



McAllen International Toll Bridge

**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
McAllen International Toll Bridge

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 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 McAllen International Toll Bridge, 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bridge's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Income Distribution, Schedule of Rental Income, Schedule of Expenses by Department, Combining Schedule of Net Position (except the Anzalduas International Crossing information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the Anzalduas International Crossing information), and Combining Schedule of Cash Flows (except the Anzalduas International Crossing information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Income Distribution, Schedule of Rental Income, Schedule of Expenses by Department, Combining Schedule of Net Position (except the Anzalduas International Crossing information), Combining Schedule of Revenues, Expenses, and Changes in Net Position (except the Anzalduas International Crossing information), and Combining Schedule of Cash Flows (except the Anzalduas International Crossing information) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vehicle and Passenger Traffic, Schedule of Car and Truck Traffic Revenue, Schedules of Board Advances to the Anzalduas International Crossing, and Schedule of Insurance Coverage have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The Board of Trustees
McAllen International Toll Bridge

We have also audited the financial statements of Anzalduas International Crossing as of and for the years ended September 30, 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 McAllen International Toll Bridge's (Hidalgo 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, as a result of this year's operations, net position increased by \$2.5M. Operating revenues increased by \$1.9M and operating expenses increased by \$292K.

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

Category	FY 2023	FY 2022	Increase (Decrease)	% Increase (Decrease)
Cars	2,922,848	2,587,595	335,253	12.96%
Buses and others	17,438	18,053	(615)	-3.41%
Passengers in cars	7,307,120	6,468,988	838,133	12.96%

For more information in regards of the average revenue per vehicle, refer to Supplemental Information pg 30-49.

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 Hidalgo Bridge and provides information about the nature of the resources and obligations to creditors. The Hidalgo Bridge's net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one indicator of its financial position at one point in time. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the Hidalgo Bridge is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position analyzes the Hidalgo Bridge's operations over the past year and provides comparative information for the previous fiscal year. The statement illustrates the Hidalgo Bridge's ability to cover operating expenses with revenues received during the same year as well as non-operating expenses.

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

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

FINANCIAL POSITION SUMMARY

Net position, and its components, over time serve as a meaningful measure of the Hidalgo Bridge's financial position. For the year ended September 30, 2023, net position increased by \$2.5M. An increase in toll revenue was offset with an increase in the payment of surplus net revenues. For the year ended September 30, 2022 net position increased by \$2.7M as a result of increased toll revenue.

Management's Discussion and Analysis (Unaudited)

September 30, 2023

A summary of the Hidalgo Bridge's Condensed Statements of Net Position information as of September 30 is presented below:

Condensed Statements of Net Position Information

	2023	2022	2021
ASSETS			
Current assets	\$ 5,654,243	\$ 5,403,327	\$ 3,498,325
Noncurrent assets	9,490,591	8,296,551	5,581,029
Net capital assets	9,860,109	8,957,870	9,744,359
Other assets	<u>23,609,264</u>	<u>24,035,145</u>	<u>20,472,774</u>
Total assets	<u>48,614,207</u>	<u>46,692,893</u>	<u>39,296,487</u>
Deferred outflows of resources	<u>401,979</u>	<u>80,418</u>	<u>82,168</u>
Total assets and deferred outflow of resources	<u>49,016,186</u>	<u>46,773,311</u>	<u>39,378,655</u>
LIABILITIES			
Current liabilities	1,861,078	1,020,575	963,859
Other noncurrent liabilities	<u>908,405</u>	<u>302,219</u>	<u>503,369</u>
Total liabilities	<u>2,769,483</u>	<u>1,322,794</u>	<u>1,467,228</u>
Deferred inflows of resources	<u>3,197,631</u>	<u>4,950,311</u>	<u>132,928</u>
Total liabilities and deferred inflows of resources	<u>5,967,114</u>	<u>6,273,105</u>	<u>1,600,156</u>
NET POSITION			
Net investment in capital assets	9,853,956	8,949,784	9,734,399
Restricted	10,413,547	9,498,624	6,821,363
Unrestricted	<u>22,781,569</u>	<u>22,051,798</u>	<u>21,222,737</u>
Total net position	<u>\$ 43,049,072</u>	<u>\$ 40,500,206</u>	<u>\$ 37,778,499</u>

Revenues, Expenses and Changes in Net Position

Southbound car crossings increased by 12.96% from 2022 to 2023, while the bus and others crossings decreased by -3.41%. This generated toll revenue of \$11.8M, an increase of \$1.4M when compared to the prior year. Rental income increased by \$257K from 2022 to 2023 due to an increase in the GSA lease. Investment earnings increased by \$329K as a result of higher interest rates. Operating expenses increased by \$292K attributable to an increase in spending related to salaries, wages, and employee benefits. An increase in contractual and other services was offset with a decrease in depreciation expense. Payments in relation to the distribution of surplus net revenues increased by \$2.0M. Other revenue and expenses remained relatively flat. Overall there was a \$2.6M increase in net position for the current year.

The Schedule of Revenues, Expenses, and Changes in Net Position information provides additional information on the changes in the Hidalgo Bridge and is presented on the following page as of September 30.

Management's Discussion and Analysis (Unaudited)

September 30, 2023

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

	2023	2022	2021
Operating revenues:			
Charges for services	\$ 11,773,691	\$ 10,361,157	\$ 6,694,622
Rentals	2,941,198	2,684,385	3,344,081
Other	392,570	207,846	157,024
Total operating revenues	15,107,459	13,253,388	10,195,727
Operating expenses:			
Salaries, wages and employee benefits	1,777,716	1,547,617	1,381,472
Supplies	178,159	131,019	104,729
Contractual and other services	1,322,403	1,108,256	1,084,335
Repairs and maintenance	273,500	221,351	184,251
Depreciation and amortization	811,919	1,063,463	1,039,397
Total operating expenses	4,363,697	4,071,706	3,794,184
Operating income (loss)	10,743,762	9,181,682	6,401,543
Nonoperating revenues (expenses):			
Investment earnings	387,037	58,376	23,110
Interest expense	(245)	(302)	(357)
Interest on board advances	832,217	794,704	758,926
Gain (loss) on sale of capital assets	-	-	19,170
Intergovernmental	6,620	17,697	-
Interest revenue - leases	32,116	27,096	-
Other	(3,734,088)	(3,226,195)	(2,382,592)
Net nonoperating revenues (expenses)	(2,476,343)	(2,328,624)	(1,581,743)
Income (loss) before contributions and transfers	8,267,419	6,853,058	4,819,800
Capital contributions	-	144,029	11,098
Transfers out	(5,718,553)	(4,275,380)	(4,351,390)
Change in net position	2,548,866	2,721,707	479,508
Net position, beginning of year	40,500,206	37,778,499	37,298,991
Net position, end of year	\$ 43,049,072	\$ 40,500,206	\$ 37,778,499

TOLL RATES

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

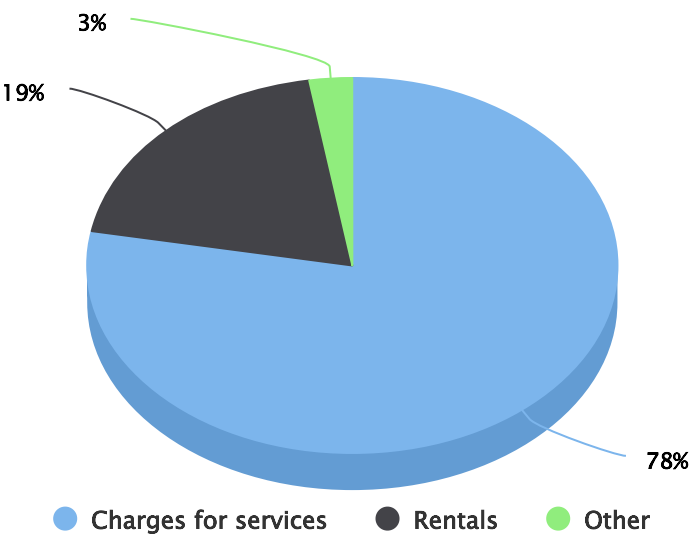
Category	FY 2023	FY 2022
Pedestrians	\$1.00	\$1.00
Cars	\$3.50	\$3.50
Motorcycles	\$3.50	\$3.50
Buses (Depending on # of axles)	\$7.00-\$9.00	\$7.00-\$9.00
Extra axle	\$3.00	\$3.00

Management’s Discussion and Analysis (Unaudited)
September 30, 2023

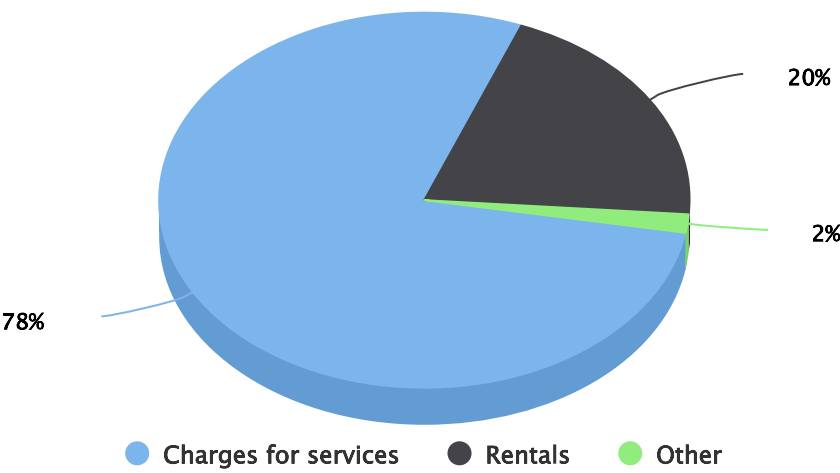
REVENUES

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

FY 2023 Revenues



FY 2022 Revenues



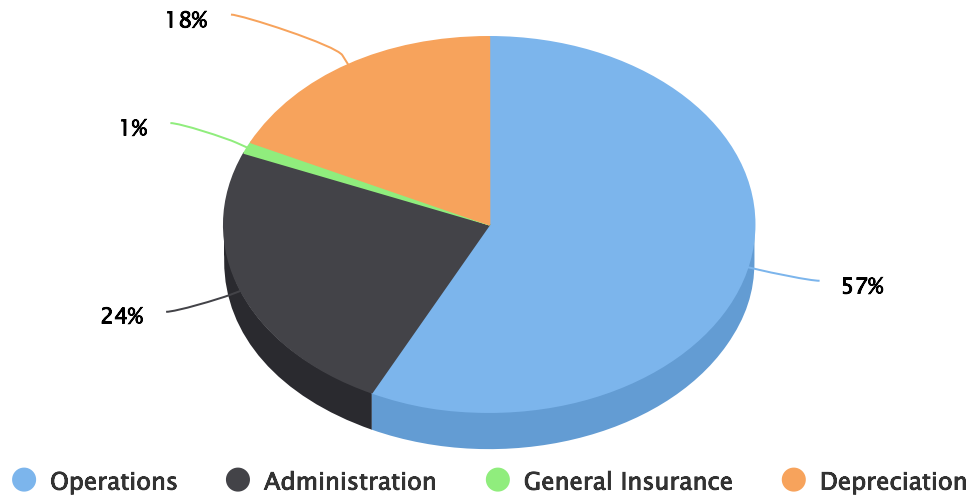
Management's Discussion and Analysis (Unaudited)

September 30, 2023

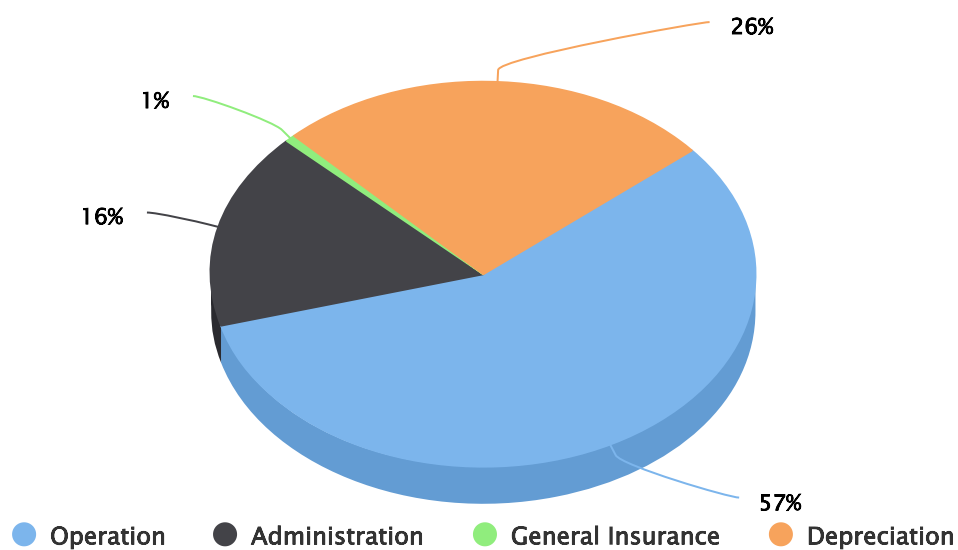
EXPENSES

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

FY 2023 Expenses



FY 2022 Expenses



Management's Discussion and Analysis (Unaudited)

September 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of this fiscal year, the Hidalgo Bridge had \$9.90M in capital assets, consisting of the following.

	FY 2023	FY 2022	FY 2021
Capital assets, not being depreciated			
Land	\$ 787,486	\$ 787,486	\$ 787,486
Construction in progress	2,263,449	1,112,939	939,887
Capital assets, being depreciated			
Buildings	16,398,454	16,019,315	16,014,650
Improvements other than buildings	5,047,525	4,957,133	4,957,133
Machinery and equipment	4,046,879	3,952,762	3,853,505
 Total capital assets	 28,543,793	 26,829,635	 26,552,661
Less accumulated depreciation	(18,683,684)	(17,871,765)	(16,808,302)
 Total capital assets, net	 \$ 9,860,109	 \$ 8,957,870	 \$ 9,744,359

In 2023 total capital assets increased \$1.7M. The increase is mostly attributable to an increase in construction in progress for various projects including office building updates, canopy improvements, pedestrian expansion, and building reroofing. In 2022, the increase was mostly attributable to an increase in construction in progress for various projects including office building updates, canopy improvements, and fence restoration.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the budget process for fiscal year 2024, 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.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BASIC FINANCIAL STATEMENTS

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

	2023	2022
ASSETS		
Current assets:		
Cash	\$ 92,763	\$ 170,325
Investments	3,724,332	3,163,118
Receivables, net:		
Accrued interest	8,548	1,206
Lease receivable	1,689,989	1,863,684
Other	-	60
Due from other governments	1,029	20,092
Restricted Assets:		
Cash and cash equivalents	137,582	184,842
Total current assets	5,654,243	5,403,327
Noncurrent assets:		
Restricted assets:		
Investments	9,490,591	8,146,898
Total noncurrent restricted assets	9,490,591	8,146,898
Net pension asset	-	149,653
Capital assets:		
Land	787,486	787,486
Buildings and systems	16,398,454	16,019,315
Improvements other than buildings	5,047,525	4,957,133
Machinery and equipment	4,046,879	3,952,762
Construction in progress	2,263,449	1,112,939
Less accumulated depreciation and amortization	(18,683,684)	(17,871,765)
Total capital assets, net of accumulated depreciation and amortization	9,860,109	8,957,870
Other noncurrent assets		
Lease receivable	1,509,569	2,767,667
Board advances	22,099,695	21,267,478
Total other noncurrent assets	23,609,264	24,035,145
Total noncurrent assets	42,959,964	41,289,566
Total assets	48,614,207	46,692,893
Deferred outflows of resources		
Pension related	401,979	80,418
Total deferred outflows of resources	401,979	80,418
Total assets and deferred outflows of resources	\$ 49,016,186	\$ 46,773,311

The accompanying notes are an integral part of these statements

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

	2023	2022
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 606,744	\$ 66,667
Accrued expenses	134,114	43,435
Due to other funds	102,361	21,825
Due to other government agencies	920,134	799,160
Compensated absences	95,735	87,556
Current portion of capital lease	1,990	1,932
Total current liabilities	1,861,078	1,020,575
Other noncurrent liabilities:		
Compensated absences	62,243	82,811
Unearned revenues	266,839	213,255
Capital lease payable	4,163	6,153
Net pension liability	575,160	-
Total other non current liabilities	908,405	302,219
Total liabilities	2,769,483	1,322,794
Deferred inflows of resources		
Leases related	3,169,608	4,607,311
Pension related	28,023	343,000
Total deferred inflows of resources	3,197,631	4,950,311
Total liabilities and deferred inflows of resources	5,967,114	6,273,105
NET POSITION		
Net investments in capital assets	9,853,956	8,949,784
Restricted for:		
Capital projects	3,983,940	4,070,964
Debt service	569,555	542,994
Distribution of surplus net revenue	5,860,052	4,884,666
Unrestricted	22,781,569	22,051,798
Total net position	43,049,072	40,500,206
Total liabilities, deferred inflows of resources and net position	\$ 49,016,186	\$ 46,773,311

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	\$ 11,773,691	\$ 10,361,157
Rentals	2,941,198	2,684,385
Other	392,570	207,846
Total operating revenues	<u>15,107,459</u>	<u>13,253,388</u>
Operating expenses:		
Salaries, wages and employee benefits	1,777,716	1,547,617
Supplies	178,159	131,019
Contractual and other services	1,322,403	1,108,256
Repairs and maintenance	273,500	221,351
Depreciation and amortization	811,919	1,063,463
Total operating expenses	<u>4,363,697</u>	<u>4,071,706</u>
Operating income	<u>10,743,762</u>	<u>9,181,682</u>
Nonoperating revenues (expenses)		
Investment earnings	387,037	58,376
Interest expense	(245)	(302)
Interest on board advances	832,217	794,704
Intergovernmental	6,620	17,697
Interest revenue - leases	32,116	27,096
Other	(3,734,088)	(3,226,195)
Net nonoperating expenses	<u>(2,476,343)</u>	<u>(2,328,624)</u>
Income before capital contributions and transfers	8,267,419	6,853,058
Capital contributions	-	144,029
Transfers out	(5,718,553)	(4,275,380)
Change in net position	2,548,866	2,721,707
Net position, beginning of year	<u>40,500,206</u>	<u>37,778,499</u>
Net position, end of year	<u>\$ 43,049,072</u>	<u>\$ 40,500,206</u>

The accompanying notes are an integral part of these statements

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

	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 15,157,588	\$ 13,481,577
Payments to employees	(1,694,930)	(1,680,994)
Payments to suppliers	(1,069,670)	(1,450,160)
Net cash provided by operating activities	<u>12,392,988</u>	<u>10,350,423</u>
Cash flows from noncapital financing activities		
Transfers to other funds	(5,718,553)	(4,275,380)
Subsidy from federal grant	23,288	7,171
Distribution of income to the City of Hidalgo	(3,613,114)	(3,209,003)
Net cash used for noncapital financing activities	<u>(9,308,379)</u>	<u>(7,477,212)</u>
Cash flows from capital and related financing activities		
Capital contributions	-	144,029
Purchase of capital assets	(1,714,158)	(276,974)
Principal repayments-bonds and notes	(1,932)	(1,875)
Interest paid	(245)	(302)
Net cash used for capital and related financing activities	<u>(1,716,335)</u>	<u>(135,122)</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	14,175,154	17,781,844
Purchase of investments	(16,080,061)	(20,439,483)
Receipt of interest	411,811	84,266
Net cash used for investing activities	<u>(1,493,096)</u>	<u>(2,573,373)</u>
Net change in cash	(124,822)	164,716
Cash, beginning of year	<u>355,167</u>	<u>190,451</u>
Cash, end of year	<u>\$ 230,345</u>	<u>\$ 355,167</u>

The accompanying notes are an integral part of these statements

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

	2023	2022
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ 10,743,762	\$ 9,181,682
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	811,919	1,063,463
(Increase) decrease in deferred outflows of resources - pension	(321,561)	1,750
Increase (decrease) in deferred inflows of resources - pension	(314,977)	210,072
Increase (decrease) in deferred inflows of resources - leases	(1,437,703)	4,607,311
(Increase) decrease in lease receivable	1,431,793	(4,631,351)
(Increase) decrease in accounts receivable	2,455	226,900
Increase (decrease) in accounts payable	540,077	(8,584)
Increase (decrease) in compensated absences payable	(12,389)	1,883
Increase (decrease) in accrued liabilities	90,679	11,518
Increase (decrease) due to other funds	80,536	19,050
Increase (decrease) in net pension liability	724,813	(358,600)
Increase (decrease) in unearned revenue	53,584	25,329
Total adjustments	1,649,226	1,168,741
Net cash provided by operating activities	<u>\$ 12,392,988</u>	<u>\$ 10,350,423</u>
Reconciliation to statement of net position:		
Cash	\$ 92,763	\$ 170,325
Cash restricted	137,582	184,842
Total cash	<u>\$ 230,345</u>	<u>\$ 355,167</u>

The accompanying notes are an integral part of these statements

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

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

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

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

Basis of Accounting

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

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

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

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

Capital Assets

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

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Total depreciation expense for the years ended September 30, 2023 and 2022 was \$811,919 and \$1,063,463 respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives are 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 are charged to expenses as incurred. Gains and losses on disposition of capital assets are included in income.

Advances*Anzalduas Special and Start Up Fund Advance Receivable from Anzalduas International Crossing*

Beginning with fiscal year ending September 30, 1991, the Hidalgo Bridge has financed the development costs for the Anzalduas International Crossing (Anzalduas Bridge) from a restricted account of that fund, the Anzalduas Special and Start Up Fund. According to the 2003 Agreement, the amount that may be spent from that fund for expenses relating to the obtaining of the Anzalduas Bridge Presidential Permit and for the design or construction costs, operation expenses of the Anzalduas Bridge, and initial debt service on bonds related to the Anzalduas Bridge is limited to no more than \$6,000,000. This advance is to be repaid with interest accruing at the interest rate on bonds issued to finance the Anzalduas Bridge, from the net revenues of the Anzalduas Bridge, after all bond ordinance requirements have been met. As of September 30, 2023, the Anzalduas Special and Start Up Fund advance receivable from the Anzalduas 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 Hidalgo's portion is \$6,306,035. During this fiscal year, the balance was increased by accrued interest in the amount of \$809,364.

Board Advances Receivable from Anzalduas International Crossing

The 2003 Agreement also provides for advances to be made between the Hidalgo Bridge and the Anzalduas Bridge as the need arises. The agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is to be repaid from the net revenues of the Anzalduas Bridge after all bond ordinance requirements have been met and the Anzalduas Special and Start Up Fund advance receivable has been paid. As of September 30, 2023 the board advance receivable 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 City of McAllen Series 2017B Bonds debt service requirements. The 2003 Agreement provides that advances will accrue interest at a rate equal to the City of McAllen's bank depository rate. This advance is deducted from the City of McAllen's share of unallocated 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 Series 2017A 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Accumulated Unpaid Compensated Absences**

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

Income Distributions

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, executed April 1, 2003, whereby the Cities of McAllen and Hidalgo each will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 64% and the City of Hidalgo, 36%. The agreement also stipulates that as long as the City of McAllen owns and operates the Hidalgo Bridge, it will guarantee that the City of Hidalgo share will be no less than \$2,300,000, provided that there is no natural or man-made disaster causing damage to the bridge facilities, which substantially decreases tolls; no major peso devaluation substantially curtailing the bridge usage; no Mexican political insurrection or terrorist activities or policy changes, which substantially curtail the bridge usage; or unforeseen changes in transportation usage or infrastructure which substantially curtails bridge usage, with the exception of redirection of traffic to the Anzalduas Bridge.

Restricted Assets

Restricted assets represent interest-bearing checking accounts, investments, and related accrued interest receivable, which are restricted for current debt service, contingency, capital improvements fund, and distribution of surplus net revenues to the City of McAllen. The debt service and contingency accounts arose as a result of bond agreements signed by the "Bridge" and are thus restricted by provisions of the agreements. Net position is restricted to the extent of such legally imposed restrictions.

Cash and Cash Equivalents

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

Leases

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

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

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

NOTE 2 - CASH AND INVESTMENTS

State statutes authorize the Hidalgo Bridge to invest in obligations of the U.S. Treasury, U.S. government agency securities, direct obligations of the State of Texas or any other state, or its agencies, certificates of deposit, banker's acceptance, commercial paper, repurchase agreements, mutual funds and qualified investment pools. The City's Investment policy, which governs investments within the Hidalgo Bridge, however, limits investments to U.S. Treasuries, U.S. government agencies, investment pools, commercial paper, no-load mutual funds, money market funds, municipal bonds, fully collateralized repurchase agreements, as well as certificates of deposit. Investments are stated at fair value, as required under Governmental Accounting Standards Board Statement No. 72.

Investments*Fair Value Measurement*

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

The Hidalgo Bridge uses a matrix pricing model (Level 2 inputs) to measure the fair market value of its government security investments, and bid prices for the fair value of certificates of deposit.

There were no government security investments or certificates of deposit for the years ended September 30, 2023 and 2022.

The total amount excludes investments in local government pools which are recorded at amortized cost. These investments total \$13,214,923 and \$11,310,016 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.

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

Interest rate risk

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

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 investment objective a \$1.00 net asset value, certificates of deposits, U.S. Treasuries and U.S. government agencies, commercial paper, no-load mutual funds, money market mutual funds, municipal bonds, fully collateralized repurchase agreements.

Concentration of credit risk

The Hidalgo Bridge investment holdings at September 30, 2023 and 2022 were confined to TexPool Prime. The investment policy is silent in the concentration of holdings in the various types of securities and investments.

NOTE 3 - CAPITAL ASSETS

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

	Balance at September 30, 2022	Additions	Deletions	Balance at September 30, 2023
Capital assets, not being depreciated				
Land	\$ 787,486	\$ -	\$ -	\$ 787,486
Construction in progress	1,112,939	1,150,510	-	2,263,449
Capital assets, being depreciated				
Buildings	16,019,315	379,139	-	16,398,454
Improvements other than buildings	4,957,133	90,392	-	5,047,525
Machinery and equipment	3,952,762	94,117	-	4,046,879
Total capital assets	26,829,635	1,714,158	-	28,543,793
Less accumulated depreciation	(17,871,765)	(811,919)	-	(18,683,684)
Total capital assets, net	\$ 8,957,870	\$ 902,239	\$ -	\$ 9,860,109

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

NOTE 4 - LONG TERM LIABILITIES

Long-term liability activities for the year ended September 30, 2023 and September 30, 2022 are reflected in the following tables:

	Balance at September 30, 2022	Additions	Deletions	Balance at September 30, 2023	Amounts Due Within One Year
Capital lease	\$ 8,085	\$ -	\$ (1,932)	\$ 6,153	\$ 1,990
Net pension liability (asset)	(149,653)	724,813	-	575,160	-
Compensated absences	170,367	75,167	(87,556)	157,978	95,735
	<u>\$ 28,799</u>	<u>\$ 799,980</u>	<u>\$ (89,488)</u>	<u>\$ 739,291</u>	<u>\$ 97,725</u>

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

NOTE 5 - LEASES

The Hidalgo Bridge leases property and buildings to the United States Government, the state of Texas, and various commercial dealers. The Hidalgo Bridge has also entered into license agreements with various telecommunications companies in relation to the utilization of international telephone and/or fiber optic cables connecting in the Republic of Mexico. Current leases range from monthly leases with commercial dealers to a 15-year lease with the General Service Administration (GSA). This 15-year lease consists of a 10-year firm term and an additional 5-year non-firm term. The Hidalgo Bridge also has a 5-year lease with three additional 5-year extension options with the United Export Traders Association (UETA) of Texas, Inc. and a 10-year lease with Transtelco, Inc. Interest rates range from 0.1930% to 2.8220%.

Lease payments received during the current year were as follows:

Year ending September 30,	Principal	Interest	Total
2023	\$ 1,965,729	\$ 23,568	\$ 1,989,297

Future minimum lease payments to be received are as follows:

Year ending September 30,	Principal	Interest	Total
2024	\$ 1,689,989	\$ 25,824	\$ 1,715,813
2025	415,330	18,729	434,059
2026	427,930	13,137	441,067
2027	441,142	7,276	448,418
2028	101,379	2,139	103,518
2029-2030	123,788	2,182	125,970
	<u>\$ 3,199,558</u>	<u>\$ 69,287</u>	<u>\$ 3,268,845</u>

NOTE 6 - RETIREMENT PLAN

The City and Hidalgo Bridge provide pension benefits for all full-time employees, except firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (the “TMRS”), an agent multiple-employer public employee retirement system.

TMRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 1-877-634-8595; in addition, the report is available on TMRS’ website at www.TMRS.com.

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

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

	Plan Year 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

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. Since the Hidalgo Bridge is a component of the overall financial City wide audit report, additional pension disclosures are reflected in the City’s Annual Comprehensive Financial Report. Included in the financial statements are Hidalgo Bridge’s allocable share of the net pension liability of \$575,160, deferred outflow of resources – pension of \$401,979, and deferred inflow of resources – pension of \$28,023.

NOTE 7 - ACCOUNTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City, as an entity wide, will report all required disclosures of GASB Statement Number 75 in the City’s Annual Comprehensive Financial Report. The City instituted an internal service fund to account for health benefits related to current and future retirees. The Hidalgo Bridge has thirty nine full time employees. For the current year, the fund contributed \$12,216 towards the annual required contribution. Since the current staffing represents a fraction of total City employees, management believes that any future requirements will have minimal impact on the Hidalgo Bridge.



SUPPLEMENTAL INFORMATION

**Schedule of Income Distribution
Last Ten Years**

	Year Ended September 30,			
	2014	2015	2016	2017
Bridge revenues (1)	\$ 12,684,779	\$ 13,601,940	\$ 14,521,021	\$ 14,761,094
Deductible operating expenses (1)	<u>2,451,232</u>	<u>2,548,148</u>	<u>2,653,694</u>	<u>2,791,331</u>
	<u>10,233,547</u>	<u>11,053,792</u>	<u>11,867,327</u>	<u>11,969,763</u>
Surplus from contingency, construction, and debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,233,547</u>	<u>11,053,792</u>	<u>11,867,327</u>	<u>11,969,763</u>
Less:				
Required transfers to restricted assets (2)	-	-	-	-
Transfer to Anzalduas International Bridge Fund (3)	-	-	-	-
Transfer to Capital Improvement Fund	708,562	705,687	1,251,894	1,431,298
Transfer to Health Insurance Fund	-	-	55,744	8,443
Transfer to Marketing Fund	-	-	-	-
Long term note principal	-	-	168,710	176,460
Capital lease principal - Motorola	-	-	-	-
Transfer to start up fund	-	-	-	-
Deductions for capital assets acquisitions (3)	-	-	-	-
Board advance Series 2007 "A" Bonds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Base revenues	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</u>	<u>\$ 10,390,979</u>	<u>\$ 10,353,562</u>
Distributions and reservations of surplus revenues:				
Net distribution to City of Hidalgo	<u>3,428,995</u>	<u>3,725,318</u>	<u>3,740,752</u>	<u>3,727,282</u>
City of McAllen:	6,095,990	6,622,787	6,650,227	6,626,280
Less: Series "B" Bonds debt service	(947,075)	(947,888)	(949,755)	(914,417)
Less: Implied interest expense on Series "B" Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net distribution to City of McAllen	<u>5,148,915</u>	<u>5,674,899</u>	<u>5,700,472</u>	<u>5,711,863</u>
Base revenue only	<u>\$ 9,524,985</u>	<u>\$ 10,348,105</u>	<u>\$ 10,390,979</u>	<u>\$ 10,353,562</u>

(1) Revenues and deductible operating expenses are defined in the agreement between the Cities of Hidalgo and McAllen governing the amount to be paid to the City of Hidalgo. Revenues are defined as tolls, rental income, other income, and interest income, excluding interest income earned on the revenue bond construction account, less interest paid to the City of McAllen for receiving its surplus revenues distribution subsequent to its fiscal year end. Expenses are operating expenses as shown in the statements of revenues, expenses, and changes in net position, less depreciation and amortization, and excluding new bridge project costs.

(2) Includes required contingency transfer authorized by Board of Trustees.

(3) Authorized by Board of Trustees in December 2004.

Year Ended September 30,					
2018	2019	2020	2021	2022	2023
\$ 14,447,224	\$ 13,888,525	\$ 10,764,761	\$ 10,209,588	\$ 13,420,232	\$ 15,322,301
2,776,938	2,798,776	2,889,650	2,739,511	3,141,523	3,432,216
11,670,286	11,089,749	7,875,111	7,470,077	10,278,709	11,890,085
-	-	-	-	-	-
11,670,286	11,089,749	7,875,111	7,470,077	10,278,709	11,890,085
-	-	-	-	-	-
-	-	-	-	-	-
1,395,748	1,319,338	944,722	825,136	1,292,380	1,460,127
14,863	93,150	40,865	24,811	22,801	46,560
-	-	-	-	-	9,000
184,568	195,824	133,600	-	-	-
-	-	1,766	1,820	1,875	1,932
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311	\$ 8,961,653	\$ 10,372,467
3,627,039	3,375,018	2,469,797	2,378,377	3,226,195	3,734,088
6,448,068	6,068,119	4,322,662	4,235,719	5,735,458	6,638,379
(846,258)	(844,742)	(842,725)	(846,642)	(850,792)	(778,327)
-	-	-	-	-	-
5,601,810	5,223,377	3,479,937	3,389,077	4,884,666	5,860,052
\$ 10,075,107	\$ 9,481,437	\$ 6,754,158	\$ 6,618,311	\$ 8,961,653	\$ 10,372,467

Schedule of Rental Income
Year Ended September 30, 2023

Lessee	Amount
General Services Administration	\$ 2,412,930
United Export Traders Association	274,654
Texas Alcoholic Beverage Commission	27,083
Money Exchange House	22,081
ATM	10,994
PALBA	23,280
AT&T	78,989
McAllen Data Center	45,857
Transtelco	45,330
	<u>\$ 2,941,198</u>

Schedule of Expenses by Department
Years Ended September 30, 2023 and 2022

	Department		2023 Total	2022 Total
	Administration	Operations		
Salaries and wages				
Exempt salaries	\$ 126,583	\$ 65,719	\$ 192,302	\$ 191,330
Nonexempt wages and part time	43,615	928,415	972,030	955,632
Board of trustees fees	3,000	-	3,000	3,450
Overtime	448	101,132	101,580	129,013
Total salaries and wages	173,646	1,095,267	1,268,912	1,279,425
Payroll taxes and benefits				
Social security and unemployment tax	12,936	80,762	93,698	97,174
Employee retirement	14,930	91,559	106,489	105,753
Employee benefits	241,325	52,440	293,765	53,430
Transportation and telephone allowance	6,632	8,220	14,852	11,835
Total payroll taxes and benefits	275,823	232,981	508,804	268,192
Materials and supplies				
Janitorial	-	93,817	93,817	66,517
Office supplies	14,339	-	14,339	8,215
Clothing and uniforms	966	11,171	12,137	15,196
Operating supplies	16,615	19,454	36,069	29,176
Equipment	-	21,797	21,797	11,915
Total materials and supplies	31,920	146,239	178,159	131,019
Maintenance				
Vehicles	6,092	-	6,092	3,735
Buildings	-	157,471	157,471	105,349
Fuel	2,748	-	2,748	5,259
Equipment	2,087	105,102	107,189	107,008
Total maintenance	10,927	262,573	273,500	221,351
Other services and charges				
Auditing services	19,059	-	19,059	18,118
Advertising	53,334	-	53,334	68,040
Dues and subscription	27,947	-	27,947	20,875
Management fee	185,000	-	185,000	135,000
Postage	651	-	651	317
Professional services	188,943	-	188,943	104,828
Photocopier rental	2,872	-	2,872	1,523
Rental and contractual	21,890	234,415	256,305	194,891
Bridge security	-	295,153	295,153	307,298
Travel and training	9,671	-	9,671	9,771
Telephone	5,120	-	5,120	6,809
Utilities	-	77,313	77,313	76,228
General insurance	42,954	-	42,954	24,762
Miscellaneous	26,467	131,614	158,081	139,796
Total other services and charges	583,908	738,495	1,322,403	1,108,256
Total expenses before depreciation	1,076,224	2,475,555	3,551,778	3,008,243
Depreciation and amortization	811,919	-	811,919	1,063,463
Total operating expenses	\$ 1,888,143	\$ 2,475,555	\$ 4,363,697	\$ 4,071,706

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

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
ASSETS			
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	5,654,243	5,303,803	10,958,046
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	9,490,591	73,403,868	82,894,459
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	(18,683,684)	(20,746,081)	(39,429,765)
Total capital assets, net of accumulated depreciation and amortization	9,860,109	35,109,796	44,969,905
Other noncurrent assets:			
Lease receivable	1,509,569	-	1,509,569
Board advances	22,099,695	-	22,099,695
Total other noncurrent assets	23,609,264	-	23,609,264
Total noncurrent assets	42,959,964	108,513,664	151,473,628
Total assets	48,614,207	113,817,467	162,431,674
Deferred outflows of resources			
Pension related	401,979	113,310	515,289
Total deferred outflows of resources	401,979	113,310	515,289
Total assets and deferred outflows of resources	\$ 49,016,186	\$ 113,930,777	\$ 162,946,963

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

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
LIABILITIES			
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
NET POSITION			
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 Toll Bridge	Anzalduas Int'l 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 Toll Bridge	Anzalduas Int'l Crossing	Total
Cash flows from operating activities			
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	<u>12,392,988</u>	<u>(5,353,983)</u>	<u>7,039,005</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	778,327	778,327
Transfers to other funds	(5,718,553)	(2,035,145)	(7,753,698)
Subsidy from federal/state grant	23,288	2,221,052	2,244,340
Distribution of income to the 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	<u>(9,308,379)</u>	<u>958,989</u>	<u>(8,349,390)</u>
Cash flows from capital and related financing activities			
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	<u>(1,716,335)</u>	<u>(4,953,139)</u>	<u>(6,669,474)</u>
Cash flows from investing activities			
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	<u>(1,493,096)</u>	<u>9,469,147</u>	<u>7,976,051</u>
Net change in cash	(124,822)	121,014	(3,808)
Cash, beginning of year	<u>355,167</u>	<u>137,259</u>	<u>492,426</u>
Cash, end of year	<u>\$ 230,345</u>	<u>\$ 258,273</u>	<u>\$ 488,618</u>

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

	McAllen Int'l Toll Bridge	Anzalduas Int'l Crossing	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 10,743,762	\$ 3,374,934	\$ 14,118,696
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	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	1,649,226	(8,728,917)	(7,079,691)
Net cash provided by (used for) operating activities	<u>\$ 12,392,988</u>	<u>\$ (5,353,983)</u>	<u>\$ 7,039,005</u>
Reconciliation to statement of net position:			
Cash	\$ 92,763	\$ 125,789	\$ 218,552
Cash restricted	137,582	132,484	270,066
Total cash	<u>\$ 230,345</u>	<u>\$ 258,273</u>	<u>\$ 488,618</u>
Noncash investing, capital and financing activities:			
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	2,834,249	2,822,746	2,896,421	2,862,748
Trucks	13,075	13,284	11,554	10,652
Buses	19,933	19,927	17,330	15,979
Total vehicles (1)	<u>2,867,257</u>	<u>2,855,957</u>	<u>2,925,305</u>	<u>2,889,379</u>
Passenger traffic southbound:				
Passengers in cars (2)	7,085,623	7,056,865	7,241,053	7,156,870
Pedestrians	1,503,611	1,562,990	1,705,111	1,641,614
Passengers and drivers – buses and trucks	578,057	577,883	502,570	463,379
Total persons	<u>9,167,291</u>	<u>9,197,738</u>	<u>9,448,734</u>	<u>9,261,863</u>

(1) Source: McAllen International Toll Bridge Traffic Count Report.

(2) Calculation based on historical average of 2.5 occupancy used for passengers in cars.

Year Ended September 30,					
2018	2019	2020	2021	2022	2023
2,794,901	2,642,179	1,890,935	1,647,489	2,587,595	2,922,848
11,597	11,911	7,730	6,596	7,221	6,975
17,396	17,866	11,596	9,893	10,832	10,463
<u>2,823,894</u>	<u>2,671,956</u>	<u>1,910,261</u>	<u>1,663,978</u>	<u>2,605,648</u>	<u>2,940,286</u>
6,987,253	6,605,448	4,727,338	4,118,723	6,468,988	7,307,120
1,522,221	1,521,170	1,521,170	815,956	1,089,784	1,286,289
504,478	518,120	336,272	286,765	313,965	303,270
<u>9,013,952</u>	<u>8,644,738</u>	<u>6,584,780</u>	<u>5,221,444</u>	<u>7,872,737</u>	<u>8,896,679</u>

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

	Year Ended September 30,			
	2014	2015	2016	2017
Southbound traffic:				
Cars	2,834,249	2,822,746	2,886,421	2,862,748
Trucks	13,075	13,284	11,554	10,652
Total car and truck traffic	<u>2,847,324</u>	<u>2,836,030</u>	<u>2,897,975</u>	<u>2,873,400</u>
Truck traffic percentage	0.46%	0.47%	0.40%	0.37%
Car and truck revenue:				
Cars	\$ 8,910,274	\$ 9,447,892	\$ 10,125,250	\$ 10,019,618
Trucks	91,525	92,988	80,878	74,564
Total car and truck revenue	<u>\$ 9,001,799</u>	<u>\$ 9,540,880</u>	<u>\$ 10,206,128</u>	<u>\$ 10,094,182</u>
Truck revenue percentage	1.02%	0.97%	0.79%	0.74%
Average revenue per car	\$ 3.14	\$ 3.35	\$ 3.51	\$ 3.50
Average revenue per truck	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00

Year Ended September 30,					
2018	2019	2020	2021	2022	2023
2,794,901 11,597	2,642,179 11,911	1,890,935 7,730	1,647,489 6,596	2,587,595 7,221	2,922,848 6,975
<u>2,806,498</u>	<u>2,654,090</u>	<u>1,898,665</u>	<u>1,654,085</u>	<u>2,594,816</u>	<u>2,929,823</u>
0.41%	0.45%	0.41%	0.40%	0.28%	0.24%
\$ 9,782,154 81,179	\$ 9,247,627 83,376	\$ 6,618,273 54,113	\$ 5,766,212 46,169	\$ 9,056,583 50,548	\$ 10,229,968 48,826
<u>\$ 9,863,333</u>	<u>\$ 9,331,003</u>	<u>\$ 6,672,385</u>	<u>\$ 5,812,381</u>	<u>\$ 9,107,131</u>	<u>\$ 10,278,794</u>
0.82%	0.89%	0.81%	0.79%	0.56%	0.48%
\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00

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**Schedule of Board Advances to Anzalduas International Crossing
September 30, 2023
(Unaudited)**

Anzalduas Special & Startup Fund:

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

Board advance "A" to Anzalduas International Crossing:

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

Combined totals of advances to Anzalduas International Crossing:

Balance at September 30, 2022	Additions		Balance at September 30, 2023
	Advances	Implied 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 to Anzalduas International Crossing
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 to Anzalduas International Crossing
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.

	Bank Rate	# Days	Advance	Interest	(Payment)	Balance
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 to Anzalduas International Crossing
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 - HDI Specialty Insurance - Starstone Specialty Insurance - Swiss Re Corporate Solutions - 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 \$2,000,000		\$750,000 (OR)
Third Party Claims Admin	Tristar Risk Management					
All Lines Aggregate - General Liability - Automobile Liability - Errors & Omissions Liability - Employee Benefits Liability	Self-Insured	10/01/2022 to 10/01/2023		\$250,000 per person / \$500,000 per claim Tort Claims cap		
Crimes Insurance	Alliant	7/01/2021 to 7/01/2023	- Employee Dishonesty - Forgery or Alteration - Theft, Disappearance & Destruction - Computer Fraud	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000		\$2,500 \$2,500 \$2,500 \$2,500

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

To the Board of Trustees
McAllen International Toll Bridge

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McAllen International Toll Bridge (the Bridge) as of and for the years ended September 30, 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
McAllen International Toll Bridge

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 5, 2024