Reconciliation to statement of net position:</b>  |                       |                     |
| Cash   | \$ 125,789            | \$ 39,565           |
| Cash restricted  | 132,484               | 97,694              |
| Total cash   | <u>\$ 258,273</u>     | <u>\$ 137,259</u>   |
| <b>Noncash investing, capital and financing activities:</b>  |                       |                     |
| Increase (decrease) in fair value of investments   | 1,351,421             | (13,038)            |

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

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

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003 ("2003 Agreement"), the City of McAllen, Texas (the "City") and the City of Mission own and operate the Anzalduas International Crossing ("Anzalduas Bridge") linking the United States, south of the City of Mission, Texas and the westernmost part of Reynosa, Tamaulipas, Mexico. According to that agreement, the ownership interest of the City of McAllen and the City of Mission are 66 2/3% and 33 1/3%, respectively. The agreement also provides that complete management and control of the Anzalduas Bridge, with the exception of fixing rates and charges for services and the issuance of debt, which is reserved by the Board of Commissioners of McAllen, shall be vested in a Board of Trustees consisting of five (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 the fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007 A and \$13,160,000 Series 2007 B. The bonds are secured by a pledge of the net revenues of the McAllen International Toll Bridge ("Hidalgo Bridge"), located in Hidalgo, Texas and the Anzalduas Bridge. According to the 2003 Agreement, both the City of McAllen and the City of Hidalgo are responsible for Series 2007A bonds from each city's respective share of net revenues of the Hidalgo Bridge. The City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge as well as the City of Mission from its share of net revenues of the Anzalduas Bridge. Commencement of operations was December 15, 2009. The City of McAllen issues publicly available audited financial statements for the Hidalgo Bridge, which may be obtained by writing to City of McAllen Finance Department, P.O. Box 220, McAllen, Texas 78505.

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

The accompanying financial statements of the Anzalduas Bridge are prepared in conformity with accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). Its financial statements are included in the basic financial statements of the City of McAllen as promulgated by requirements defining the reporting entity.

These financial statements present only the operations and activities of Anzalduas Bridge, a fund of the City, and are not intended to present fairly the financial position and results of operations of the City.

**Basis of Accounting**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

Deferred contributions include the construction of separate northbound and southbound commercial inspection stations which upon completion will be transferred to another government entity and expensed in the Statement of Revenues, Expenses, and Changes in Net Position.

**Restricted Assets**

Restricted cash and investments represent interest-bearing checking accounts and investments that are restricted for debt service and capital improvements. Per bond ordinance, a contingency fund was established and funded monthly until the fund reached \$500,000. As of September 30, 2023, the contingency fund has a balance of \$538,026. 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 \$5,000 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.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended September 30, 2023 was \$1.5M (\$1.5M in 2022).

The estimated useful lives for depreciation provision will be as follows:

|                                |                |
|--------------------------------|----------------|
| Furniture and office equipment | 3 to 5 years   |
| Maintenance equipment          | 5 years        |
| Paving and sidewalks           | 10 to 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 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, 2023, the Anzalduas Special and Start Up Fund advance payable to the Hidalgo Bridge amounts to \$17,516,765 (\$16,707,401 in 2022), of which the City of McAllen's portion is \$11,210,730 and the City of

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

Hidalgo's portion is \$6,306,035. During this fiscal year, the balance was increased by accrued interest in the amount of \$809,364. No board advances were made during the year.

*Board Advances Payable 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, 2023 the board advances payable to the Hidalgo Bridge amounts to \$4,582,930 (\$4,560,077 in 2022), of which the City of McAllen's portion is \$2,933,075 and the City of Hidalgo's portion is \$1,649,855. During this fiscal year, the balance was increased by accrued interest of \$22,853. No board advances were made during the year.

*Board Advance "B"*

During this fiscal year, the Hidalgo Bridge also transferred \$778,327 (\$850,792 in 2022) 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 surplus net 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. For FY 2024, the Anzalduas Bridge will start servicing annual debt service payments related to Series 2017B Bonds.

As of September 30, 2023 the board advance owed by the City of Mission to the City of McAllen amounts to \$4,060,910, decreasing from \$4,465,134 for the year ended September 30, 2022. This decrease was a result of a reimbursement to the City of McAllen for the 2022 and 2023 annual debt service payments. As well as a partial reimbursement of the 2024 annual debt service payment. This board advance is recorded in the General fund of the City of McAllen.

**Bond Premium**

Bond premium is amortized using the effective interest method.

**Accumulated Unpaid Compensated Absences**

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

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand and demand deposits. All certificates of deposit transactions, regardless of original maturity, are considered investing activities and, thus, are not considered cash equivalents.

**NOTE 2 - CASH AND INVESTMENTS**

State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. government agency securities, direct obligations of the State of Texas or any other state, or its agencies, certificates of deposit, banker's acceptance, commercial paper, repurchase agreements, mutual funds and qualified investment pools. The City's Investment Policy, which governs investments within the Anzalduas Bridge, limits investments to U.S. Treasuries, U.S. government agencies, investment pools, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds, 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.



**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)****Investments***Fair Value Measurement*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

Investments at fair value, as of September 30, 2023 and September 30, 2022 were as follows:

| 2023                                       |                | Fair Value Measurements Using |           |               |           |
|--|----------------|-------------------------------|-----------|---------------|-----------|
| Investments by fair value level            | Carrying Value | Fair Value                    | (Level 1) | (Level 2)     | (Level 3) |
| United States government agency securities | \$ 26,547,467  | \$ 26,547,467                 | \$ -      | \$ 26,547,467 | \$ -      |
| Total investments by fair value level      | \$ 26,547,467  | \$ 26,547,467                 | \$ -      | \$ 26,547,467 | \$ -      |

  

| 2022                                       |                | Fair Value Measurements Using |           |               |           |
|--|----------------|-------------------------------|-----------|---------------|-----------|
| Investments by fair value level            | Carrying Value | Fair Value                    | (Level 1) | (Level 2)     | (Level 3) |
| United States government agency securities | \$ 52,861,295  | \$ 52,861,295                 | \$ -      | \$ 52,861,295 | \$ -      |
| Total investments by fair value level      | \$ 52,861,295  | \$ 52,861,295                 | \$ -      | \$ 52,861,295 | \$ -      |

There were no government security investments or certificates of deposit for the year ended September 30, 2022.

Investments in local government pools which are reported at amortized cost. These investments total \$35,883,071 and \$16,010,447 as of September 30, 2023 and September 30, 2022 respectively.

*Public Funds Investment Pools*

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

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

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Act. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool Prime. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller of Public Accounts has established an Advisory Board composed both of participants in TexPool Prime and of other persons who do not have a business relationship with TexPool Prime. The Advisory Board members review the investment policy and management fee structure.

*Interest rate risk*

The investment policy states that no investment shall exceed seven years in maturity. By limiting the exposure of its investments by less than one year, the Anzalduas Bridge reduces its risk to the rising interest rates.

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

As of September 30, 2023 and 2022, 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. The City's investment policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk.

*Concentration of credit risk*

The Anzalduas Bridge investment holdings on September 30, 2023 were confined to TexPool Prime and government securities. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2023 and September 30, 2022 are presented in the following tables:

|                                       | Balance at<br>September 30,<br>2022 | Additions             | Deletions   | Balance at<br>September 30,<br>2023 |
|---------------------------------------|-------------------------------------|-----------------------|-------------|-------------------------------------|
| Capital assets, not being depreciated |                                     |                       |             |                                     |
| Land                                  | \$ 2,922,772                        | \$ -                  | \$ -        | \$ 2,922,772                        |
| Construction in progress              | 84,176                              | 99,117                | -           | 183,293                             |
| Capital assets, being depreciated     |                                     |                       |             |                                     |
| Buildings and systems                 | 10,429,987                          | -                     | -           | 10,429,987                          |
| Improvements other than buildings     | 41,187,040                          | 18,658                | -           | 41,205,698                          |
| Machinery and equipment               | 1,053,075                           | 61,052                | -           | 1,114,127                           |
| Total capital assets                  | 55,677,050                          | 178,827               | -           | 55,855,877                          |
| Less accumulated depreciation         | (19,276,743)                        | (1,469,338)           | -           | (20,746,081)                        |
| Total capital assets, net             | <u>\$ 36,400,307</u>                | <u>\$ (1,290,511)</u> | <u>\$ -</u> | <u>\$ 35,109,796</u>                |

|                                       | Balance at<br>September 30,<br>2021 | Additions             | Deletions   | Balance at<br>September 30,<br>2022 |
|---------------------------------------|-------------------------------------|-----------------------|-------------|-------------------------------------|
| Capital assets, not being depreciated |                                     |                       |             |                                     |
| Land                                  | \$ 2,922,772                        | \$ -                  | \$ -        | \$ 2,922,772                        |
| Construction in progress              | 338,651                             | 4,128                 | (258,603)   | 84,176                              |
| Capital assets, being depreciated     |                                     |                       |             |                                     |
| Buildings and systems                 | 10,429,987                          | -                     | -           | 10,429,987                          |
| Improvements other than buildings     | 40,729,289                          | 199,148               | 258,603     | 41,187,040                          |
| Machinery and equipment               | 1,053,075                           | -                     | -           | 1,053,075                           |
| Total capital assets                  | 55,473,774                          | 203,276               | -           | 55,677,050                          |
| Less accumulated depreciation         | (17,825,965)                        | (1,450,778)           | -           | (19,276,743)                        |
| Total capital assets, net             | <u>\$ 37,647,809</u>                | <u>\$ (1,247,502)</u> | <u>\$ -</u> | <u>\$ 36,400,307</u>                |

#### NOTE 4 - SOUTHBOUND COMMERCIAL AGREEMENT

On August 27, 2015, the Anzalduas International Bridge Board ("ABB") and the Mexico Federal Agency La Secretaria de Comunicaciones y Transportes de los Estados Unidos Mexicanos ("SCT") agreed to improve the infrastructure and operation of the Anzalduas Bridge to allow the crossings of southbound commercial empty truck traffic. The ABB agreed to finance the construction of one additional lane and equipment on the Mexico side of the Anzalduas Bridge, which would be provided by funds from the Anzalduas Capital Improvement fund. The ABB and the SCT agreed that after the initial operation of the installations, 100% of the toll revenue generated from southbound empties will be used to reimburse the cost of the project to the Anzalduas Bridge. Presently, the Anzalduas International Bridge is responsible for collecting and accounting for the toll revenue. For the fiscal year ended September 30, 2023, the Anzalduas Bridge recorded \$748,883 for southbound commercial truck traffic tolls. The total cost of construction in the amount of \$1,030,865 has been reimbursed to ABB as of July 31, 2020.

The ABB and SCT agreed that future toll revenues generated on the U.S. side for crossings of southbound empty truck traffic, after expenses of operation, maintenance, administrative, and fiscal responsibility, will be divided 80% to Anzalduas Bridge and 20% to the SCT. For the year ending September 30, 2023, a total of \$353,293 is due to the SCT.

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

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

Long-term liability activities for the year ended September 30, 2023 and September 30, 2022 are reflected as follows:

|                               | Balance at<br>September 30,<br>2022 | Additions            | Deletions             | Balance at<br>September 30,<br>2023 | Amount<br>Due Within<br>One Year |
|-------------------------------|-------------------------------------|----------------------|-----------------------|-------------------------------------|----------------------------------|
| Revenue bonds payable         | \$ 83,875,000                       | \$ -                 | \$ (1,720,000)        | \$ 82,155,000                       | \$ 1,790,000                     |
| Unamortized bond premium      | 1,388,809                           | -                    | (226,721)             | 1,162,088                           | 212,507                          |
| Net pension liability (asset) | (38,373)                            | 200,499              | -                     | 162,126                             | -                                |
| Compensated absences          | 25,100                              | 26,909               | (15,538)              | 36,471                              | 18,958                           |
| Total long-term liabilities   | <u>\$ 85,250,536</u>                | <u>\$ 227,408</u>    | <u>\$ (1,962,259)</u> | <u>\$ 83,515,685</u>                | <u>\$ 2,021,465</u>              |
|                               | Balance at<br>September 30,<br>2021 | Additions            | Deletions             | Balance at<br>September 30,<br>2022 | Amount<br>Due Within<br>One Year |
| Revenue bonds payable         | \$ 22,525,000                       | \$ 63,000,000        | \$ (1,650,000)        | \$ 83,875,000                       | \$ 1,720,000                     |
| Unamortized bond premium      | 1,624,215                           | -                    | (235,406)             | 1,388,809                           | 226,721                          |
| Net pension liability (asset) | 85,561                              | -                    | (123,934)             | (38,373)                            | -                                |
| Compensated absences          | 21,661                              | 12,891               | (9,452)               | 25,100                              | 15,538                           |
| Total long-term liabilities   | <u>\$ 24,256,437</u>                | <u>\$ 63,012,891</u> | <u>\$ (2,018,792)</u> | <u>\$ 85,250,536</u>                | <u>\$ 1,962,259</u>              |

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

The aggregate maturities of revenue bonds payable as of September 30, 2023, including interest payments, are as follows:

| Year Ending | Interest Rate | Principal            | Interest             | Total                 |
|-------------|---------------|----------------------|----------------------|-----------------------|
| 2024        | 5.00%         | \$ 1,790,000         | \$ 3,117,431         | \$ 4,907,431          |
| 2025        | 5.00%         | 3,175,000            | 3,019,788            | 6,194,788             |
| 2026        | 5.00%         | 3,300,000            | 2,893,350            | 6,193,350             |
| 2027        | 5.00%         | 3,435,000            | 2,760,594            | 6,195,594             |
| 2028        | 5.00%         | 3,580,000            | 2,620,163            | 6,200,163             |
| 2029-2033   | 5.00%         | 17,605,000           | 10,796,919           | 28,401,919            |
| 2034-2038   | 5.00%         | 9,815,000            | 8,291,250            | 18,106,250            |
| 2039-2043   | 5.00%         | 11,805,000           | 6,302,438            | 18,107,438            |
| 2044-2048   | 5.00%         | 14,210,000           | 3,891,450            | 18,101,450            |
| 2049-2052   | 5.00%         | 13,440,000           | 1,034,175            | 14,474,175            |
|             |               | <u>\$ 82,155,000</u> | <u>\$ 44,727,558</u> | <u>\$ 126,882,558</u> |

**NOTE 6 - DEFICIT UNRESTRICTED NET POSITION**

The unrestricted portion of net position reflects a deficit in the amount of \$18,077,507, as a result of advances payable to the Hidalgo Bridge, as authorized by the board of trustees. These advances supported the annual debt service requirements and interest on the advances. Anzalduas Bridge's management does not believe the Hidalgo Bridge Board of trustees has current intention of calling these advances, which will be repaid once the fund is able.

**NOTE 7 - RETIREMENT PLAN**

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

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

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

|  | Plan Year 2022  | Plan Year 2021  |
|--|-----------------|-----------------|
| Employee deposit rate  | 7%              | 7%              |
| Matching ratio (city to employee)                                  | 2 to 1          | 2 to 1          |
| Vestment requirement   | 10 years        | 10 years        |
| Service retirement eligibility (expressed as age/years of service) | 60/10, Any/20   | 60/10, Any/20   |
| Updated service credit   | 100%, Transfers | 100%, Transfers |
| Annuity increase (to retirees)                                     | 0% of CPI       | 0% of CPI       |

**NOTE 7 - RETIREMENT PLAN (CONTINUED)**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. Since the Anzalduas Bridge is a component of the overall financial City wide audit report, additional pension disclosures are reflected in the City's Annual Comprehensive Financial Report. Included in the financial statements are the Anzalduas Bridge's allocable share of net pension liability of \$162,126, deferred outflow of resources, \$113,310, and deferred inflows of resources, \$7,899.

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

The City, as an entity wide, will report all required disclosures of GASB Statement Number 75 in the City's Annual Comprehensive Financial Report. The City instituted an internal service fund to account for health benefits related to current and future retirees. The Anzalduas Bridge has five full time employees. For the current year, the fund contributed \$3,690 towards the annual required contribution. Since the current staffing represents a fraction of total City employees, management believes that any future requirements will have minimal impact on the Anzalduas Bridge Fund.

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# **SUPPLEMENTAL INFORMATION**

**Schedule of Income Distribution  
Last Ten Years**

|  | Year Ended September 30, |              |              |
|--|--------------------------|--------------|--------------|
|  | 2014                     | 2015         | 2016         |
| Revenues   | \$ 3,054,289             | \$ 3,220,899 | \$ 3,687,962 |
| Maintenance and operation expenses   | 797,804                  | 816,588      | 1,940,489    |
| Net revenues   | 2,256,485                | 2,404,311    | 1,747,473    |
| Less:  |                          |              |              |
| Bond requirements:   |                          |              |              |
| Transfer to Debt Service Fund - Series 2007 "A"  | 1,964,736                | 1,965,137    | 1,963,782    |
| Transfer to Debt Service Fund - Series 2007 "B"  | -                        | -            | -            |
| Less: Amount provided by Board Advance from McAllen Intl Bridge Fund   | -                        | -            | -            |
| Net transfer provided by Anzalduas Intl Crossing revenues for debt service   | 1,964,736                | 1,965,137    | 1,963,782    |
| Transfer to Contingency Fund   | 45,000                   | 45,000       | 45,000       |
| Transfer to Capital Improvement Fund   | 235,426                  | 240,910      | 443,237      |
| Transfer to General Fund (City of McAllen)   | -                        | -            | -            |
| Transfer to Health Insurance Fund  | -                        | -            | -            |
| Transfer to Marketing Fund   | -                        | -            | -            |
| Available balance  | 11,323                   | 153,264      | (704,546)    |
| Repayment of advances from McAllen International Toll Bridge   |                          |              |              |
| "Anzalduas Special and Start-Up Advancement Fund" (\$6M Limit) (1)   | -                        | -            | -            |
| "Board Advancement to Anzalduas Bridge Board" (with respect to advances for transfers to debt service fund Series 2007 "A" |                          |              |              |
| Retain in working capital  | (11,323)                 | (153,264)    | 704,546      |
| Unallocated balance of surplus net revenue attributable to cities  | \$ -                     | \$ -         | \$ -         |

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



| Year Ended September 30, |              |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2017                     | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
| \$ 3,723,945             | \$ 3,588,201 | \$ 3,889,920 | \$ 3,034,273 | \$ 3,148,904 | \$ 4,828,030 | \$ 6,211,212 |
| 873,718                  | 1,618,094    | 853,113      | 774,663      | 3,882,265    | 803,971      | 1,179,041    |
| 2,850,227                | 1,970,107    | 3,036,807    | 2,259,610    | (733,361)    | 4,024,059    | 5,032,171    |
| 2,044,158                | 1,754,715    | 1,755,092    | 1,755,583    | 1,755,700    | 1,759,133    | 1,763,083    |
| -                        | -            | -            | -            | -            | -            | 382,083      |
| -                        | -            | -            | -            | -            | -            | -            |
| 2,044,158                | 1,754,715    | 1,755,092    | 1,755,583    | 1,755,700    | 1,759,133    | 2,145,167    |
| 45,000                   | 45,000       | 45,000       | 45,000       | 45,000       | 7,500        | -            |
| 642,950                  | 753,715      | 773,217      | 603,165      | 354,814      | 563,446      | 681,784      |
| -                        | -            | -            | -            | -            | -            | 1,682,450    |
| -                        | -            | -            | -            | -            | -            | 16,195       |
| -                        | -            | -            | -            | -            | -            | 9,000        |
| 118,119                  | (583,323)    | 463,498      | (144,138)    | (2,888,875)  | 1,693,980    | 497,576      |
| -                        | -            | -            | -            | -            | -            | -            |
| (118,119)                | 583,323      | (463,498)    | 144,138      | 2,888,875    | (1,693,980)  | (497,576)    |
| \$ -                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |

**Combining Schedule of Net Position  
September 30, 2023**

|  | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total                 |
|--|------------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>  |                              |                             |                       |
| Current assets:  |                              |                             |                       |
| Cash   | \$ 92,763                    | \$ 125,789                  | \$ 218,552            |
| Investments  | 3,724,332                    | 5,045,530                   | 8,769,862             |
| Receivables, net:  |                              |                             |                       |
| Accrued interest   | 8,548                        | -                           | 8,548                 |
| Lease receivable   | 1,689,989                    | -                           | 1,689,989             |
| Due from other governments   | 1,029                        | -                           | 1,029                 |
| Restricted Assets:   |                              |                             |                       |
| Cash and cash equivalents  | 137,582                      | 132,484                     | 270,066               |
| Total current assets   | <u>5,654,243</u>             | <u>5,303,803</u>            | <u>10,958,046</u>     |
| Noncurrent assets:   |                              |                             |                       |
| Restricted assets:   |                              |                             |                       |
| Investments  | 9,490,591                    | 57,385,008                  | 66,875,599            |
| Accrued interest   | -                            | 2,651                       | 2,651                 |
| Deferred contributions   | -                            | 16,016,209                  | 16,016,209            |
| Total noncurrent restricted assets                                     | <u>9,490,591</u>             | <u>73,403,868</u>           | <u>82,894,459</u>     |
| Capital assets:  |                              |                             |                       |
| Land   | 787,486                      | 2,922,772                   | 3,710,258             |
| Buildings and systems  | 16,398,454                   | 10,429,987                  | 26,828,441            |
| Improvements other than buildings                                      | 5,047,525                    | 41,205,698                  | 46,253,223            |
| Machinery and equipment  | 4,046,879                    | 1,114,127                   | 5,161,006             |
| Construction in progress   | 2,263,449                    | 183,293                     | 2,446,742             |
| Less accumulated depreciation and amortization                         | <u>(18,683,684)</u>          | <u>(20,746,081)</u>         | <u>(39,429,765)</u>   |
| Total capital assets, net of accumulated depreciation and amortization | <u>9,860,109</u>             | <u>35,109,796</u>           | <u>44,969,905</u>     |
| Other noncurrent assets:   |                              |                             |                       |
| Lease receivable   | 1,509,569                    | -                           | 1,509,569             |
| Board advances   | <u>22,099,695</u>            | <u>-</u>                    | <u>22,099,695</u>     |
| Total other noncurrent assets  | <u>23,609,264</u>            | <u>-</u>                    | <u>23,609,264</u>     |
| Total noncurrent assets  | <u>42,959,964</u>            | <u>108,513,664</u>          | <u>151,473,628</u>    |
| Total assets   | <u>48,614,207</u>            | <u>113,817,467</u>          | <u>162,431,674</u>    |
| Deferred outflows of resources   |                              |                             |                       |
| Pension related  | <u>401,979</u>               | <u>113,310</u>              | <u>515,289</u>        |
| Total deferred outflows of resources                                   | <u>401,979</u>               | <u>113,310</u>              | <u>515,289</u>        |
| Total assets and deferred outflows of resources                        | <u>\$ 49,016,186</u>         | <u>\$ 113,930,777</u>       | <u>\$ 162,946,963</u> |

**Combining Schedule of Net Position**  
**September 30, 2023**  
**(Continued)**

|   | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total          |
|---|------------------------------|-----------------------------|----------------|
| <b>LIABILITIES</b>  |                              |                             |                |
| Current liabilities:  |                              |                             |                |
| Accounts payable  | \$ 606,744                   | \$ 4,081,377                | \$ 4,688,121   |
| Accrued expenses  | 134,114                      | 1,381,049                   | 1,515,163      |
| Due to other funds  | 102,361                      | -                           | 102,361        |
| Due to other government agencies                                  | 920,134                      | -                           | 920,134        |
| Compensated absences  | 95,735                       | 18,958                      | 114,693        |
| Current portion of revenue bonds                                  | -                            | 2,002,507                   | 2,002,507      |
| Current portion of capital lease                                  | 1,990                        | -                           | 1,990          |
| Total current liabilities   | 1,861,078                    | 7,483,891                   | 9,344,969      |
| Other noncurrent liabilities:                                     |                              |                             |                |
| Revenue bonds, net of current portion                             | -                            | 81,314,581                  | 81,314,581     |
| Compensated absences  | 62,243                       | 17,513                      | 79,756         |
| Unearned revenues   | 266,839                      | 2,209,775                   | 2,476,614      |
| Capital lease payable   | 4,163                        | -                           | 4,163          |
| Board advances  | -                            | 22,099,695                  | 22,099,695     |
| Net pension liability   | 575,160                      | 162,126                     | 737,286        |
| Total other non current liabilities                               | 908,405                      | 105,803,690                 | 106,712,095    |
| Total liabilities   | 2,769,483                    | 113,287,581                 | 116,057,064    |
| Deferred inflows of resources                                     |                              |                             |                |
| Leases related  | 3,169,608                    | -                           | 3,169,608      |
| Refunding related   | -                            | 208,849                     | 208,849        |
| Pension related   | 28,023                       | 7,899                       | 35,922         |
| Total deferred inflows of resources                               | 3,197,631                    | 216,748                     | 3,414,379      |
| Total liabilities and deferred inflows of resources               | 5,967,114                    | 113,504,329                 | 119,471,443    |
| <b>NET POSITION</b>   |                              |                             |                |
| Net investments in capital assets                                 | 9,853,956                    | 14,583,859                  | 24,437,815     |
| Restricted for:   |                              |                             |                |
| Capital projects  | 3,983,940                    | 2,248,257                   | 6,232,197      |
| Debt service  | 569,555                      | 1,671,839                   | 2,241,394      |
| Distribution of surplus net revenues                              | 5,860,052                    | -                           | 5,860,052      |
| Unrestricted  | 22,781,569                   | (18,077,507)                | 4,704,062      |
| Total net position  | 43,049,072                   | 426,448                     | 43,475,520     |
| Total liabilities, deferred inflows of resources and net position | \$ 49,016,186                | \$ 113,930,777              | \$ 162,946,963 |

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended September 30, 2023**

|  | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total                |
|--|------------------------------|-----------------------------|----------------------|
| Operating revenues:                                  |                              |                             |                      |
| Charges for services                                 | \$ 11,773,691                | \$ 5,630,760                | \$ 17,404,451        |
| Rentals  | 2,941,198                    | 12,206                      | 2,953,404            |
| Other  | 392,570                      | 269,698                     | 662,268              |
| Total operating revenues                             | <u>15,107,459</u>            | <u>5,912,664</u>            | <u>21,020,123</u>    |
| Operating expenses:                                  |                              |                             |                      |
| Salaries, wages and employee benefits                | 1,777,716                    | 475,842                     | 2,253,558            |
| Supplies   | 178,159                      | 15,511                      | 193,670              |
| Contractual and other services                       | 1,322,403                    | 539,107                     | 1,861,510            |
| Repairs and maintenance                              | 273,500                      | 37,933                      | 311,433              |
| Depreciation and amortization                        | 811,919                      | 1,469,337                   | 2,281,256            |
| Total operating expenses                             | <u>4,363,697</u>             | <u>2,537,730</u>            | <u>6,901,427</u>     |
| Operating income                                     | <u>10,743,762</u>            | <u>3,374,934</u>            | <u>14,118,696</u>    |
| Nonoperating revenues (expenses)                     |                              |                             |                      |
| Investment earnings                                  | 387,037                      | 1,677,688                   | 2,064,725            |
| Net increase (decrease) in fair value of investments | -                            | 1,351,421                   | 1,351,421            |
| Interest expense                                     | (245)                        | (3,196,801)                 | (3,197,046)          |
| Interest on board advances                           | 832,217                      | (832,217)                   | -                    |
| Bond related charges--issuance cost                  | -                            | 251,291                     | 251,291              |
| Intergovernmental                                    | 6,620                        | -                           | 6,620                |
| Interest revenue - leases                            | 32,116                       | -                           | 32,116               |
| Other  | (3,734,088)                  | (149,777)                   | (3,883,865)          |
| Net nonoperating expenses                            | <u>(2,476,343)</u>           | <u>(898,395)</u>            | <u>(3,374,738)</u>   |
| Income before capital contributions and transfers    | 8,267,419                    | 2,476,539                   | 10,743,958           |
| Transfers in   | -                            | 778,327                     | 778,327              |
| Transfers out  | (5,718,553)                  | (2,035,145)                 | (7,753,698)          |
| Change in net position                               | 2,548,866                    | 1,219,721                   | 3,768,587            |
| Net position, beginning of year                      | <u>40,500,206</u>            | <u>(793,273)</u>            | <u>39,706,933</u>    |
| Net position, end of year                            | <u>\$ 43,049,072</u>         | <u>\$ 426,448</u>           | <u>\$ 43,475,520</u> |

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2023**

|   | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total         |
|---|------------------------------|-----------------------------|---------------|
| <b>Cash flows from operating activities</b>                     |                              |                             |               |
| Receipts from customers   | \$ 15,157,588                | \$ 6,000,309                | \$ 21,157,897 |
| Payments to employees   | (1,694,930)                  | (434,345)                   | (2,129,275)   |
| Payments to suppliers   | (1,069,670)                  | (10,919,947)                | (11,989,617)  |
| Net cash provided by (used for) operating activities            | 12,392,988                   | (5,353,983)                 | 7,039,005     |
| <b>Cash flows from noncapital financing activities</b>          |                              |                             |               |
| Transfers from other funds                                      | -                            | 778,327                     | 778,327       |
| Transfers to other funds  | (5,718,553)                  | (2,035,145)                 | (7,753,698)   |
| Subsidy from federal grant                                      | 23,288                       | 2,221,052                   | 2,244,340     |
| Distribution of income to SCT                                   | -                            | (5,245)                     | (5,245)       |
| Distribution of income to the City of Hidalgo                   | (3,613,114)                  | -                           | (3,613,114)   |
| Net cash provided by (used for) noncapital financing activities | (9,308,379)                  | 958,989                     | (8,349,390)   |
| <b>Cash flows from capital and related financing activities</b> |                              |                             |               |
| Acquisition and construction of capital assets                  | (1,714,158)                  | (178,827)                   | (1,892,985)   |
| Principal repayments-bonds and notes                            | (1,932)                      | (1,720,000)                 | (1,721,932)   |
| Interest paid   | (245)                        | (3,054,312)                 | (3,054,557)   |
| Net cash used for capital and related financing activities      | (1,716,335)                  | (4,953,139)                 | (6,669,474)   |
| <b>Cash flows from investing activities</b>                     |                              |                             |               |
| Proceeds from sales and maturities of investments               | 14,175,154                   | 65,867,459                  | 80,042,613    |
| Purchase of investments   | (16,080,061)                 | (59,426,255)                | (75,506,316)  |
| Net increase in fair value of investments                       | -                            | 1,351,421                   | 1,351,421     |
| Receipt of interest   | 411,811                      | 1,676,522                   | 2,088,333     |
| Net cash provided by (used for) investing activities            | (1,493,096)                  | 9,469,147                   | 7,976,051     |
| Net change in cash  | (124,822)                    | 121,014                     | (3,808)       |
| Cash, beginning of year   | 355,167                      | 137,259                     | 492,426       |
| Cash, end of year   | \$ 230,345                   | \$ 258,273                  | \$ 488,618    |

**Combining Schedule of Cash Flows**  
**Year Ended September 30, 2023**  
**(Continued)**

|   | McAllen Int'l<br>Toll Bridge | Anzalduas Int'l<br>Crossing | Total               |
|---|------------------------------|-----------------------------|---------------------|
| <b>Reconciliation of operating income to net cash<br/>provided by (used for) operating activities</b>       |                              |                             |                     |
| Operating income (loss)   | \$ 10,743,762                | \$ 3,374,934                | \$ 14,118,696       |
| Adjustment to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities: |                              |                             |                     |
| Depreciation and amortization   | 811,919                      | 1,469,338                   | 2,281,257           |
| (Increase) decrease in deferred contributions   | -                            | (15,019,632)                | (15,019,632)        |
| (Increase) decrease in deferred outflows of resources - pension   | (321,561)                    | (92,690)                    | (414,251)           |
| Increase (decrease) in deferred inflows of resources - pension  | (314,977)                    | (80,050)                    | (395,027)           |
| Increase (decrease) in deferred inflows of resources - leases   | (1,437,703)                  | -                           | (1,437,703)         |
| (Increase) decrease in lease receivable   | 1,431,793                    | -                           | 1,431,793           |
| (Increase) decrease in accounts receivable  | 2,455                        | 87,645                      | 90,100              |
| Increase (decrease) in accounts payable   | 540,077                      | 4,692,235                   | 5,232,312           |
| Increase (decrease) in compensated absences payable   | (12,389)                     | 11,371                      | (1,018)             |
| Increase (decrease) in accrued liabilities  | 90,679                       | 2,367                       | 93,046              |
| Increase (decrease) due to other funds  | 80,536                       | -                           | 80,536              |
| Increase (decrease) in net pension liability  | 724,813                      | 200,499                     | 925,312             |
| Increase (decrease) in unearned revenue   | 53,584                       | -                           | 53,584              |
| Total adjustments   | <u>1,649,226</u>             | <u>(8,728,917)</u>          | <u>(7,079,691)</u>  |
| Net cash provided by (used for) operating activities  | <u>\$ 12,392,988</u>         | <u>\$ (5,353,983)</u>       | <u>\$ 7,039,005</u> |
| <b>Reconciliation to statement of net position:</b>   |                              |                             |                     |
| Cash  | \$ 92,763                    | \$ 125,789                  | \$ 218,552          |
| Cash restricted   | <u>137,582</u>               | <u>132,484</u>              | <u>270,066</u>      |
| Total cash  | <u>\$ 230,345</u>            | <u>\$ 258,273</u>           | <u>\$ 488,618</u>   |
| <b>Noncash investing, capital and financing activities:</b>   |                              |                             |                     |
| Increase in fair value of investments   | -                            | 1,351,421                   | 1,351,421           |

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

|                                | Year Ended September 30, |                  |                  |                  |
|--------------------------------|--------------------------|------------------|------------------|------------------|
|                                | 2014                     | 2015             | 2016             | 2017             |
| Vehicular traffic southbound:  |                          |                  |                  |                  |
| Cars                           | 950,143                  | 974,930          | 1,015,219        | 966,364          |
| Trucks - empties               | 859                      | -                | 732              | 15,528           |
| Buses                          | 1,922                    | 1,342            | 1,636            | 1,374            |
| Total vehicles (1)             | <u>952,924</u>           | <u>976,272</u>   | <u>1,017,587</u> | <u>983,266</u>   |
| Passenger traffic southbound:  |                          |                  |                  |                  |
| Passengers in cars (2)         | 2,375,358                | 2,437,325        | 2,538,048        | 2,415,910        |
| Passengers and drivers – buses | <u>55,738</u>            | <u>38,918</u>    | <u>47,444</u>    | <u>39,846</u>    |
| Total persons                  | <u>2,431,096</u>         | <u>2,476,243</u> | <u>2,585,492</u> | <u>2,455,756</u> |

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

(2) Calculation based on historical average of 2.5 passengers per vehicle.



| Year Ended September 30, |                  |                  |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| 2018                     | 2019             | 2020             | 2021             | 2022             | 2023             |
| 875,430                  | 965,077          | 724,046          | 724,838          | 1,141,646        | 1,378,419        |
| 28,036                   | 21,467           | 19,359           | 27,577           | 30,564           | 42,749           |
| 1,577                    | 1,429            | 1,194            | 1,184            | 1,917            | 2,488            |
| <u>905,043</u>           | <u>987,973</u>   | <u>744,599</u>   | <u>753,599</u>   | <u>1,174,127</u> | <u>1,423,656</u> |
| 2,188,575                | 2,412,693        | 1,810,115        | 1,812,095        | 2,854,115        | 3,446,048        |
| 45,733                   | 41,441           | 34,626           | 34,336           | 55,593           | 72,152           |
| <u>2,234,308</u>         | <u>2,454,134</u> | <u>1,844,741</u> | <u>1,846,431</u> | <u>2,909,708</u> | <u>3,518,200</u> |

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

|                             | Year Ended September 30, |                     |                     |                     |
|-----------------------------|--------------------------|---------------------|---------------------|---------------------|
|                             | 2014                     | 2015                | 2016                | 2017                |
| Southbound traffic:         |                          |                     |                     |                     |
| Cars                        | 950,143                  | 974,930             | 1,015,219           | 966,364             |
| Trucks - empties            | 859                      | -                   | 732                 | 15,528              |
| Total car and truck traffic | <u>951,002</u>           | <u>974,930</u>      | <u>1,015,951</u>    | <u>981,892</u>      |
| Truck traffic percentage    | 0.09%                    | 0.00%               | 0.07%               | 1.58%               |
| Car and truck revenue:      |                          |                     |                     |                     |
| Cars                        | \$ 2,964,866             | \$ 3,173,047        | \$ 3,504,191        | \$ 3,389,172        |
| Trucks                      | 6,013                    | -                   | 9,927               | 166,651             |
| Total car and truck revenue | <u>\$ 2,970,879</u>      | <u>\$ 3,173,047</u> | <u>\$ 3,514,118</u> | <u>\$ 3,555,823</u> |
| Truck revenue percentage    | 0.20%                    | 0.00%               | 0.28%               | 4.69%               |
| Average revenue per car     | \$ 3.12                  | \$ 3.25             | \$ 3.45             | \$ 3.51             |
| Average revenue per truck   | \$ 7.00                  | \$ -                | \$ 13.56            | \$ 10.73            |

| Year Ended September 30, |                     |                     |                     |                     |                     |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2018                     | 2019                | 2020                | 2021                | 2022                | 2023                |
| 875,430                  | 965,077             | 724,046             | 724,838             | 1,141,646           | 1,378,419           |
| 28,036                   | 21,467              | 19,359              | 27,577              | 30,564              | 42,749              |
| <u>903,466</u>           | <u>986,544</u>      | <u>743,405</u>      | <u>752,415</u>      | <u>1,172,210</u>    | <u>1,421,168</u>    |
| 3.10%                    | 2.18%               | 2.60%               | 3.67%               | 2.61%               | 3.01%               |
| \$ 3,094,093             | \$ 3,400,254        | \$ 2,648,672        | \$ 2,588,970        | \$ 4,029,038        | \$ 4,881,877        |
| 327,644                  | 302,148             | 249,532             | 475,325             | 530,015             | 748,883             |
| <u>\$ 3,421,737</u>      | <u>\$ 3,702,402</u> | <u>\$ 2,898,204</u> | <u>\$ 3,064,295</u> | <u>\$ 4,559,053</u> | <u>\$ 5,630,760</u> |
| 9.58%                    | 8.16%               | 8.61%               | 15.51%              | 11.63%              | 13.30%              |
| \$ 3.53                  | \$ 3.52             | \$ 3.66             | \$ 3.57             | \$ 3.53             | \$ 3.54             |
| \$ 11.69                 | \$ 14.07            | \$ 12.89            | \$ 17.24            | \$ 17.34            | \$ 17.52            |

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**Schedule of Board Advances from McAllen International Toll Bridge Fund  
September 30, 2023  
(Unaudited)**

Anzalduas Special & Startup Fund:

| Balance at<br>September 30,<br>2022 | Additions |                     | Balance at<br>September 30,<br>2023 |
|-------------------------------------|-----------|---------------------|-------------------------------------|
|                                     | Advances  | Implied<br>Interest |                                     |
| \$ 16,707,401                       | \$ -      | \$ 809,364          | \$ 17,516,765                       |

Board advance "A" to Anzalduas International Crossing:

| Balance at<br>September 30,<br>2022 | Additions |                     | Balance at<br>September 30,<br>2023 |
|-------------------------------------|-----------|---------------------|-------------------------------------|
|                                     | Advances  | Implied<br>Interest |                                     |
| \$ 4,560,077                        | \$ -      | \$ 22,853           | \$ 4,582,930                        |

Combined totals of advances to Anzalduas International Crossing:

| Balance at<br>September 30,<br>2022 | Additions |                     | Balance at<br>September 30,<br>2023 |
|-------------------------------------|-----------|---------------------|-------------------------------------|
|                                     | Advances  | Implied<br>Interest |                                     |
| \$ 21,267,478                       | \$ -      | \$ 832,217          | \$ 22,099,695                       |

Distribution of Advances:

City of McAllen - 64% Share  
City of Hidalgo - 36% Share

|               |      |            |               |
|---------------|------|------------|---------------|
| \$ 13,611,185 | \$ - | \$ 532,619 | \$ 14,143,804 |
| 7,656,293     | -    | 299,598    | 7,955,891     |
| \$ 21,267,478 | \$ - | \$ 832,217 | \$ 22,099,695 |

**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2023**  
**(Unaudited)**

Activity Schedule-Anzalduas Special & Startup Fund:

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

|            | Bond Rate       | # Days | Advance | Interest  | (Payment) | Balance       |
|------------|-----------------|--------|---------|-----------|-----------|---------------|
| 10/01/2022 | Opening balance |        |         |           |           | \$ 16,707,401 |
| 10/31/2022 | 4.74%           | 31     | \$ -    | \$ 67,260 | \$ -      | 16,774,661    |
| 11/30/2022 | 4.74%           | 30     | -       | 65,352    | -         | 16,840,013    |
| 12/31/2022 | 4.74%           | 31     | -       | 67,794    | -         | 16,907,807    |
| 01/31/2023 | 4.74%           | 31     | -       | 68,067    | -         | 16,975,874    |
| 02/28/2023 | 4.74%           | 28     | -       | 61,727    | -         | 17,037,601    |
| 03/31/2023 | 4.74%           | 31     | -       | 68,589    | -         | 17,106,190    |
| 04/30/2023 | 4.74%           | 30     | -       | 66,644    | -         | 17,172,834    |
| 05/31/2023 | 4.74%           | 31     | -       | 69,134    | -         | 17,241,968    |
| 06/30/2023 | 4.74%           | 30     | -       | 67,173    | -         | 17,309,141    |
| 07/31/2023 | 4.74%           | 31     | -       | 69,682    | -         | 17,378,823    |
| 08/31/2023 | 4.74%           | 31     | -       | 69,963    | -         | 17,448,786    |
| 09/30/2023 | 4.74%           | 30     | -       | 67,979    | -         | 17,516,765    |

**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2023**  
**(Unaudited)**

Activity Schedule-Board Advances "A":

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

|                 | <u>Bank Rate</u> | <u># Days</u> | <u>Advance</u> | <u>Interest</u> | <u>(Payment)</u> | <u>Balance</u> |
|-----------------|------------------|---------------|----------------|-----------------|------------------|----------------|
| Opening balance |                  |               |                |                 |                  | \$ 4,560,077   |
| 10/01/2022      |                  |               |                |                 | \$ -             | 4,560,077      |
| 10/31/2022      | 0.50%            | 31            | \$ -           | \$ 1,936        | -                | 4,562,013      |
| 11/01/2022      |                  |               |                |                 | -                | 4,562,013      |
| 11/30/2022      | 0.50%            | 30            | -              | 1,875           | -                | 4,563,888      |
| 12/01/2022      |                  |               |                |                 | -                | 4,563,888      |
| 12/31/2022      | 0.50%            | 31            | -              | 1,938           | -                | 4,565,826      |
| 01/01/2023      |                  |               |                |                 | -                | 4,565,826      |
| 01/31/2023      | 0.50%            | 31            | -              | 1,939           | -                | 4,567,765      |
| 02/01/2023      |                  |               |                |                 | -                | 4,567,765      |
| 02/28/2023      | 0.50%            | 28            | -              | 1,752           | -                | 4,569,517      |
| 03/01/2023      |                  |               |                |                 | -                | 4,569,517      |
| 03/31/2023      | 0.50%            | 31            | -              | 1,940           | -                | 4,571,457      |
| 04/01/2023      |                  |               |                |                 | -                | 4,571,457      |
| 04/30/2023      | 0.50%            | 30            | -              | 1,879           | -                | 4,573,335      |
| 05/01/2023      |                  |               |                |                 | -                | 4,573,335      |
| 05/31/2023      | 0.50%            | 31            | -              | 1,942           | -                | 4,575,278      |
| 06/01/2023      |                  |               |                |                 | -                | 4,575,278      |
| 06/30/2023      | 0.50%            | 30            | -              | 1,880           | -                | 4,577,158      |
| 07/01/2023      |                  |               |                |                 | -                | 4,577,158      |
| 07/31/2023      | 0.50%            | 31            | -              | 1,944           | -                | 4,579,102      |
| 08/01/2023      |                  |               |                |                 | -                | 4,579,102      |
| 08/31/2023      | 0.50%            | 31            | -              | 1,945           | -                | 4,581,047      |
| 09/01/2023      |                  |               |                |                 | -                | 4,581,047      |
| 09/30/2023      | 0.50%            | 30            | -              | 1,883           | -                | 4,582,930      |



**Schedule of Board Advances from McAllen International Toll Bridge Fund**  
**September 30, 2023**  
**(Unaudited)**

Activity Schedule-Board Advances "B":

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

|                 | Bank Rate | # Days | Advance     |                       | Interest | (Payment) | Balance      |
|-----------------|-----------|--------|-------------|-----------------------|----------|-----------|--------------|
|                 |           |        | Total       | Applicable to Mission |          |           |              |
| Opening balance |           |        |             |                       |          |           | \$ 4,465,134 |
| 10/01/2022      |           |        | \$ 70,948   | \$ 24,356             | \$ -     | \$ -      | 4,489,490    |
| 10/31/2022      | 0.50%     | 31     |             |                       | 1,906    |           | 4,491,396    |
| 11/01/2022      |           |        | 70,948      | 24,356                | -        | -         | 4,515,752    |
| 11/30/2022      | 0.50%     | 30     |             |                       | 1,856    |           | 4,517,608    |
| 12/01/2022      |           |        | 70,948      | 24,356                | -        | -         | 4,541,964    |
| 12/31/2022      | 0.50%     | 31     |             |                       | 1,929    |           | 4,543,893    |
| 01/01/2023      |           |        | 70,948      | 24,356                | -        | -         | 4,568,249    |
| 01/31/2023      | 0.50%     | 31     |             |                       | 1,940    |           | 4,570,189    |
| 02/01/2023      |           |        | 70,948      | 24,356                | -        | -         | 4,594,545    |
| 02/28/2023      | 0.50%     | 28     |             |                       | 1,762    |           | 4,596,307    |
| 03/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,620,543    |
| 03/31/2023      | 0.50%     | 31     |             |                       | 1,962    |           | 4,622,505    |
| 04/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,646,741    |
| 04/30/2023      | 0.50%     | 30     |             |                       | 1,910    |           | 4,648,651    |
| 05/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,672,887    |
| 05/31/2023      | 0.50%     | 31     |             |                       | 1,984    |           | 4,674,871    |
| 06/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,699,107    |
| 06/30/2023      | 0.50%     | 30     |             |                       | 1,931    |           | 4,701,038    |
| 07/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,725,274    |
| 07/31/2023      | 0.50%     | 31     |             |                       | 2,007    |           | 4,727,281    |
| 08/01/2023      |           |        | 70,598      | 24,236                | -        | -         | 4,751,517    |
| 08/31/2023      | 0.50%     | 31     |             |                       | 2,018    |           | 4,753,535    |
| 09/01/2023      |           |        | -           | -                     | -        | -         | 4,753,535    |
| 09/11/2023      | 0.50%     | 11     |             |                       | 716      |           | 4,754,251    |
| 09/11/2023 *    |           |        | (2,009,950) | (690,010)             | (4,388)  |           | 4,059,853    |
| 09/30/2023      | 0.50%     | 19     |             |                       | 1,057    |           | 4,060,910    |

\*Reimbursement to City of McAllen for 09/01/2023 and 09/01/2022 annual debt service payments, and half of 09/01/2024 principal payment advanced during fiscal year 2023. Approved by Bridge Board on September 11, 2023.

**Schedule of Insurance Coverage**  
**September 30, 2023**  
**(Unaudited)**

| Coverage                       | Insurance Company   | Policy Period            | Type of Coverage   | Limit   | Aggregate | Occurrence Retention / Deductible  |
|--------------------------------|---|--------------------------|--|---|-----------|--|
| Property Insurance             | - Arch Specialty Insurance  | 10/01/2022 to 10/01/2023 | Real & Personal Property Loss of Revenue / Extra Expense   | \$338,494,198   |           | \$500,000*   |
| - Bridge & Surrounding Area    | - Brideway Insurance<br>- HDI Specialty Insurance<br>- Starstone Specialty Insurance<br>- Swiss Re Corporate Solutions<br>- Westchester Surplus Lines Insurance |                          |  | \$15,188,455**  |           |  |
|                                |   |                          |  | **Loss of Revenue / Extra Expense / Rental Value for all City owned locations |           | *\$50,000 Flood & Earthquake Deductible or 1% of Building Value whichever is greater |
| Excess Workers' Compensation   | Safety National Casualty  | 10/01/2022 to 10/01/2023 | Workers' Compensation Employer's Liability   | Statutory<br>\$2,000,000  |           | \$750,000 (OR)   |
| Third Party Claims Admin       | Tristar Risk Management   |                          |  |   |           |  |
| All Lines Aggregate            | Self-Insured  | 10/01/2022 to 10/01/2023 |  | \$250,000 per person / \$500,000 per claim<br>Tort Claims cap                 |           |  |
| - General Liability            |   |                          |  |   |           |  |
| - Automobile Liability         |   |                          |  |   |           |  |
| - Errors & Omissions Liability |   |                          |  |   |           |  |
| - Employee Benefits Liability  |   |                          |  |   |           |  |
| Crimes Insurance               | Alliant   | 7/01/2021 to 7/01/2023   | - Employee Dishonesty<br>- Forgery or Alteration<br>- Theft, Disappearance & Destruction<br>- Computer Fraud | \$1,000,000<br>\$1,000,000<br>\$1,000,000<br>\$1,000,000                      |           | \$2,500<br>\$2,500<br>\$2,500<br>\$2,500   |

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

To the Board of Trustees  
Anzalduas International Crossing

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Anzalduas International Crossing (the Bridge) as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Bridge's basic financial statements, and have issued our report thereon dated March 5, 2024.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

The Board of Trustees  
Anzalduas International Crossing

**Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 5, 2024