

# *CITY OF MISSION, TEXAS*

## *Comprehensive Annual Financial Report*

*For Fiscal Year Ended  
September 30, 2008*

*Prepared By:  
Finance Department*





# MISSION CITY COUNCIL



Norberto "Beto" Salinas  
Mayor



Leo Olivarez  
Mayor Pro Tem



Celestino Ramirez  
Council Member



Norie Gonzalez Garza  
Council Member



Ruben Plata  
Council Member



CITY OF MISSION, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2008

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# *INTRODUCTORY SECTION*

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Norberto "Beto" Salinas, Mayor  
Leonel Olivarez, Mayor Pro Tem  
Celestino Ramirez, Councilman

Ruben Plata, Councilman  
Norie Gonzalez Garza, Councilwoman  
Julio Cerda, P.E., City Manager



## CITY OF MISSION

C E L E B R A T I O N

January 23, 2009

To the Honorable Mayor and  
Members of the City Council  
Citizens of Mission

State and local law requires that the City of Mission publish annually a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, we hereby respectfully submit the Comprehensive Annual Financial Report of the City of Mission for the fiscal year ended September 30, 2008.

This report contains management's representations concerning the finances of the City of Mission. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mission has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mission's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mission's financial statements have been audited by Long Chilton, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mission for the fiscal year ended September 30, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that based upon the audit, there was a reasonable basis for rendering an unqualified opinion and that the City of Mission's financial statements for the fiscal year ended September 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Mission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 as amended and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also, on the audited government's internal

controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Mission's Single Audit Section of this report.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Mission's MD&A can be found immediately following the report of the independent auditors.

## **CITY PROFILE, STRUCTURE, AND ECONOMIC CONDITION**

The City of Mission was incorporated on March 19, 1910 and is located along the U.S. - Mexico border in South Texas. The City currently occupies a land area of approximately 33.09 square miles. The City's population has grown since the 1990 Census from 31,552 to 45,408 as per the 2000 Census, an increase of 43.9%. The City is empowered to levy a property tax on both real and personal properties located within its boundaries and it is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Mission is a political subdivision located in Hidalgo County operating as a home rule city under the City's Home Rule Charter, which was last amended on May 10, 2008. The City operates under a Council/Manager form of government where the Mayor and four Council members are elected at large to four-year staggered terms. The City Council is responsible, among other things, to enact local legislation, adopt budgets, determine policies and appoint the City Manager and City Attorney. The City Manager is responsible for executing the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural events; water, sewer, and sanitation services; and a municipal golf course.

The annual budget serves as the foundation for the City's financial planning and control. The department heads of the City are required to submit request for appropriations to the City Manager by the second Friday in June; the City Manager uses these requests as the starting point in developing a proposed budget. The City Manager then presents the proposed budget to the City Council for their review by mid-August. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than fifteen (15) days prior to October 1, the beginning of the new fiscal year. The budget is prepared in order of fund, function, and department. The legal level of budgetary control is in the department level within each fund. Any change to the original budget, which will exceed or deplete the appropriated amount at the department level requires City Council approval. Any change to the original departmental budget between line items will be processed through a budget reclassification form, which will require the City Manager, Finance Director, and Department Head approval. Budget adjustments may not be made between different departments nor can they be used to increase or decrease wages and benefits; such changes will require City Council approval.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Community Development Block Grant Fund, this comparison is presented on pages 107-115 as part of the required supplementary information. For governmental funds, other than the General Fund and the Community Development Block Grant Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 136.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Mission operates.

**Local economy.** Mission is one of the major cities of the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA). Mission is among the fastest growing cities in the Rio Grande Valley, State of Texas, and United States. Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to over 30,000 "Winter Texans" for four to six months out of the year. Winter Texans are mostly retired citizens from the northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the growing economy of the City.

With the help of the Mission Economic Development Authority (MEDA), the Mission Economic Development Corporation (MEDC), the Greater Mission Chamber of Commerce, and the Mission Redevelopment Authority (MRA), Mission has experienced substantial commercial and residential growth over the past several years. The City of Mission, through its economic development partners, MEDA, MEDC, and MRA, has been able to assist in the creation of numerous jobs. Following is a list of various developments that have created several jobs in the City.

- In the retail sector, Sharyland Towne Crossing is a development of approximately 351,270 sq. ft. with a capital investment of over \$11 million. This development is the home of H.E.B. Plus!, Target, Office Depot, TJ Maxx, Ross Dress for Less, Blockbuster Video, Wendy's Chick-Fil-A, Marble Slab Creamery, Just A Cut, Blue Shell Restaurant, Marianne's, Payless Shoes, Merle Norman, Sally's Beauty, Anna's Linens, Famous Footwear, Dots, PETCO, Mattress Superstore, Pick-A-Salad, Taqueria El Zarape, Sprint, and Inter National Bank. The project was completed late 2007 and generated 700 jobs. Various shopping strip centers have begun operations in the area totaling 31,812 sq. ft. with a combined capital investments of \$3.75 million creating an additional 79 jobs. Six other commercial developments with a combined capital investment of \$2.4 million and 35,175 sq. ft. also began operations with fourteen new jobs created.
- Some new developments in the industrial side have also come about. LFD completed an 84,700 sq. ft. warehouse building in October 2007, with a capital investment of \$3.75 million creating 45 new jobs. At a capital investment of \$10 million, Ridge Commerce Center North at Sharyland continues the marketing of their 250,312 sq. ft. lease space facility. An industrial business relocated its facility in a 16,000 sq. ft. building with a \$1 million capital investment, adding 2 new jobs.

- In the restaurant category, national chain I-HOP opened for business in May 2008 in a 5,000 sq. ft. facility. The \$2 million capital investment leads to 60 new positions. Two other restaurants opened for business at a combined capital investment of \$440,000, occupying 4,900 sq. ft. and creating 20 new jobs.
- In the service sector, the Anzalduas International Bridge broke ground in June 2007 for a \$48 million investment, with completion expected by mid 2009. The City of Mission has undertaken several other projects including the installation of a force main from Los Indios to Madero at a capital investment of \$500,000 and the Mission Central Fire Station & Emergency Operation Center, an expansion of 23,000 sq. ft. creating an additional 12 new jobs. Dr. Shah Eye Center is a two phase \$3.4 million capital investment project. Phase I is a 31,400 sq. ft. 13 unit facility where Dr. Shah will relocate his existing practice. Phase II is schedule to begin construction in October 2009. In addition, Motel 6 opened an 83-room motel with a capital investment of \$3.8 million creating 12 new jobs.
- The City has also grown in the education field with Sharyland ISD completing the relocation of B.L. Gray Middle School. The 151,000 sq. ft. \$19 million capital investment added 22 new employees to their existing staff of 83. Mission CISD opened two new schools at a combined capital investment of \$24.6 million and a total of 211,000 sq. ft., leading the district hire 150 new employees. The IDEA Academy is a 90,000 sq. ft. development that will be built in two phases over the next five years. Phase I, a 16,000 sq. ft. building was completed in August 2008. Construction for Phase II will begin in the fall and the entire \$3 million investment, once completed, will have created 37 new jobs.

According to the Texas Labor Market Review December 2008 report, the City of Mission unemployment rate was 7.2% as of November 2008. Although the unemployment rate rose, it is expected to decline with the opening of the Anzalduas International Bridge, which is expected to begin operations in June 2009.

The City of Mission implemented a Tax Increment Reinvestment Zone (Tax Increment Financing) to address development and redevelopment of residential, educational facilities, commercial, and park/open space properties including the acquisition of land for redevelopment purposes.

The following list identifies the major accomplishments that the City has undertaken to improve the community and its economy.

#### **Major Accomplishments For the Year 2007 - 2008**

- ✓ Maintained the same tax rate of \$0.5566 per \$100.00 valuation.
- ✓ Continued a Tax Freeze for the elderly and the disabled and approved a \$10,000 Tax Exemptions for the elderly and the disabled.
- ✓ Procured \$1,324,098 in federal, state, and private grants to assist in public safety, public works, and other City departments.

- ✓ In conjunction with Hidalgo County, the City was able to overlay several miles of streets within the City limits.
- ✓ Continued construction of Bentsen Palm Community Park, a 67-acre park on south Inspiration Road. Project is expected to be completed by December 2008.
- ✓ Continued the philosophy in CDBG program focusing solely on the reconstruction of homes and the funding of several public agencies. Eighteen houses were constructed in the CDBG housing program during the year.
- ✓ Continued working with City of McAllen and City of Hidalgo on the Anzalduas Bridge Project, which should be completed by June 2009.
- ✓ Completed the construction of the new Central Fire Station (\$3.4 million) at Tom Landry and Holland Streets. This project was funded by the Mission Redevelopment Authority.
- ✓ Issued \$7 million in bonds. Proceeds were used to purchase sweepers, police cars, park improvements, street improvements, and building of the City Hall Annex Building, which will be leased to the Chamber of Commerce.
- ✓ Continued to reduce the Crime Rate of the City.
- ✓ Continued with the expansion of 2 Mile Line between Taylor Road and Conway Avenue.
- ✓ Completed the North EDAP Project that includes connecting 45 colonias to the City sewer collection system and upgrading the existing sewer plant from 4.6 to 9.2 million gallons daily (MGDs) for a total amount of \$35 million (\$20 million grant and \$15 million in revenue bonds).
- ✓ Completion of the ORCA grant sewer connection program in conjunction with the Hidalgo County Urban County program.
- ✓ Continued the aggressive alley maintenance and paving program in the City.
- ✓ Commenced the expansion of the Stewart Road Bridge.
- ✓ Continued a strong relationship with the Mission Economic Development Corporation, the Mission Economic Development Authority, and the Greater Mission Chamber of Commerce in order to promote commerce and industrial growth.
- ✓ Enhanced Adult Recreation Programs, such as volleyball, softball, basketball, flag-football, and other recreational activities to include Senior Citizen programs.
- ✓ Completed the GIS project and made it available online.
- ✓ City Secretary Department was awarded the Five Star Award from the Texas Department of Health for the fifth year in a row.
- ✓ Completed the rehabilitation of the La Lomita Chapel.
- ✓ Commence the construction of the new water tower in the northeast area of City.
- ✓ Assessed all City departments and services to ensure efficiency and effectiveness of tax dollars by maximizing all resources and implementation of new ideas in order to provide a better municipal government.

#### **Goals For Fiscal Year 2008-2009**

- Increase the tax rate to \$0.5666 per \$100.00 valuation from \$0.5566 per \$100 valuation. The increase is still lower than the effective tax rate of \$0.5830.
- Continuation of focus on grant funds in the amount of \$500,000 to assist in public safety, parks & recreation, public works, and other City departments.
- Continuation of street, bridge and drainage improvements to improve infrastructure.
- Complete the Birdwell Park improvements.



- Commence the Northwest Park Improvement Project.
- Completion of Bentsen Palm Community Park.
- Fifteen (15) houses will be constructed in the CDBG housing program.
- Save over \$300,000 in electricity by continuing the City's membership in the South Texas Aggregation Project (STAP) versus the Price to Beat.
- Complete the construction of the City Hall Annex Building.
- Commence the construction of Fire Station No. 5/Police Substation.
- Complete the construction of the new water tower in the northeast area of City.
- Continuation of water and sewer line improvements in order to upgrade the City's utility infrastructure.
- Increase the number of rounds played and membership at the Shary Golf Course.
- Improve workplace safety and reduce the number of injury claims.
- Continue program of alley maintenance and paving in the City.
- Bring the Boys and Girls Club of Mission under the City's wing as a department of the City in order to provide more services to the children of Mission.
- Continuation of strong relationship with Mission Economic Development Corporation, Mission Economic Development Authority and Chamber of Commerce in order to promote commerce and industrial growth.

**Long-term financial planning.** In fiscal year 1999, the City Council passed resolution #963 establishing an unreserved, undesignated fund balance to equal to a minimum of three months of operations for the general operating fund; however, this fund balance requirement has not been met. At the end of this fiscal year, the fund balance increased by approximately \$500,000.

Careful long-term financial planning is an important goal for the City; therefore, over the next three fiscal years, the City Council's goal is to meet this requirement. The City Council has approved the updating of the Comprehensive Master Plan to guide city staff in meeting the future needs and demands of our fast growing community and still maintain the necessary fund balance. In October 2007, \$7 million in bonds were issued. The proceeds for these bonds were used for park improvements, street improvements, and purchase of machinery and equipment.

In July 2008, the City Council approved the issuance of a \$300,000 tax note for the purchase of a cemetery; however, the note was not issued until November 2008.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in interest-bearing demand deposit accounts, certificate of deposit, TEXPOOL, and other investment instruments authorized under the Public Funds Investment Act of 1987, as amended by the 77<sup>th</sup> Legislature, effective September 1, 2001, "The Act" (Chapter 2256 of the Government Code). "The Act" requires cities and other political subdivisions to adopt a written investment policy, conduct an annual review of the policy, have an annual compliance audit performed, have the designated investment officers undergo formal training, and submit quarterly investment reports to the governing body.

The City's investment policy states the City's investment objectives are in order; safety, liquidity, yield, and public trust. The maturities of investments range from 7 days to 365 days with an average maturity of 180 days. The average yield on investments for fiscal year 2008 was 2.77 percent. With the overall downturn in the national economy, the City's investments earnings



plummet with the market. A significant amount of the City's portfolio has been allocated to various government securities and to TEXPOOL.

The bank depository contract requires that all City deposits and investments other than direct purchases of U.S. Treasuries or Agencies shall be secured by a pledge of collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level has been established at 110% of market value of the principal and accrued interest on the deposits or investments less an amount insured by the FDIC. All Collateral securing the City's funds is kept at the Amegy Bank of Texas.

**Risk Management.** The City of Mission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City has established a limited risk management program for worker's compensation and health insurance.

Health insurance premiums are paid into the Internal Service Fund by all operating funds and are available to pay claims, claim reserves and administrative costs of the program. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Effective December 1, 1996, the City became fully insured for workers compensation insurance through a conventional policy and therefore, continues its aggressive risk management program for worker's compensation.

**Pension and other postemployment benefits.** On November 1, 1970, the City elected to participate in the state-operated Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. TMRS provides pension benefits for all eligible full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan; Mission being one of over 774 administered by TMRS. The Plan provides service and disability retirement benefits and death benefits to plan members and beneficiaries. Benefits are based on the sum of the employee's contributions to the Plan with interest and the City-financed monetary credits and interest. Effective January 1, 2007, the contribution rate for the employees increased from 5% to 6% with the City matching ratio currently being 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary determines the City's contribution rate annually.

Members can retire at the age of 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The City of Mission also provides postretirement benefits for certain retirees and their dependents. Included with the retirement benefits described, the City has elected to provide a supplemental death benefit in the form of a \$7,500 life insurance policy for the retirees under the plan. The City also provides 24 months of free health insurance for all retirees who served the City for 20 years or more. Effective 10/01/08, employees must retire with 25 years of service in order to receive the 24 months of free health insurance.

The City of Mission contributes to the Texas Statewide Emergency Services Personnel Retirement Fund (TSESPRF), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Texas. TSESPRF provides retirement, disability and death benefits to emergency services personnel who serve without monetary remuneration.


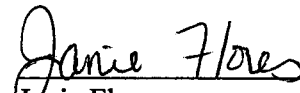
## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Mission, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This is the seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Finance Department and other City departments who assisted and contributed to its preparation. Due credit also should be given to the Mayor, City Council, Mission Economic Development Corporation, Mission Economic Development Authority, and Mission Redevelopment Authority for their interests and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
\_\_\_\_\_  
Julio Cerda  
City Manager  
\_\_\_\_\_  
Janie Flores  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mission  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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# *CITY OF MISSION, TEXAS*

*List of Principal Officials  
Year Ended September 30, 2008*

## *CITY OFFICIALS*

<i>Mayor</i>	<i>Norberto "Beto" Salinas</i>
<i>Mayor Pro Tem</i>	<i>Leo Olivarez</i>
<i>Council Member</i>	<i>Celestino Ramirez.</i>
<i>Council Member</i>	<i>Norie Gonzalez Garza</i>
<i>Council Member</i>	<i>Ruben Plata</i>

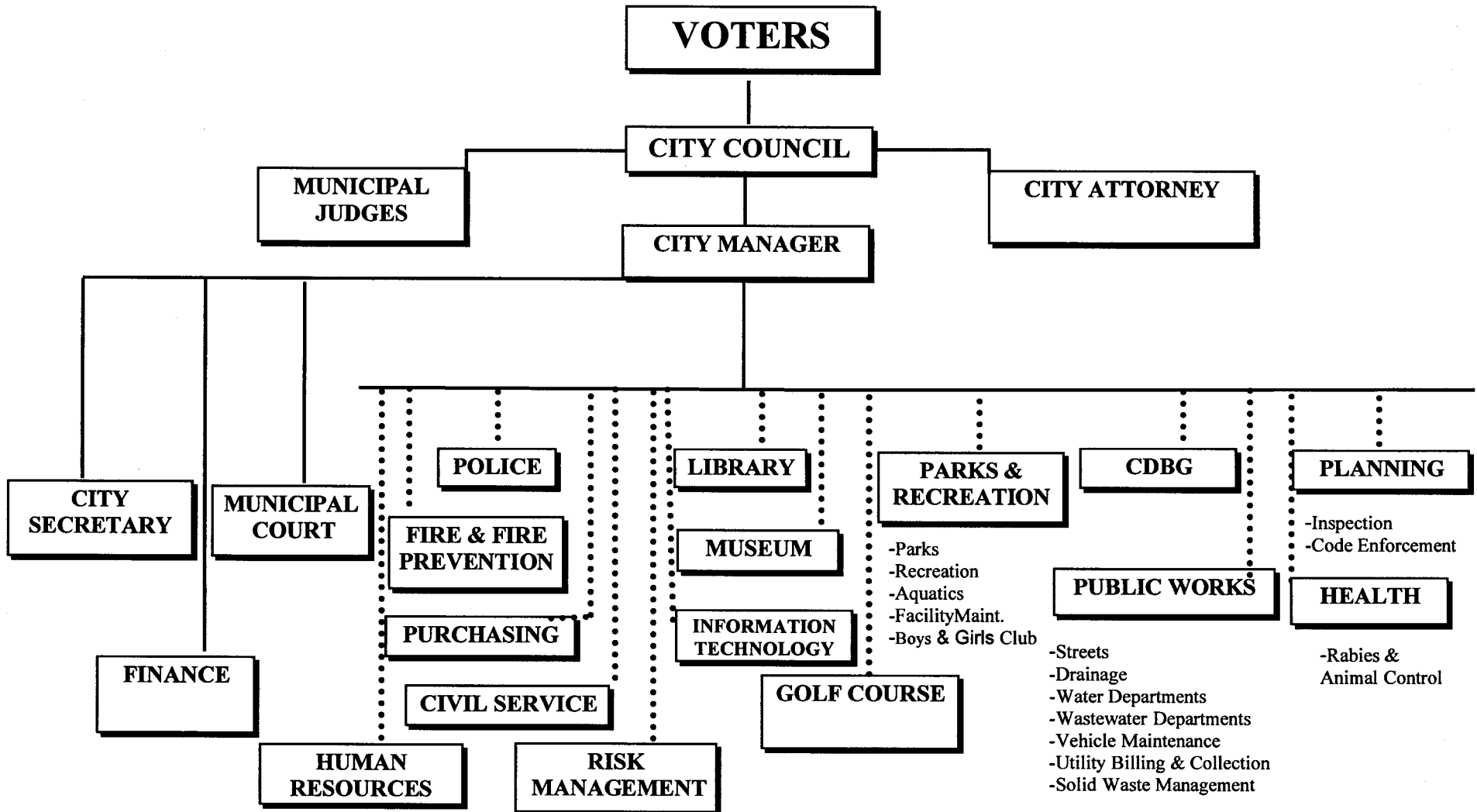
## *CITY ADMINISTRATION*

<i>City Manager</i>	<i>Julio Cerda</i>
<i>City Secretary</i>	<i>Anna Carrillo</i>
<i>Finance Director</i>	<i>Janie Flores</i>
<i>Chief Accountant</i>	<i>Randy Perez</i>
<i>City Attorney</i>	<i>David H. Guerra</i>
<i>CDBG Director</i>	<i>Joanne Longoria</i>
<i>Civil Service Director</i>	<i>Jesse Lerma</i>
<i>Fire Chief</i>	<i>Ricardo Saldana</i>
<i>Golf Course Director</i>	<i>Paul Schaefer, Jr.</i>
<i>Health Director</i>	<i>Noel Barrera</i>
<i>Library Director</i>	<i>Rusty Dove</i>
<i>Municipal Judge</i>	<i>Jonathan Wehrmeister</i>
<i>Museum Director</i>	<i>Adela Ortega</i>
<i>Parks and Recreation Director</i>	<i>Julian Gonzalez</i>
<i>Planning and Zoning Director</i>	<i>Sergio Zavala</i>
<i>Police Chief</i>	<i>Leo Longoria Jr.</i>
<i>Public Works Director</i>	<i>Ruben Diaz</i>
<i>Purchasing Director</i>	<i>Elizabeth Cabrera</i>
<i>Risk Management Director</i>	<i>Rosie Salazar</i>

## *OFFICIAL ISSUING REPORT*

*Janie Flores  
Finance Director*

# ORGANIZATIONAL CHART



# *FINANCIAL SECTION*

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Members - Division of Firms,  
American Institute of CPAs

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Mission, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Mission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mission Redevelopment Authority, which represent 44 percent, 91 percent and 38 percent, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mission Redevelopment Authority is based upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mission Redevelopment Authority were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2009 on our consideration of the City of Mission'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and the required supplementary information schedules as listed in the table of contents on pages 19 through 34 and 107 through 119 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mission's basic financial statements. The introductory section, the other supplementary information section, the capital assets used in the operations of governmental funds section, the supplemental schedules section, the statistical section and the federal awards section 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 other supplementary information section, the capital assets used in the operations of governmental funds section, and the supplemental schedules section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The accompanying schedule of expenditures of federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements of the City of Mission, Texas. The accompanying schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Long Chilton, LLP*

LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
January 29, 2009

## **Management's Discussion and Analysis**

As management of the City of Mission, we offer the City of Mission financial statements readers this narrative overview and analysis of the financial activities of the City of Mission for the fiscal year ending September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in our letter of transmittal, which can be found on pages 3-10 of this report.

### **Financial Highlights**

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$161,876,655 (net assets). Of this amount, \$13,962,773 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$18,328,816. Governmental activities contributed \$11,914,631 with the balance of \$6,414,185 resulting from Business-type activities. Total revenues reflect an increase of 24.08% compared to prior year. Expenses increased by 15.25%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,762,512 an increase of \$5,297,743 or 50.62% in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$4,206,593 or 14.14% of total general fund expenditures.
- The City of Mission total debt increased by \$2,099,690 or 3.22% during the current fiscal year. The increase was attributed to the issuance of \$7,000,000 in certificate of obligations. The bond proceeds were used for street improvements, a city hall annexation building, and capital machinery and equipment.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Mission's basic financial statements. The City of Mission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Mission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the City of Mission's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Mission is improving or deteriorating.

The statement of activities presents information showing how the government's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Mission that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mission include general government, public safety, highways and streets, health and welfare, sanitation, economic development, and culture and recreation. The business-type activities of the City of Mission include a utility system (water and sewer), a golf course operation, and a solid waste operation.

The government-wide financial statements include not only the City of Mission itself (known as the primary government), but also legally separate component units for which the City of Mission is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 37-39 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City of Mission funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Mission maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Community Development Block Grant Fund, which are all considered major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* starting on page 125 of this report.

The City of Mission adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 40-46 of this report.

**Proprietary funds.** The City of Mission maintains two different types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Mission uses enterprise funds to account for its water and sewer system, golf course operations, and solid waste operations. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Mission uses an internal service fund to account for its health insurance premiums, medical claims, and health administrative fees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, golf course operations, and solid waste operations, all of which are considered to be major funds of the City of Mission. Conversely, the internal service fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 47-51 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 52-53 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54-104 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Mission's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 105-120 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. Combining statements and individual fund schedules begin on page 125 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Mission, assets exceeded liabilities by \$161,876,655 at the close of the most recent fiscal year.

The following table summarizes the City's net assets as of September 30, 2008.

City of Mission Net Assets September 30, 2008						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 23,274,663	\$ 15,882,641	\$ 26,815,144	\$ 28,451,196	\$ 50,089,807	\$ 44,333,837
Capital assets	100,983,498	89,803,170	88,777,597	83,293,465	189,761,095	173,096,635
Total assets	124,258,161	105,685,811	115,592,741	111,744,661	239,850,902	217,430,472
Long-term liabilities	29,511,280	23,923,030	40,081,507	42,537,719	69,592,787	66,460,749
Other liabilities	3,575,410	2,505,940	4,806,053	4,915,946	8,381,463	7,421,886
Total liabilities	33,086,690	26,428,970	44,887,560	47,453,665	77,974,250	73,882,635
Net assets						
Invested in capital assets, net of related debt	80,154,508	70,919,116	59,781,770	53,882,018	139,936,278	124,801,134
Restricted	3,366,072	2,061,067	4,611,532	3,673,491	7,977,604	5,734,558
Unrestricted (deficit)	7,650,892	6,276,658	6,311,881	6,735,489	13,962,773	13,012,147
Total net assets	\$ 91,171,472	\$ 79,256,841	\$ 70,705,183	\$ 64,290,998	\$ 161,876,655	\$ 143,547,839

By far the largest portion of the City's net assets (86.11 percent) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Mission uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Consequently, these long-term considerations have a significant impact on the resulting net assets of which 4.38% are subject to external restrictions on how they may be used, leaving the remaining balance of 9.51% unrestricted net assets to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Mission is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The total net assets reflect an increase of 12.77% compared to the prior year.

## Analysis of Changes in Net Assets

The following table summarizes the changes in the City's net assets from its activities for the fiscal year ended September 30, 2008.

City of Mission Changes in Net Assets September 30, 2008						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 3,365,342	\$ 3,752,975	\$ 21,299,197	\$ 19,192,427	\$ 24,664,539	\$ 22,945,402
Operating grants and contributions	6,453,451	4,659,478	518,466	778,236	6,971,917	5,437,714
Capital grants and contributions	11,098,136	5,251,523	5,629,520	2,866,803	16,727,656	8,118,326
General Revenues:						
Property taxes	16,335,934	13,778,424	-	-	16,335,934	13,778,424
Other taxes	12,592,167	11,347,053	-	-	12,592,167	11,347,053
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,242,083	1,471,027	280,447	421,642	1,522,530	1,892,669
Total revenues	<u>51,087,113</u>	<u>40,260,480</u>	<u>27,727,630</u>	<u>23,259,108</u>	<u>78,814,743</u>	<u>63,519,588</u>
Expenses:						
General government	8,100,542	7,742,186	-	-	8,100,542	7,742,186
Public safety	16,907,573	14,890,373	-	-	16,907,573	14,890,373
Highways and streets	6,110,454	5,479,786	-	-	6,110,454	5,479,786
Economic development	2,301,994	1,147,192	-	-	2,301,994	1,147,192
Culture and recreation	4,905,126	4,320,014	-	-	4,905,126	4,320,014
Health and welfare	334,726	359,074	-	-	334,726	359,074
Interest on long-term debt	1,512,067	1,027,984	-	-	1,512,067	1,027,984
Utility system	-	-	14,665,301	12,225,436	14,665,301	12,225,436
Golf course operations	-	-	1,276,139	1,319,407	1,276,139	1,319,407
Solid waste operations	-	-	4,372,005	3,970,782	4,372,005	3,970,782
Total expenses	<u>40,172,482</u>	<u>34,966,609</u>	<u>20,313,445</u>	<u>17,515,625</u>	<u>60,485,927</u>	<u>52,482,234</u>
Increases in net assets before transfers	10,914,631	5,293,871	7,414,185	5,743,483	18,328,816	11,037,354
Transfers	1,000,000	680,000	(1,000,000)	(680,000)	-	-
Changes in net assets	11,914,631	5,973,871	6,414,185	5,063,483	18,328,816	11,037,354
Net assets-10/01/07	<u>79,256,841</u>	<u>73,282,970</u>	<u>64,290,998</u>	<u>59,227,515</u>	<u>143,547,839</u>	<u>132,510,485</u>
Net assets-09/30/08	<u>\$ 91,171,472</u>	<u>\$ 79,256,841</u>	<u>\$ 70,705,183</u>	<u>\$ 64,290,998</u>	<u>\$ 161,876,655</u>	<u>\$ 143,547,839</u>

Total revenues generated from both governmental and business-type activities for this year amounted to \$78,814,743 reflecting an increase of \$15,295,155 or 24.08% compared to last year.

- Capital Grants and Contributions increased approximately 106% compared to prior year. The reason for this increase was attributed to capital contributions, valued at over \$11 million, received from the Component Units and developers.
- Property taxes and other taxes increased 15.13% compared to the prior year. The City maintained the same tax rate of \$0.5566 per \$100 valuation for FY 2008; however, the property values increased by 16% for FY 2008. The City has experienced a healthy economic growth for FY 2008 and is expecting this growth to continue (at a slower pace) as a result of the Anzalduas International Bridge, which will directly connect the City of Mission to the City of Reynosa, Nuevo Leon, Mexico. The Bridge is expected to open in June 2009. Major development is expected along the Anzalduas Highway, connecting the

bridge with US Highway 83, which is also currently under construction. This development is expected to increase the City's sales tax revenues and property tax revenue.

- Charges for services had a slight increase of 7.49% compared to prior year. Water and Sewer rates were increased by 3% at the end of FY 2007 with the increase reflected in FY 2008.

Expenses increased by \$8 million or 15.25% compared to prior year. Some of the factors that contributed to the overall increase are:

- Depreciation, which reflects a 10.56% increase from prior year.
- Employee benefits increased by 12.79%, which was caused by an increase in employee retirement contributions 17% and worker's compensation premiums which increased 27%. Although the worker's compensation claims have been decreasing, the premiums are based on the prior three year claims, which were high.
- Wages increased by 8.51%. This amount reflects a 3% wage increase for non-civil service employees and a 2% for civil service employees. The increase in wages is also attributed to final payment of sick leave and vacation benefits paid to various employees who retired or left the City, during the year plus 9 new positions that were added during the fiscal year. Five of the nine positions were police officers.
- With gas prices increasing to \$4 per gallon, the City experienced a 45% increase in fuel costs.

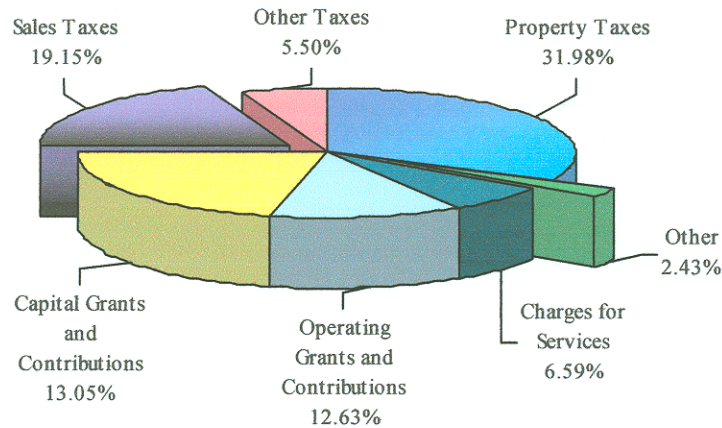
**Governmental activities.** Governmental activities increased the City of Mission's net assets by \$11,914,631 thereby accounting for 65% of the total growth in net assets. The major contributor to the increase in governmental activities net assets was Capital Grants and Contributions. A second major source of the increase were Property Taxes and Other Taxes which increased by 15.13% compared to the prior year.

- Capital grants and contributions also increased by 111%. The increase in capital contributions received is attributed to the Component Units and various developers. The Mission Redevelopment Authority contributed approximately \$5.1 million in capital contributions, which included funds for a new fire safety building. The Mission Economic Development Authority contributed \$1 million for infrastructure and private developers contributed \$3.6 million also in the form of infrastructure. These contributions for infrastructure enabled various commercial developments to be completed and open their doors for business in FY 2008; thus increasing the sales tax and property tax revenues of the City.
- Taxes represent 56.63% of all governmental activities revenues. As displayed in the following graph, property taxes are the largest single source of funds comprising 31.98% of total revenues, while sales taxes make up 19.15% of total revenues. As mentioned on page 23, the City maintained the same property tax rate of \$0.5566 per \$100 valuation for FY 2008, while property values reflect a 16% increase for FY 2008. The City experienced healthy economic growth during FY 2008 and is expecting this growth to continue, though at a much slower pace, as a result of the Anzalduas International Bridge, which will directly connect the City of Mission to Reynosa, Nuevo Leon, Mexico. The Bridge is expected to open in June 2009. Major development is expected along the Anzalduas



Highway, which is also currently being constructed. The developments are expected to increase the City's sales tax revenues as well as property tax revenues.

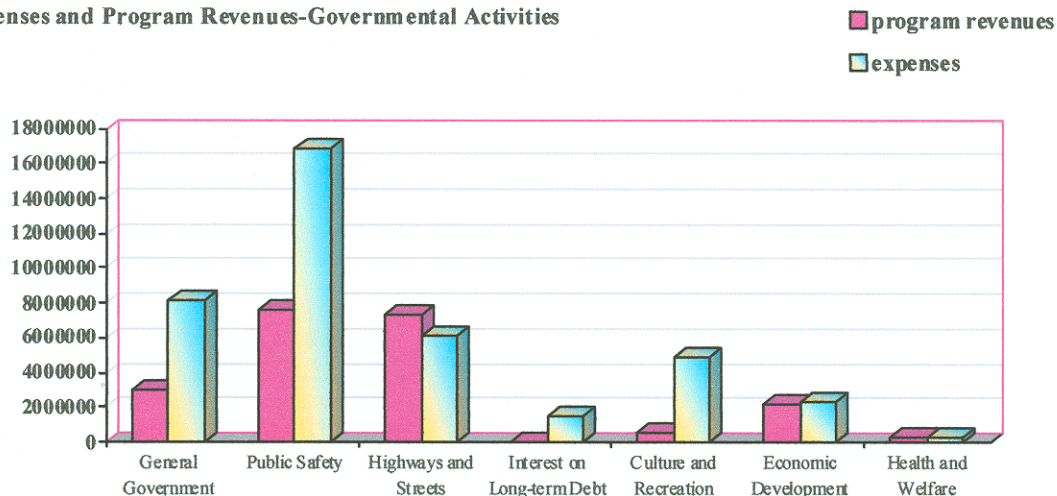
#### Revenues by source-Governmental Activities



- Program revenues decreased by 10.33% compared to prior year. Although, the City has not experienced the full effect of the economic problems that the Nation is facing, it has seen a decline in building and related permits. The number of permits issued decreased by 42%, the main reason for the reduction of program revenues.
- Operating Grants and Contributions reflect an increase of 38.5%. The City's Police Department participates in various task force units along with other local law enforcement agencies and because of its participation, the City received \$1.1 million or 148% in drug seizures more than the prior year. The City's various operating grants received in FY 2008 exceeded grant revenues from the prior year by 13.72%. One of the grants is a "SAFER" firefighter grant totaling \$1.2 million, over a five (5) year period allowed the City to hire 12 additional firefighters. The grant began in December 2006 and will terminate on December 2011.

The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 47.93% of total expenses for fiscal year 2008.

#### Expenses and Program Revenues-Governmental Activities



Expenses for **governmental activities** of the City totaled \$40,172,482 for the year ended September 30, 2008. Expenses increased by 14.89% compared to fiscal year 2007. The major factors that affected the increase were salaries and employee benefits.

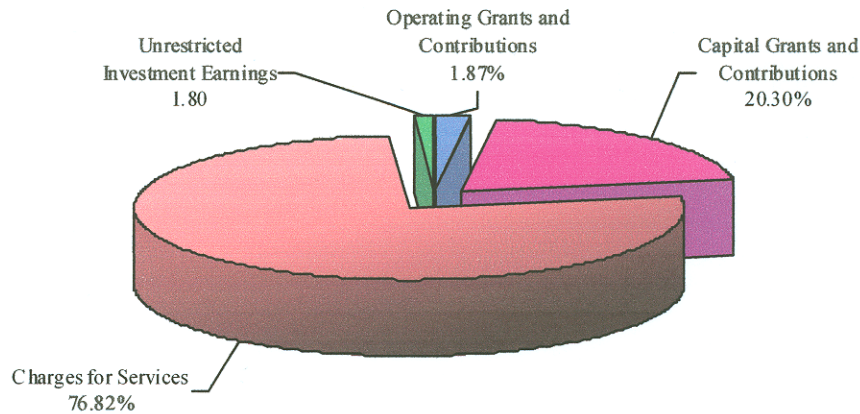
- Wages increased by 8.61%. This amount reflects a 3% wage increase for non-civil service employees and 2% for civil service employees. The increase in wages is also attributed to payments of accrued sick leave and vacation benefits to various employees who retired or left the City, plus the addition of 9 new positions added during the fiscal year. Five of the nine positions were police officers.
- The most significant increase was in the public safety activities which increased 13.55% compared to the prior year. Salaries for the public safety activities increased 10% and benefits increased 13%. As mentioned above the police force was increased by five new officers bringing the total number of police officers to 120. Civil service employees received a 2% salary increase and the non-civil service employees received a 3% increase. The Fire Department received a "SAFER" grant for the hiring of 12 additional firefighters in FY 2007, with the City's share increasing incrementally until it reaches 100%, in FY 2011. For FY 2008, the City's cost was 20%.
- Employee benefits increased by 12.79%, which was caused by an increase in employee retirement contributions, a 17% increase and worker's compensation premiums, which increased 27%. Although worker's compensation claims have been decreasing, premiums are based on the prior three year's claims. The City has implemented various safety programs to help reduce future claims and lower the premiums.
- Another activity that contributed to the increase of the governmental expenses was the economic development activity. The City established Tax Increment Reinvestment Zone Number One (TIRZ) on September 24, 2001 and since its creation the City has been contributing tax increment collections from this zone to the TIRZ. Hidalgo County also participates in the TIRZ and also contributes a portion of the property taxes it collects in the zone to the TIRZ. These contributions are reflected as part of the economic development activity, and they are anticipated to continue increasing as the Zone continues to develop for commercial, industrial, and residential use. Total contributions increased 100% from FY 07.
- Interest on long-term debt activity also increased 47% compared to prior year. The City issued \$7 million in new debt in FY 2008 and made the first interest payment on this issue in FY 08.

**Business-type activities.** Business-type activities increased the City of Mission's net assets by \$6,414,185 accounting for 35% percent of the total growth in the City's net assets. Revenues reflect an increase of 19.21% compared to prior year.

- Charges for Services reflect a 10.98% increase in comparison to the prior year. The primary reason was an increase in water and sewer rates of 3% at the end of FY 07. In addition, the Solid Waste rates and the Golf Course user fees were also increased by approximately 4% each.

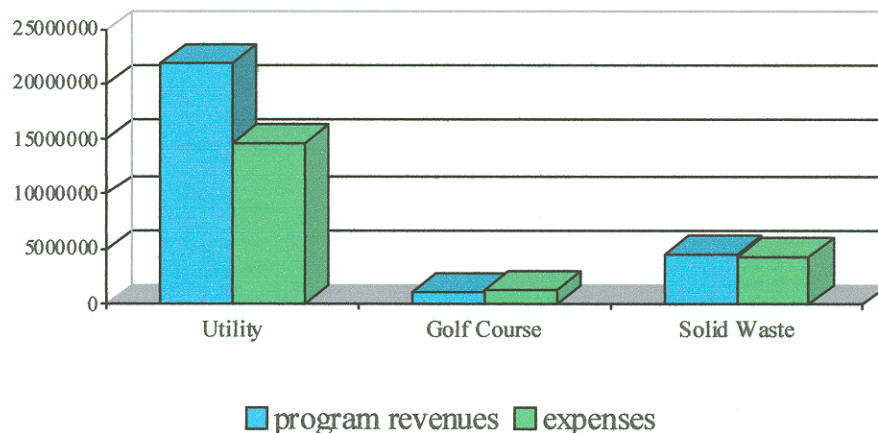
- Capital Grants and Contributions also reflect an increase of 96% in comparison to prior year. The City received over \$3 million in water rights from Hunt Valley and approximately \$1.2 million from the developers in water lines and sewer lines.

#### Revenues by Source-Business-type Activities



The following graph displays the portion of expenses funded by program revenues.

#### Expenses and Program Revenues-Business-type Activities



Expenses for **business-type activities** of the City totaled \$20,313,445 an increase of 15.97% compared to last year. The increase was attributed to an increase in salaries, which increased approximately 8% in comparison to prior year. Employees received a 3% salary increase in FY 08, and overall benefits increased by 9%. The main contributor to the increase in benefits was worker's compensation premiums, which increased 17%. Although worker's compensation claims have been decreasing, premiums are based on the prior three years claims. The City has implemented various safety programs that it hopes will help reduce the number of claims and premiums in the future.

Fuel cost also increased approximately 43% compared to prior year. Gas prices increased to \$4 per gallon and remained at that level throughout the year. Another factor that contributed to the increase in expenses was depreciation expense, which increased 44%.

## Financial Analysis of Government's Funds

As noted earlier, the City of Mission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

#### (General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds)

As a result of this year's operations, governmental funds (as reflected in the balance sheet on pages 40-41) increased the combined fund balance to \$15,762,509, an increase of \$5,297,742 from last year. The increase was largely due to the 2007 CO Capital Project Fund, the PD State Sharing Fund, the PD Federal Sharing Fund, and the General Fund.

### Revenues and Transfers-In

The following table presents a summary of general fund, special revenue funds, debt service fund, and capital projects funds revenues and transfers-in for the fiscal years ended September 30, 2008 and 2007.

Revenues & Transfers-In	2008 Amount	% of Total	2007 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 29,184,694	58.26%	\$25,593,332	\$ 3,591,362	14.03%
Licenses and permits	696,135	1.39%	1,048,873	(352,738)	-33.63%
Intergovernmental	5,624,673	11.23%	4,593,260	1,031,413	22.45%
Charges for services	1,131,486	2.26%	1,126,575	4,911	0.44%
Fines and Forfeitures	845,877	1.69%	928,498	(82,621)	-8.90%
Investment Income	570,477	1.14%	519,103	51,374	9.90%
Miscellaneous	2,169,766	4.33%	1,782,114	387,652	21.75%
Transfers-in	2,867,662	5.72%	4,580,409	(1,712,747)	-37.39%
Bond Proceeds	7,000,000	13.97%	-	7,000,000	N/A
Total	<u>\$ 50,090,770</u>	<u>100.00%</u>	<u>\$40,172,164</u>	<u>\$ 9,918,606</u>	<u>24.69%</u>

**Taxes** – The most significant increase in taxes this year is attributable to property taxes, which increased \$2.3 million or 17.85% over last year. Sales tax followed reflecting a \$925,000 or 10.44% increase.

**Licenses and permits** – The decrease in licenses and permits was attributed to the reduction of construction permits issued during the year. Permit activity reflects a 42% decrease.

**Intergovernmental revenues** – The increase was a result of revenues received from participation in various drug seizures by the City’s police department, resulting in the receipt of \$1.2 million in equitable sharing funds.

**Miscellaneous** – The City received approximately \$250,000 from Texas Municipal League (TML), the City’s general liability carrier, for settlement on various insurance claims for reported damaged City property. TML also issued an \$80,000 equity return to the City.

**Transfers-In** – The City changed the reporting procedure of property taxes collected for the Debt Service Fund. For FY 2007 and prior, I&S taxes were reported in the General Fund and then transferred out to the Debt Service Fund. In FY 2008, I&S tax collections were reported directly in the Debt Service Fund.

**Bond Proceeds** – The City issued \$7 million in new debt. The proceeds were used for the construction of a City Hall Annex Building, Park Improvements, Equipment, and Street Improvements.

### **Expenditures and Transfers-Out**

The following table presents a summary of general fund, special revenue funds, debt service fund, and capital projects funds expenditures, transfers-out, and other financing uses for the fiscal years ended September 30, 2008 and 2007.

<b>Expenditures &amp; Transfer-Out</b>	<b>2008 Amount</b>	<b>Percent of Total</b>	<b>2007 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent of Increase (Decrease)</b>
General government	\$ 7,906,361	17.65%	\$ 7,509,552	\$ 396,809	5.28%
Public Safety	16,849,849	37.62%	15,400,283	1,449,566	9.41%
Highways and streets	3,547,259	7.92%	2,689,557	857,702	31.89%
Health and welfare	343,248	0.77%	357,778	(14,530)	-4.06%
Culture and recreation	4,759,234	10.62%	4,625,680	133,554	2.89%
Economic development	2,301,994	5.14%	1,147,191	1,154,803	100.66%
Capital projects	4,174,716	9.32%	951,640	3,223,076	338.69%
Debt service:					
Principal	1,803,502	4.03%	1,479,385	324,117	21.91%
Interest and fiscal charges	1,239,202	2.77%	1,169,102	70,100	6.00%
Transfers-Out and other financing uses	1,867,662	4.17%	3,900,410	(2,032,748)	-52.12%
<b>Total</b>	<b>\$ 44,793,027</b>	<b>100.00%</b>	<b>\$ 39,230,578</b>	<b>\$ 5,562,449</b>	<b>14.18%</b>

**Highways and streets** – The City’s goal is to make sure that streets are maintained at all times and as the City is annexing more property, the cost of street improvements will continue to increase. The City annexed approximately 735 acres in FY 2008.

**Economic Development** – This activity reflects the property tax contributions to the Mission Redevelopment Authority for taxes collected in the Tax Increment Zone. This amount will continue to increment as the properties in the Zone are developed.

**Capital Projects** – The City issued \$7 million in bonds during FY 2008 for a City Hall Annexation building which is currently being constructed. This issue also included approximately \$2.7 million for park improvements.

**Transfers Out** – During FY 2007 and prior, property tax collections were recorded in the City's General Fund and then transferred to the Debt Service Fund; however, during the current year, this procedure was changed and property taxes for Interest and Sinking purposes are recorded directly in the Debt Service Fund.

### **Fund Balances**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,762,509, an increase of \$5,297,743 or 50.6% in comparison to prior year. The increase is primarily due to the issuance of \$7 million in new debt. Of the total fund balance, \$5,142,799 represents unreserved fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2,860,923), or 2) for a variety of other restricted purposes (\$7,758,787).

The General Fund is the chief operating fund of the City of Mission. Due to the strong performance from property tax and sales tax as well as keeping expenditures, as a whole, under control, the increase to fund balance was \$476,061 or 8.86%. As of September 30, 2008, fund balance increased to \$5,849,695. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.14% of total general fund expenditures, while total fund balance represents 19.66% of that same amount.

The Capital Improvement Funds reflected an increase to fund balance due to the issuance of \$7 million in new debt during the current year. Bond proceeds were used for street improvements, a city hall annexation building, and capital machinery and equipment.

The Police Department's State Sharing Fund increased by \$730,369 while, the Police Department's Federal Sharing Fund increased by \$459,384 in comparison to prior year. The Police Department participated in various drug seizures and received over \$1.2 million in revenues.

### **Proprietary Funds**

The City of Mission's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, total unrestricted net assets amounted to \$7,091,618. The Utility Fund and the Solid Waste Fund had unrestricted net assets of \$7,665,593 and \$329,730 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net assets of \$903,705.



The Utility Fund unrestricted net assets increased by \$953,179. Operating revenues increased by 10.67% compared to prior year. As mentioned earlier, the water and sewer rates were increased by 3% at the end of FY 2007; thus reflecting the increase in revenues during FY 2008. The City also completed the connection of various colonias to the City's sewer system during the current year, increasing sewer revenues by 8%. Expenses increased by 19% in comparison to prior year. The main reason was due to salaries and benefits which increased by 10%. Prior year vacant positions were filled in the current year and wages were increased by 3%. Fuel cost also increased by 45%.

The Golf Course Fund borrowed working capital from the Utility Fund to meet its daily operational expenses during the year. Golf Course revenues reflect an increase of \$20,673 from prior year, as a result of an increase in golf course fees by approximately 5%. Expenses decreased by 3% in comparison to prior year. The Golf Course has been trying to recover from loss of revenue during the conversion from an 18-hole course to a 27-hole course. Expenses have been under control; however, Hurricane Dolly which struck the Rio Grande Valley in July 2008 caused damage to the Golf Course's irrigation system, when several trees were uprooted by the strong hurricane winds. The cost to repair and replace those sections of the irrigation system will be reflected next year.

## **General Fund Budgetary Highlights**

During the year the City Council amended the budget several times. Generally, adjustments to the budget relate to requests not considered during the normal budgetary process. The method of recording property taxes was changed in FY 2008 and the original budget was amended to reflect this change, and is reflected in the budget comparison schedules in the General Fund and the Debt Service Fund on pages 107 and 153.

Actual revenues in excess of expenditures were \$2,370,458 over the amount budgeted, of which \$939,026 was attributed to revenues; and \$1,431,432 expenditures.

- The most significant positive revenue variances are reflected in current property taxes, franchise business tax, sales tax, and intergovernmental revenues. Property tax values increased due to adjustments to the certified tax roll. Property tax collections were budgeted at 92% collection rate while the actual collection rate was 94%.
- Expenditures were under spent largely due to unfilled positions and capital outlay, which were budgeted. In addition, departments kept a very close watch on expenditures and kept them under control. The most significant savings was in the area of Transfers-Out. Funds were allocated for the City's match to the firefighters "SAFER" grant at 50%; however, for the current year the match was 20%. In addition, funds were also allocated to transfer to the Debt Service Fund for the debt requirement on the 2007 Certificate of Obligation; however, the Debt Service Fund had sufficient funds to meet the requirement and no transfer was needed.

## Capital Asset and Debt Administration

**Capital assets.** The City of Mission's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$189,761,094 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, and water system. The total increase in the City of Mission's investment in capital assets for the current fiscal year was 9.6% (a 12.44% increase for governmental activities and a 6.5% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Infrastructure increased in the governmental activities by \$3,045,101 (net) or 7.79% compared to prior year. The increase is attributed to contributions from developers, which amounted to \$6 million. However, depreciation expense reflects an increase of 13.3% in comparison to prior year.
- Buildings and systems in the business-type activities increased by \$15,505,640 (net) or 27.64% compared to prior year. Phase II of the North EDAP project that included connection of 45 colonias to the City's sewer collection system was completed and capitalized. In the governmental activities, the Speer Memorial Library was capitalized with a value of \$3.6 million and the MRA contributed to the construction of the New Central Fire Station with a value of \$3.4 million.
- Construction in progress (CIP) for both the governmental activities (net decrease of \$493,244) and business-type activities (net decrease of \$12.9 million) also reflects changes. See buildings and systems above.
- Land and Water Rights reflect an increase of \$3.4 million. During the fiscal year, Hunt Valley Development conveyed approximately \$3 million in water rights to the City's Utility System.

The following table summarizes the City's total capital assets.

**City of Mission  
Capital Assets  
Net of Depreciation**

	Governmental Funds		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and water rights	\$ 31,272,593	\$ 30,787,239	\$ 7,382,602	\$ 4,380,102	\$ 38,655,195	\$ 35,167,341
Buildings and system	14,991,878	7,587,715	71,604,633	56,098,993	86,596,511	63,686,708
Improvements other than buildings	2,786,845	2,987,171	546,396	631,203	3,333,241	3,618,374
Machinery and equipment	5,610,137	4,670,856	1,948,685	1,942,335	7,558,822	6,613,191
Infrastructure	42,130,685	39,085,584	-	-	42,130,685	39,085,584
Construction in progress	4,191,359	4,684,603	7,295,281	20,240,831	11,486,640	24,925,434
<b>Total</b>	<b>\$ 100,983,497</b>	<b>\$ 89,803,168</b>	<b>\$ 88,777,597</b>	<b>\$ 83,293,464</b>	<b>\$ 189,761,094</b>	<b>\$ 173,096,632</b>



Additional information on the City of Mission's capital assets can be found in note 6 on pages 74-75 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Mission had total long-term debt outstanding of \$67,283,870, an increase of 3.22% compared to prior year. The increase was largely attributable to the issuance of \$7 million in certificate of obligations in the Government-type Activities. The \$7 million proceeds were issued for a City Hall Annex Building, street improvements, park improvements, and machinery and equipment.

**City of Mission**  
**General Obligations, Revenue Bonds, and Other Debt**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Public property financing contractual obligations	\$ 1,075,000	\$ 1,540,000	\$ 245,000	\$ 570,000	\$ 1,320,000	\$ 2,110,000
Certificate of obligations	25,675,000	19,865,000	185,000	275,000	25,860,000	20,140,000
Revenue bonds	-	-	39,870,811	42,514,570	39,870,811	42,514,570
Capital Leases	186,456	284,959	46,603	84,651	233,059	369,610
Other lending sources	-	50,000	-	-	-	50,000
Total	<u>\$ 26,936,456</u>	<u>\$ 21,739,959</u>	<u>\$ 40,347,414</u>	<u>\$ 43,444,221</u>	<u>\$ 67,283,870</u>	<u>\$ 65,184,180</u>

Moody's Investors Service rated the bonds issued in fiscal year 2008, "A3". The City's other outstanding bonds underlying rating is "Aaa" by Moody's and "AAA" by Standard & Poor's Rating Services.

As of September 30, 2008, the City had an authorized Tax Note for \$300,000 that was unissued. The Tax Note is to be used for the purchase of a Cemetery from the Brownsville Catholic Diocese. Additional information on the City of Mission's long-term debt can be found in note 9 on pages 76-82 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

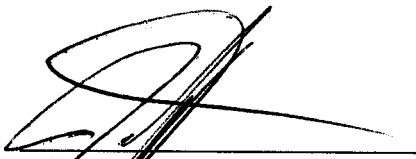
- The unemployment rate for the City of Mission is currently 7.2%, increasing from 5.6% in prior year. The state and national average unemployment rates are 5.7 percent and 7.1 percent respectively.
- Appraised values used in preparing the 2008-09 Budget were \$183 million higher than the prior year.
- The 2009 budget was prepared using the adopted tax rate of \$0.5666 per \$100 valuation. The one-cent increase was primarily to fund the Mission Boys and Girls Club, which effective 10/01/08, became a department of the City. A separate Special Revenue Fund was created for

the Boys and Girls Club and \$300,000 is budgeted to be transferred to the newly created Fund from the General Fund.

- The 2009 budget also reflects an increase in various golf course fees and a 3% increase in water rates.
- The 2009 general fund operating budget was prepared using \$4,290,916 as the estimated unreserved fund balance at September 30, 2008. The actual unreserved fund balance for the general fund was \$4,206,593; nevertheless, a \$4,305,392 fund balance is projected at September 30, 2009. Revenues reflect a 6% net increase while expenditures reflect a 7% increase.
- The City is currently analyzing its current financial situation and will implement the necessary measures to increase its fund balance.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Mission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 1201 East 8<sup>th</sup> Street, City of Mission, Texas, 78572.



Julio Cerda  
City Manager



Janie Flores  
Finance Director

# *BASIC FINANCIAL STATEMENTS*

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# CITY OF MISSION, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,328,952	\$ 1,009,528	\$ 5,338,480	\$ 316,648	\$ 1,374,113
Investments	12,833,338	4,641,343	17,474,681	2,276,748	917,408
Receivables, net	4,430,531	2,969,063	7,399,594	517,690	-
Internal balances	(688,072)	688,072	-	-	-
Due from component unit	188,737	428,889	617,626	-	-
Inventory	767	151,513	152,280	-	-
Prepaid items	10,297	6,235	16,532	-	-
Deferred charges	607,744	819,499	1,427,243	-	539,705
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	1,486,002	-	1,486,002	-	-
Restricted assets	73,967	16,101,002	16,174,969	590,638	-
Capital assets:					
Land, water rights, and construction in progress	35,463,952	14,677,883	50,141,835	-	96,708
Other capital assets, net of accumulated depreciation	65,519,546	74,099,714	139,619,260	-	-
Total Assets	<u>124,258,161</u>	<u>115,592,741</u>	<u>239,850,902</u>	<u>3,701,724</u>	<u>2,927,934</u>
<b>LIABILITIES</b>					
Accounts payable	1,782,829	1,336,237	3,119,066	44,952	27,884
Customer deposits	-	1,734,028	1,734,028	-	-
Accrued interest payable	158,022	91,233	249,255	39,155	32,609
Other liabilities	612,056	103,748	715,804	-	2,465,812
Subdividers deposits	-	1,263,291	1,263,291	-	-
Retainage payable	105,497	150,224	255,721	-	-
Accrued payroll	294,703	69,235	363,938	-	-
Due to primary government	-	-	-	78,998	1,903,046
Unearned revenues	622,303	58,057	680,360	-	-
Non-current liabilities:					
Due in more than one year	26,799,341	37,569,651	64,368,992	4,680,000	10,538,499
Due within one year	2,711,939	2,511,856	5,223,795	225,000	1,219,001
Total Liabilities	<u>33,086,690</u>	<u>44,887,560</u>	<u>77,974,250</u>	<u>5,068,105</u>	<u>16,186,851</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	80,154,508	59,781,770	139,936,278	-	-
Restricted for:					
Debt Service	1,158,627	3,415,955	4,574,582	551,483	884,799
Construction	-	297,635	297,635	-	650
Perpetual Care-expandable	54,203	-	54,203	-	-
Held in trust for scholarships and books	25,035	-	25,035	-	-
Other purposes	2,128,207	897,942	3,026,149	-	-
Unrestricted	7,650,892	6,311,881	13,962,773	(1,917,863)	(14,144,366)
Total Net Assets	<u>\$ 91,171,472</u>	<u>\$ 70,705,183</u>	<u>\$161,876,655</u>	<u>\$ (1,366,380)</u>	<u>\$ (13,258,917)</u>

The notes to the financial statements are an integral part of this statement.

# CITY OF MISSION, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General government	\$ 8,100,542	\$ 2,038,016	\$ 948,379	\$ 88
Public safety	16,907,573	98,736	3,029,160	4,422,205
Highways and streets	6,110,454	593,759	30,375	6,658,937
Health and welfare	334,726	284,437	35,920	-
Culture and recreation	4,905,126	350,394	129,946	16,906
Economic development	2,301,994	-	2,232,433	-
Interest and fiscal charges on long-term debt	1,512,067	-	47,238	-
Total Governmental Activities	<u>40,172,482</u>	<u>3,365,342</u>	<u>6,453,451</u>	<u>11,098,136</u>
Business-Type Activities:				
Utility	14,665,302	15,716,066	518,466	5,629,520
Golf Course	1,276,138	1,077,579	-	-
Solid Waste	4,372,005	4,505,552	-	-
Total Business-Type Activities	<u>20,313,445</u>	<u>21,299,197</u>	<u>518,466</u>	<u>5,629,520</u>
Total Primary Government	<u>\$ 60,485,927</u>	<u>\$ 24,664,539</u>	<u>\$ 6,971,917</u>	<u>\$ 16,727,656</u>
<b>COMPONENT UNITS:</b>				
Mission Economic Development Corporation	\$ 2,996,288	\$ -	\$ 345,503	\$ -
Mission Redevelopment Authority	11,548,840	-	-	-
Total Component Units	<u>\$ 14,545,128</u>	<u>\$ -</u>	<u>\$ 345,503</u>	<u>\$ -</u>
General Revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Shared revenue-tax increment zone				
Grants and contributions				
Interest earned				
Miscellaneous				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (5,114,059)	\$ -	\$ (5,114,059)		
(9,357,472)	-	(9,357,472)		
1,172,617	-	1,172,617		
(14,369)	-	(14,369)		
(4,407,880)	-	(4,407,880)		
(69,561)	-	(69,561)		
(1,464,829)	-	(1,464,829)		
(19,255,553)	-	(19,255,553)		
-	\$ 7,198,750	7,198,750		
-	(198,559)	(198,559)		
-	133,547	133,547		
-	7,133,738	7,133,738		
<u>\$ (19,255,553)</u>	<u>\$ 7,133,738</u>	<u>\$ (12,121,815)</u>		
			\$ (2,650,785)	\$ -
			-	(11,548,840)
			<u>\$ (2,650,785)</u>	<u>\$ (11,548,840)</u>
16,335,934	-	16,335,934	-	-
9,784,577	-	9,784,577	3,261,526	-
2,248,558	-	2,248,558	-	-
479,950	-	479,950	-	-
79,084	-	79,084	-	-
113,973	-	113,973	-	2,192,254
80,883	-	80,883	-	-
328,642	179,189	507,831	71,177	71,359
718,583	101,258	819,841	-	-
1,000,000	(1,000,000)	-	-	-
<u>31,170,184</u>	<u>(719,553)</u>	<u>30,450,631</u>	<u>3,332,703</u>	<u>2,263,613</u>
11,914,631	6,414,185	18,328,816	681,918	(9,285,227)
79,256,841	64,290,998	143,547,839	(2,048,299)	(3,973,690)
<u>\$ 91,171,472</u>	<u>\$ 70,705,183</u>	<u>\$ 161,876,655</u>	<u>\$ (1,366,381)</u>	<u>\$ (13,258,917)</u>

**CITY OF MISSION, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

	General Fund	Community Development Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 653,402	\$ 105,287
Investments	2,668,140	-
Receivables:		
Taxes, including interest and penalties	1,530,949	-
Accounts	1,042,978	-
Special assessments	-	-
Less: allowance for uncollectibles	(880,455)	-
Accrued interest receivable	-	-
Due from other governments	1,721,602	42,988
Due from other funds	234,069	-
Due from component unit	188,737	-
Inventory	767	-
Prepaid items	10,297	-
Restricted assets	-	-
Long-term receivable	1,486,002	-
Total Assets	<u>\$ 8,656,491</u>	<u>\$ 148,275</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 973,645	\$ 145,712
Other liabilities	366,822	832
Retainage payable	-	-
Accrued payroll	283,139	1,731
Due to other funds	-	-
Unearned revenue	1,183,190	-
Total Liabilities	<u>2,806,796</u>	<u>148,275</u>
<b>FUND BALANCES:</b>		
Reserved for encumbrances	146,036	-
Reserved for long-term receivable	1,486,002	-
Reserved for capital projects	-	-
Reserved for debt service	-	-
Reserved for perpetual care	-	-
Reserved for scholarships and books	-	-
Reserved for inventory	767	-
Reserved for prepaid items	10,297	-
Reserved for other purposes	-	-
Unreserved	4,206,593	-
Unreserved, reported in nonmajor:		
Special revenue funds	-	-
Total Fund Balances	<u>5,849,695</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,656,491</u>	<u>\$ 148,275</u>

The accompanying notes are an integral part of this statement.



EXHIBIT A-3

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 42,015	\$ 3,038,306	\$ 3,839,010
923,600	6,731,151	10,322,891
397,410	-	1,928,359
-	270,982	1,313,960
-	122,725	122,725
(65,226)	(41,494)	(987,175)
1,748	1,225	2,973
-	283,027	2,047,617
-	-	234,069
-	-	188,737
-	-	767
-	-	10,297
-	73,967	73,967
-	-	1,486,002
<u>\$ 1,299,547</u>	<u>\$ 10,479,889</u>	<u>\$ 20,584,202</u>
\$ -	\$ 581,617	\$ 1,700,974
-	14,201	381,855
-	105,497	105,497
-	9,833	294,703
-	222,797	222,797
310,374	622,303	2,115,867
<u>310,374</u>	<u>1,556,248</u>	<u>4,821,693</u>
-	2,714,887	2,860,923
-	-	1,486,002
-	3,065,103	3,065,103
989,173	-	989,173
-	54,203	54,203
-	25,035	25,035
-	-	767
-	-	10,297
-	2,128,207	2,128,207
-	-	4,206,593
-	936,206	936,206
989,173	8,923,641	15,762,509
<u>\$ 1,299,547</u>	<u>\$ 10,479,889</u>	<u>\$ 20,584,202</u>

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**CITY OF MISSION, TEXAS****EXHIBIT A-4****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008**

Total fund balances - governmental funds balance sheet \$ 15,762,509

Amounts reported for governmental activities in the statement of net assets  
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	100,983,498
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,493,564
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	2,223,659
Payables for bond principal which are not due in the current period are not reported in the funds.	(26,750,000)
Payable for bond interest which are not due in the current period are not reported in the funds.	(158,022)
Payables for notes which are not due in the current period are not reported in the funds.	-
Payables for capital leases which are not due in the current period are not reported in the funds.	(186,456)
Payables for long term liability not due in the current period and not reported in the funds.	(230,200)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,294,556)
Unamortized issuance cost unavailable for current-period expenditures and are deferred in the SNA	607,744
Unamortized premium unavailable for current-period expenditures and are deferred in the SNA	(280,268)

Net assets of governmental activities - statement of net assets \$ 91,171,472

The accompanying notes are an integral part of this statement.

# CITY OF MISSION, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Community Development Fund
<b>REVENUES</b>		
Taxes and special assessments	\$ 24,988,965	\$ -
Licenses and permits	696,136	-
Intergovernmental	956,195	970,332
Charges for services	723,359	-
Fines	845,878	-
Interest	171,457	-
Miscellaneous	1,811,273	13,967
Total Revenues	<u>30,193,263</u>	<u>984,299</u>
<b>EXPENDITURES</b>		
Current:		
General government	6,886,618	962,346
Public safety	15,452,936	-
Highways and streets	3,325,005	-
Health and welfare	321,295	21,953
Culture and recreation	3,605,174	-
Economic development	-	-
Capital projects	-	-
Debt service:		
Principal	148,502	-
Interest and fiscal charges	16,385	-
Total Expenditures	<u>29,755,915</u>	<u>984,299</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>437,348</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	-	-
Bond premium	-	-
Sale of capital assets	24,832	-
Transfers in	1,326,042	-
Transfers out	(1,312,162)	-
Total Other Financing Sources (Uses)	<u>38,712</u>	<u>-</u>
Net Change in Fund Balances	476,060	-
Fund Balances at Beginning of Year	<u>5,373,635</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 5,849,695</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT A-5

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,221,200	\$ 974,529	\$ 29,184,694
-	-	696,136
-	3,698,144	5,624,671
-	408,126	1,131,485
-	-	845,878
47,238	351,782	570,477
-	70,760	1,896,000
<u>3,268,438</u>	<u>5,503,340</u>	<u>39,949,340</u>
-	57,397	7,906,361
-	1,396,911	16,849,847
-	222,254	3,547,259
-	-	343,248
-	1,154,062	4,759,236
-	2,301,994	2,301,994
-	4,174,717	4,174,717
1,655,000	-	1,803,502
1,222,817	-	1,239,202
<u>2,877,817</u>	<u>9,307,334</u>	<u>42,925,365</u>
<u>390,621</u>	<u>(3,803,995)</u>	<u>(2,976,026)</u>
-	7,000,000	7,000,000
-	168,426	168,426
-	80,508	105,340
-	1,541,620	2,867,662
<u>(229,458)</u>	<u>(326,042)</u>	<u>(1,867,662)</u>
<u>(229,458)</u>	<u>8,464,512</u>	<u>8,273,766</u>
161,163	4,660,517	5,297,740
<u>828,010</u>	<u>4,263,124</u>	<u>10,464,769</u>
<u>\$ 989,173</u>	<u>\$ 8,923,641</u>	<u>\$ 15,762,509</u>

**CITY OF MISSION, TEXAS****EXHIBIT A-6****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Net change in fund balances - total governmental funds \$ 5,297,743

Amounts reported for governmental activities in the statement of activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA	5,617,305
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,956,856)
The gain or loss on the sale of capital assets is not reported in the funds.	(86,276)
Donation of capital assets increase net assets in the SOA but not in the funds.	10,753,669
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	237,988
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the SOA.	(7,000,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,655,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	50,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	98,503
Long term interest payable is not an expenditure in the funds but is an expense in the SOA.	(211,370)
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(32,015)
(Increase) decrease in accrued interest from beginning of period to end of period.	(33,302)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	762,570
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(238,327)

Change in net assets of governmental activities - statement of activities \$ 11,914,632

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

**EXHIBIT A-7**

	Business-type Activities-Enterprise Funds				Nonmajor Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste	Total	Group Health Employee Plan Fund
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 993,504	\$ 16,024	\$ -	\$ 1,009,528	\$ 489,942
Investments	4,641,343	-	-	4,641,343	2,510,447
Restricted assets:					
Cash and cash equivalents	2,962,776	-	-	2,962,776	-
Investments	13,137,544	-	-	13,137,544	-
Accrued interest	682	-	-	682	-
Receivables	2,578,010	8,008	949,277	3,535,295	4,471
Less: allowance for uncollectibles	(461,987)	-	(203,400)	(665,387)	-
Accrued interest	-	27	-	27	-
Due from other funds	873,317	-	-	873,317	-
Due from other governments	99,128	-	-	99,128	-
Due from component unit	428,889	-	-	428,889	-
Inventories (at cost)	128,452	23,061	-	151,513	-
Prepaid items	6,235	-	-	6,235	-
Total Current Assets	<u>25,387,893</u>	<u>47,120</u>	<u>745,877</u>	<u>26,180,890</u>	<u>3,004,860</u>
Noncurrent Assets:					
Deferred charges	818,309	1,190	-	819,499	-
Capital assets:					
Land, water rights, and construction in progress	12,874,831	1,803,052	-	14,677,883	-
Other capital assets, net of accumulated depreciation	73,057,444	1,042,270	-	74,099,714	-
Total Noncurrent Assets	<u>86,750,584</u>	<u>2,846,512</u>	<u>-</u>	<u>89,597,096</u>	<u>-</u>
Total Assets	<u>\$ 112,138,477</u>	<u>\$ 2,893,632</u>	<u>\$ 745,877</u>	<u>\$ 115,777,986</u>	<u>\$ 3,004,860</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 1,060,229	\$ 15,606	\$ 260,402	\$ 1,336,237	\$ 1,182
Claims payable	-	-	-	-	80,674
Accrued payroll	58,281	10,955	-	69,236	-
Compensated absences payable	159,323	45,348	-	204,671	-
Due to other funds	11,272	777,421	95,896	884,589	-
Unearned revenue	-	58,057	-	58,057	-
Accrued interest	90,448	785	-	91,233	-
Other liabilities	29,767	14,131	59,849	103,747	-
Subdividers deposits	1,263,291	-	-	1,263,291	-
Retainage payable	150,224	-	-	150,224	-
Customer deposits	1,734,028	-	-	1,734,028	-
Current portion of long-term debt	2,176,873	130,313	-	2,307,186	-
Total Current Liabilities	<u>6,733,736</u>	<u>1,052,616</u>	<u>416,147</u>	<u>8,202,499</u>	<u>81,856</u>
Other Non-Current Liabilities:					
Long term compensated absences	94,141	28,524	-	122,665	-
Capital lease payable	-	6,290	-	6,290	-
Public Property Finance Contractual Obligations payable, net of current portion	125,000	95,000	-	220,000	-
Revenue bonds, net of current portion, discount, and deferred amount on refunding	37,220,696	-	-	37,220,696	-
Total Other Non-Current Liabilities	<u>37,439,837</u>	<u>129,814</u>	<u>-</u>	<u>37,569,651</u>	<u>-</u>
Total Liabilities	<u>44,173,573</u>	<u>1,182,430</u>	<u>416,147</u>	<u>45,772,150</u>	<u>81,856</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	57,166,861	2,614,910	-	59,781,771	-
Restricted for:					
Debt service	3,415,955	-	-	3,415,955	-
Capital projects	297,635	-	-	297,635	-
Other	897,942	-	-	897,942	-
Unrestricted	<u>6,186,511</u>	<u>(903,704)</u>	<u>329,730</u>	<u>5,612,537</u>	<u>2,923,003</u>
Total Net Assets	<u>\$ 67,964,904</u>	<u>\$ 1,711,206</u>	<u>\$ 329,730</u>	<u>\$ 70,005,840</u>	<u>\$ 2,923,003</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				699,344	
Net Assets of Business-Type Activities				<u>\$ 70,705,184</u>	

The notes to the financial statements are an integral part of this statement.

# CITY OF MISSION, TEXAS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities-Enterprise Funds	
	Utility Fund	Golf Course Fund
Operating revenues:		
Charges for services	\$ 15,809,631	\$ 1,081,535
Operating expenses:		
Insurance claim drafts	-	-
Premium payments	-	-
Utility administration	601,522	-
Water distribution	2,491,688	-
Water treatment	1,628,156	-
Wastewater treatment and collection	1,603,204	-
Industrial pretreatment	438,612	-
Utility collection	689,081	-
Rentals-machinery and equipment	-	-
Organizational expenses	184,802	-
Northside water treatment plant	1,568,081	-
Depreciation	3,895,366	147,995
Cost of sales	-	126,754
Golf course operation	-	1,027,104
Solid waste disposal	-	-
2003 PPFCO	-	-
Total Operating Expenses	13,100,512	1,301,853
Operating Income (Loss)	2,709,119	(220,318)
Nonoperating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	(2,888)	-
Interest earned	696,983	401
Other nonoperating revenue	3,529	1,799
Bond interest expense	(1,758,025)	(7,805)
Bond fiscal charges	(4,570)	-
Other interest expense	-	(3,945)
Total Nonoperating Revenues (Expenses)	(1,064,971)	(9,550)
Income (Loss) Before Transfers and Capital Contributions	1,644,148	(229,868)
Transfers In (Out)	(1,000,000)	-
Capital Contributions	5,629,521	-
Change in Net Assets	6,273,670	(229,868)
Net Assets-Beginning of Year	61,691,237	1,941,074
Net Assets-End of Year	\$ 67,964,907	\$ 1,711,206

The accompanying notes are an integral part of this statement.



## EXHIBIT A-8

Business-type Activities-Enterprise Funds		Nonmajor Internal Service Fund
Solid Waste	Total	Group Health Employee Plan Funds
<u>\$ 4,506,850</u>	<u>\$ 21,398,016</u>	<u>\$ 3,480,185</u>
-	-	1,836,384
-	-	507,122
-	601,522	-
-	2,491,688	-
-	1,628,156	-
-	1,603,204	-
-	438,612	-
-	689,081	-
3,000	3,000	-
-	184,802	-
-	1,568,081	-
-	4,043,361	-
-	126,754	-
-	1,027,104	-
4,369,005	4,369,005	-
-	-	-
<u>4,372,005</u>	<u>18,774,370</u>	<u>2,343,506</u>
<u>134,845</u>	<u>2,623,646</u>	<u>1,136,679</u>
-	(2,888)	-
271	697,655	75,270
-	5,328	-
-	(1,765,830)	-
-	(4,570)	-
-	(3,945)	-
<u>271</u>	<u>(1,074,250)</u>	<u>75,270</u>
135,116	1,549,396	1,211,949
-	(1,000,000)	-
-	5,629,521	-
135,116	6,178,917	1,211,949
<u>194,614</u>		<u>1,711,054</u>
<u>\$ 329,730</u>		<u>\$ 2,923,003</u>

Some amounts reported for business-type activities in the statement of activities (EXHIBIT A-2) are different because the net revenue (expense) of the internal service fund is reported with business-type activities.

Change in net assets of business-type activities

235,272  
\$ 6,414,189

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**CITY OF MISSION, TEXAS**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**
**EXHIBIT A-9**

	Enterprise Funds			Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Group Health
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 16,114,769	\$ 1,083,559	\$ 4,419,556	\$ 21,617,884
Cash Received from Interfund Services Used	-	-	-	3,515,218
Cash Payments from Interfund Services Used	-	-	-	(2,415,043)
Cash Payments to Employees for Services	(3,558,686)	(751,805)	-	(4,310,491)
Cash Payments to Other Suppliers for Goods and Services	(5,775,450)	(135,412)	(4,419,827)	(10,330,689)
Net Cash Provided (Used) by Operating Activities	6,780,633	196,342	(271)	6,976,704
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Proceeds (payments) from Insurance Settlement	3,529	1,799	-	5,328
Transfers From (To) Other Funds	(1,000,000)	-	-	(1,000,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(996,471)	1,799	-	(994,672)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from sale of capital assets	16,595	-	-	16,595
Principal and Interest Paid	(4,183,751)	(139,196)	-	(4,322,947)
Acquisition or Construction of Capital Assets	(4,515,841)	(59,064)	-	(4,574,905)
Proceed from Sale of Capital Assets	-	-	-	-
Contributed Capital	597,251	-	-	597,251
Bond issuance cost	-	-	-	-
Net Cash Provided (Used) for Capital & Related Financing Activities	(8,085,746)	(198,260)	-	(8,284,006)
<b>Cash Flows from Investing Activities:</b>				
Purchase of Investment Securities	(42,701,080)	(11,000)	-	(42,712,080)
Proceeds from Sale and Maturities of Securities	44,057,809	11,000	-	44,068,809
Interest on Investments	869,923	401	271	870,595
Net Cash Provided (Used) for Investing Activities	2,226,652	401	271	2,227,324
Net Increase (Decrease) in Cash and Cash Equivalents	(74,932)	282	-	(74,650)
Cash and Cash Equivalents at Beginning of Year	4,031,212	15,742	-	4,046,954
Cash and Cash Equivalents at End of Year	\$ 3,956,280	\$ 16,024	\$ -	\$ 3,972,304
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 2,709,117	\$ (220,318)	\$ 134,845	\$ 2,623,644
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	3,895,366	147,995	-	4,043,361
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	(277,653)	(2,263)	(87,295)	(367,211)
Decrease (Increase) in Inventories	(1,742)	(6,151)	-	(7,893)
Decrease (Increase) in Prepaid Expenses	195	-	-	195
Decrease (Increase) in Due from Other Funds	(195,348)	-	-	(195,348)
Decrease (Increase) in Due from Other Governments	574,619	-	-	574,619
Increase (Decrease) in Accounts Payable	2,671	(5,985)	17,726	14,412
Increase (Decrease) in Customer Deposits	(74,609)	-	-	(74,609)
Increase (Decrease) in Accrued Wages Payable	26,657	2,718	-	29,375
Increase (Decrease) in Due to Other Funds	(7,230)	270,463	(75,115)	188,118
Increase (Decrease) in Other Liabilities	10,777	313	9,568	20,658
Increase (Decrease) in Subdividers Deposits Payable	82,781	-	-	82,781
Increase (Decrease) in Compensated Absences Payable	35,032	4,341	-	39,373
Increase (Decrease) in Deferred Revenue	-	5,229	-	5,229
Total Adjustments	4,071,516	416,660	(135,116)	4,353,060
Net Cash Provided (Used) by Operating Activities	\$ 6,780,633	\$ 196,342	\$ (271)	\$ 6,976,704
<b>Non-Cash Capital Financing Activities</b>				
Contributed Capital Assets	\$ 4,876,121	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2008**

**EXHIBIT A-10**

	Private-purpose Trust Fund Speer Library- Breyfogle
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,670
Investments	-
Accrued interest receivable	-
Total Assets	<u>\$ 6,670</u>
<b>LIABILITIES</b>	
Total Liabilities	<u>-</u>
<b>NET ASSETS</b>	
Held in trust for scholarships and books	<u>\$ 6,670</u>
Total Net Assets	<u>\$ 6,670</u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008****EXHIBIT A-11**

	Private-purpose Trust Fund Speer Library- Breyfogle
<b>Additions:</b>	
Investment Income	\$ 269
Total Additions	269
<b>Deductions:</b>	
Scholarship Awards	-
Total Deductions	-
<b>Change in Net Assets</b>	269
Net Assets-Beginning of the Year	6,401
Net Assets-End of the Year	\$ 6,670

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

The financial statements of the City of Mission, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

The accounting policies of the City of Mission as reflected in the accompanying financial statements conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB).

*A. Reporting Entity*

The City of Mission is a municipal corporation governed by an elected mayor and a four member Council. The accompanying financial statements of the reporting entity include those of the City of Mission (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

Blended Component Units

None.

Discretely Presented Component Units

The Mission Economic Development Corporation (MEDC) was organized on behalf of the City of Mission for the specific public purpose of the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare. MEDC is governed by a five member board of directors, each of which is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. MEDC's primary source of revenues is sales tax revenues generated by the City of Mission. In addition, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC's bylaws and Articles of Incorporation. MEDC is presented as a governmental fund type and has a September 30 year end.

Complete Financial Statements for the above component unit may be obtained at its administrative office at:

Mission Economic Development Corporation  
1201 E. 8<sup>th</sup> St.  
Mission, Texas 78572

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

The City of Mission, Texas authorized the creation of the Mission Redevelopment Authority (MRA) by the Resolution No. 1021 passed on November 26, 2001. The Authority was created and organized as a local government corporation pursuant to provisions of Subchapter D of Chapter 431 of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code. MRA is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Reinvestment Zone Number One (the "Zone") and neighboring areas; in the preparation and implementation of a project plan and a reinvestment zone financing plan for the zone; in the development of a policy to finance development and redevelopment of residential, educational facilities, commercial and park/open space properties in the Mission area; and in the development and implementation of redevelopment policy for the Mission area, including the acquisition of land for redevelopment purposes. MRA may issue bonds with the consent of the City Council. MRA is managed by a Board of Directors consisting of seven members, five of whom are appointed by the mayor with the approval of the City Council, and one each for other participating entities. MRA is presented as a governmental fund type and has a September 30 year end.

Complete Financial Statements for the above mentioned component unit may be obtained at its administrative office at:

Mission Redevelopment Authority  
c/o Hawes, Hill & Calderon, LLP  
2500 Tanglewilde Suite 260  
Houston, Texas 77063

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the intermediary collecting governments at year end on behalf of the City also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following fund types and related major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The only special revenue fund reported as a major fund is the Community Development Fund. This is used to account for the Community Development Block Grant, a federal program.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The debt service fund is reported as a major fund.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition of capital assets or construction of major capital facilities, not being financed by the proprietary funds. None of the capital project funds are major.

The City reports the following proprietary fund types and related major funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports all of its enterprise funds as major funds.

The Utility Fund accounts for the provision of water and sewer services to the residents of the City and some residents outside of the City.

The Golf Course Fund accounts for the operations and maintenance of the Shary Municipal Golf Course.

The Solid Waste Fund accounts for the provision of garbage and brush collection for the residents of the City.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The Group Health Employee Fund is used to account for health insurance premiums collected from employees and various City departments. Health insurance claims are also reflected in this fund.

The City reports fiduciary fund types, in which the City accounts for assets received and held by the City in the capacity of trustee, agent or custodian. Expenditures are made only in accordance with the purpose for which the assets are received and cannot be used to support the City's programs. Within this category of fund types, the private-purpose trust fund is used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

Fiduciary Funds - A private-purpose trust fund, The Speer Memorial Library-Breyfogle, is used to account for resources held in trust for use for Library Science courses. These funds are to be used for library staff that has been accepted into a Library Science program and who are taking library science courses from an American Library Association/Masters of Library Science (ALA/MLS) accredited program or institution. All resources of the fund, including any earnings on invested resources, may be used to support these activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of money market investments, certificates of deposit, and U.S. agency obligations.

Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptance and U.S. Treasury and agency obligations are reported at amortized cost. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

All other investments are reported at fair value except for certificates of deposit which are stated at cost.

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. In general, this policy allows the City to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

The Mission Economic Development Corporation (MEDC) is authorized to invest in certificates of deposit, obligations of the U.S. Government and its agencies, or instrumentalities and state obligations. Investments are reported at amortized cost in the component unit, except for certificates of deposit which are stated at cost. MEDC's bank accounts are managed by the City and the City's investment policies are followed.

The Mission Redevelopment Authority is authorized to invest in any investments that are permitted by state statutes under the Public Funds Investment Act. During the year, MRA's investments consisted entirely of Money Market Mutual funds which are valued at cost which approximates market.

*E. Receivables/Payables*

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". "Due to/from other funds" represents the current portion of interfund loans. "Advances to/from other funds" represents the non-current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Included in accounts receivable of the City's Utility fund is an estimated amount for services rendered but not billed as of the close of the year. The receivable was estimated by prorating subsequent cycle billings, based upon meter readings, sent to customers.

Property taxes receivable have been prorated between General and Debt Service Fund based upon rates adopted for the year of the levy.

*F. Inventory*

Inventory held by each fund is stated at cost (primarily first-in, first-out). Inventories are recorded under the consumption method. Under this method, the expenditure is initially recorded as an asset and subsequently expended upon usage.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

**G. *Restricted Assets***

Certain proceeds of Utility Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "interest and sinking fund" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "reserve fund" account is used to report resources set aside to make up potential future deficiencies in the interest and sinking fund. The "extension and improvement fund" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

**H. *Capital Assets***

Capital assets, which includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$250 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of capital assets used by proprietary funds is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of general capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however it is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of government-wide Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Useful Lives</u>
Buildings	30 years
Furniture and Equipment	5-15 years
Vehicles	3-20 years
Water plant and water tower	20-50 years
Water lines	25 years
Sewer system	20 years
Infrastructure	10-45 years

**I. *Construction Period Interest***

The Utility Fund (an enterprise fund) has capitalized interest cost during the construction period of water and wastewater projects. The capitalized interest is recorded as part of the cost of these projects and will be depreciated over the assets' estimated useful life. The amount of interest cost capitalized is net of interest earned on investments acquired with proceeds of related borrowings. Interest expense is not capitalized on capital assets of governmental funds.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

*J. Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported only in the governmental activities column of the government-wide financial statements. Compensated absences vested or accumulated are only reported in the governmental funds only if they have matured. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards

Board Statement No. 16, Accounting for Compensated Absences, the vesting method can be used to calculate the liability related to compensated absences for sick leave. The vesting method focuses on vesting sick leave. Vesting rights include vested rights and those rights that will eventually vest. With the exception of police officers and firefighters, discussed below, the City has recognized a liability for the vested part of employee sick leave. Per the City's Personnel Policy Manual, one-half of accumulated sick days up to a maximum of 90 days will vest once an employee either reaches 15 years of service or is eligible for official retirement as defined by the Texas Municipal Retirement System.

As per the state statute, Police Officers and Firefighters are allowed to accumulate 15 sick days for 12 months of employment. They are entitled to receive a lump-sum payment of the full amount of accumulated sick leave not to exceed a total of 90 days pay. There is no requirement on vested time to receive this benefit.

*K. Long-Term Obligations*

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts, as well as issuance costs, are unearned charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received and discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

*L. Fund Equity*

In governmental fund financial statements, fund balance that represents amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose are reported as reservations of fund balance. Amounts representing tentative management plans, which are subject to change, are reported as designations of fund balance.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

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

*M. Prepaid Items*

In the governmental fund types, payments made for services that benefit periods beyond the current year are recorded as expenditures in the current year.

*N. Internal Service Fund Activity*

Because the principal users of the internal service activities are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statement. Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

As mandated by the City Charter, budgets are required for all City funds each year. For the year ended September 30, 2008 budgets were not adopted for the Fiduciary Funds, but were adopted for the Internal Service Funds. Budget comparisons to actual expenditures for these funds are not required to be included in the financial statements. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds except for the Capital Projects Funds. Budgets for the Capital Projects Funds are adopted over the multiple-year term of the projects.

**NOTE 3 - PROPERTY TAXES**

Property taxes are levied by October 1 in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 30 day period after the close of the City's fiscal year.

Property taxes are billed and collected by the Hidalgo County Tax Office for the City by contract agreement. Tax collections are transferred directly into the City's bank account.

The City is a Home-Rule Charter City with a maximum authorized tax rate for all purposes of \$2.50 per \$100 valuation. The combined tax rate for the year ended September 30, 2008 (2007 levy), was \$.5566 per \$100 valuation.

Taxes receivable consists of property taxes of \$1,928,360 and sales taxes of \$1,553,071 for a total taxes receivable of \$3,481,431.

**NOTE 4- DEPOSITS AND INVESTMENTS**

*A. Primary Government*

*Deposits* - At September 30, 2008, the carrying value of the City's deposits was \$7,319,086 and the

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS *(Continued)***

bank balance was \$8,187,594. Of this bank balance, \$202,920 was covered by FDIC insurance, and the remainder was fully collateralized with securities held by the City's agent in the City's name.

Investment Policy

The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from security defaults or erosion of market value.

The City's policy authorizes the following investment instruments:

1. Obligations of the United States of America, its agencies and instrumentalities, which have a liquid market with a readily determinable market value.
2. Direct obligations of the State of Texas and agencies thereof.
3. Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or United States of America.
4. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent.
5. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in 1 through 4 above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by nationally recognized rating agency, or by Article 2529b-1, V.T.C.S., and that have a market value of not less than the principal amount of the certificates.
6. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the Finance Director, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A master repurchase agreement must be signed by the bank/dealer prior to investment in a repurchase agreement.
7. Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Interest Rate Risk –

The risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The City's investment policy limits average maturities of all investments to one year or less. The maximum final stated maturity of any investment shall not exceed five years. Portfolio

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

diversification is employed as a way to control the risk. The City's investment portfolio is required to have sufficient liquidity to meet anticipated cash flow requirements.

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2008:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Federal Home Loan Bank Discount Note	\$ 2,396,329	\$ -	\$ 2,396,329
Federal Home Loan Bank Discount Note	397,637	-	397,637
Federal Home Loan Bank Discount Corp	995,649	995,649	-
Federal Home Loan Bank Discount Corp	2,362,418	-	2,362,418
Federal Home Loan Bank	299,429	299,429	-
Federal Home Loan Bank	1,893,875	-	1,893,875
Federal Home Loan Bank	149,101	-	149,101
Federal Home Loan Bank	793,264	-	793,264
Freddie Discount	5,212,768	-	5,212,768
Federal Nat'l Mortgage Assc.	997,690	997,690	-
Federal Nat'l Mortgage Assc.	996,209	-	996,209
Federal Nat'l Mortgage Assc.	796,907	-	796,907
Federal Nat'l Mortgage Assc.	1,297,929	-	1,297,929
Federal Nat'l Mortgage Assc.	1,785,994	-	1,785,994
Federal Nat'l Mortgage Assc.	794,184	-	794,184
Federal Nat'l Mortgage Assc. Disc Note	2,590,206	-	2,590,206
Texpool	7,909,003	7,909,003	-
Total	<u>\$ 31,668,592</u>	<u>\$ 10,201,771</u>	<u>\$ 21,466,821</u>

**Credit Risk –**

The City's investment policy authorizes the following pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2258 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 AAA-m 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 value of its shares.

Statutes authorize the City to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, certain municipal securities, repurchase agreements, and other investments specifically allowed by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code).



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

The City's investment policies and types of investments are governed by the Public Funds Investments Act (PFIA). The City's management believes that it complied with the requirements of the PFIA and the City's Investment policies.

As of September 30, 2008, the following was the composition of the City's credit rating by investment:

Credit Quality Distribution of Securities With Credit Exposure as a Percentage of Total Investments		
Investment Type	Rating	Exposure
Federal Home Loan Bank Discount Note	AAA	9%
Federal Home Loan Bank Discount Note	AAA	1%
Federal Home Loan Bank Discount Corp	AAA	3%
Federal Home Loan Bank Discount Corp	AAA	7%
Federal Home Loan Bank	AAA	1%
Federal Home Loan Bank	AAA	7%
Federal Home Loan Bank	AAA	1%
Federal Home Loan Bank	AAA	2%
Freddie Discount	AAA	17%
Federal Nat'l Mortgage Assc.	AAA	3%
Federal Nat'l Mortgage Assc.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	2%
Federal Nat'l Mortgage Assc.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	5%
Federal Nat'l Mortgage Assc.	AAA	2%
Federal Nat'l Mortgage Assc. Disc Note	AAA	8%
Texpool	AAA	24%

Concentrations of Credit Risk –

Portfolio diversification is critically important to the City to help mitigate the risk of loss. The following are employed terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control risk.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

As of September 30, 2008, the following was the composition of the City's investment portfolio:

Investment Type	Rating	Exposure
Federal Home Loan Bank Discount Note	AAA	9%
Federal Home Loan Bank Discount Note	AAA	1%
Federal Home Loan Bank Discount Corp	AAA	3%
Federal Home Loan Bank Discount Corp	AAA	7%
Federal Home Loan Bank	AAA	1%
Federal Home Loan Bank	AAA	7%
Federal Home Loan Bank	AAA	1%
Federal Home Loan Bank	AAA	2%
Freddie Discount	AAA	17%
Federal Nat'l Mortgage Assc.	AAA	3%
Federal Nat'l Mortgage Assc.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	2%
Federal Nat'l Mortgage Assc.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	5%
Federal Nat'l Mortgage Assc.	AAA	2%
Federal Nat'l Mortgage Assc. Disc Note	AAA	8%
Texpool	AAA	24%
Total		100%

*Custodial Credit Risk –*

For an investment, custodial credit risk is the risk that the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to an investment will not fulfill its obligation.

The City's investments are categorized as a level one custodial credit risk, meaning that its investments are insured or registered or securities held by the City or its' agent in the City's name.

The City is prohibited from investing in the following types of investments:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

A reconciliation of cash and investments as shown on the Statement of Net Assets for the primary government follows:

Cash on hand	\$ 6,440
Carrying amount deposit	7,319,086
Investments	31,668,592
Less: Statement of Fiduciary Net Assets - investments	<u>(6,670)</u>
Cash and Investments Statement of Net Assets	<u>\$ 38,987,448</u>
 Cash and cash equivalents	 \$ 5,338,480
Investments	17,474,681
Restricted assets	16,174,969
Less: Accrued interest	<u>(682)</u>
Cash and Investments Statement of Net Assets	<u>\$ 38,987,448</u>

*B. Component Units*

Mission Economic Development Corporation

*Deposits* - At September 30, 2008, the carrying value of Mission Economic Development Corporation's deposits was \$566,770 and the bank balance was \$566,770. All deposits were fully insured or collateralized.

*Investments* - During the year, MEDC's investments consisted of obligations of the U.S. Government or its Agencies and instrumentalities. MRA had no investments at September 30, 2008.

Interest Rate Risk -

The risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

MEDC's investment policy limits average maturities of all investments to one year or less. The maximum final stated maturity of any investment shall not exceed five years. Portfolio diversification is employed as a way to control the risk. MEDC's investment portfolio is required to have sufficient liquidity to meet anticipated cash flow requirements.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2008:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Federal Home Loan Bank	\$ 498,388	\$ -	\$ 498,388
Federal Nat'l Mortgage Assc.	398,488	-	398,488
Federal Home Loan Bank Discount Corp.	98,434	-	98,434
Federal Nat'l Mortgage Assc. Disc. Note	99,640	-	99,640
Federal Nat'l Mortgage Assc. Disc. Note	499,235	-	499,235
Texpool	241,079	241,079	-
Texpool	780,997	780,997	-
	<u>\$ 2,616,261</u>	<u>\$ 1,022,076</u>	<u>\$ 1,594,185</u>

**Credit Risk –**

MEDC's investment policy authorizes the following pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2258 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 AAA-m 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 value of its shares.

Statutes authorize MEDC to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, certain municipal securities, repurchase agreements, and other investments specifically allowed by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code).

MEDC's investment policies and types of investments are governed by the Public Funds Investments Act (PFIA). The Corporation's management believes that it complied with the requirements of the PFIA and the Corporation's Investment policies.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

As of September 30, 2008, the following was the composition of MEDC's credit rating by investment:

Credit Quality Distribution of Securities With Credit Exposure as a Percentage of Total Investments		
Investment Type	Rating	Exposure
Federal Home Loan Bank	AAA	19%
Federal Nat'l Mortgage Assc.	AAA	15%
Federal Home Loan Bank Discount	AAA	4%
Federal Nat'l Mortgage Assc. Disc. Note	AAA	4%
Federal Nat'l Mortgage Assc. Disc. Note	AAA	19%
Texpool	AAA	9%
Texpool	AAA	30%

Concentrations of Credit Risk –

Portfolio diversification is critically important to MEDC to help mitigate the risk of loss. The following are employed terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control risk.

As of September 30, 2008, the following was the composition of MEDC's investment portfolio:

Federal Home Loan Bank	AAA	19%
Federal Nat'l Mortgage Assc.	AAA	15%
Federal Home Loan Bank Disc. Corp.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	4%
Federal Nat'l Mortgage Assc.	AAA	19%
Texpool	AAA	9%
Texpool	AAA	30%

A reconciliation of cash and investments as shown on the statement of net assets for MEDC follows:

Carrying amount deposit	\$ 566,770
Investments	2,616,260
Cash and Investments Statement of Net Assets	<u>\$ 3,183,030</u>
Cash and cash equivalents	\$ 316,649
Investments	2,276,748
Restricted Assets	590,638
Less: Accrued Interest	(1,004)
Cash and Investments Statement of Net Assets	<u>\$ 3,183,030</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk –*

For an investment, custodial credit risk is the risk that MEDC will not be able to recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to an investment will not fulfill its obligation.

MEDC's investments are categorized as a level one custodial credit risk, meaning that its investments are insured or registered or securities held by MEDC or its' agent in MEDC's name.

MEDC is prohibited from investing in the following types of investments:

- e. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- f. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- g. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
- h. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Mission Redevelopment Authority

Deposits

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporations or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year end, the carrying amount of the Authority's deposits were \$1,374,113 and the bank balance was \$1,880,606 Of the bank balance, \$100,000 was covered by federal depository insurance and the remaining balance was covered by collateral held in a third-party depository in the Authority's name.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

Investments

Under Texas statute, the Authority is required to invest in funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. Authority's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds insured, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

As of September 30, 2008, the Mission Redevelopment Authority had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More than 10
<u>DEBT SERVICE FUND-</u> (Restricted for Payment of Debt Service Fund)					
Money Market Mutual Fund	\$ 917,408	\$ 917,408	-	-	-

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk.** Credit Risk is the risk that the issuer or the counterparty to an investment will not fulfill its obligations. At September 30, 2008, the Authority's Money Market Mutual Fund investment rating was unavailable.

**Interest Rate Risk.** Interest Rate Risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority considers the investment in the Money Market Fund to have a maturity of less than one year due to the fact that share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A. Interfund receivable and payable balances at September 30, 2008 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 222,797
General Fund	Utility Fund	11,272
Utility Fund	Golf Course Fund	777,421
Utility Fund	Solid Waste Fund	95,895
		<u>\$ 1,107,385</u>

The remaining balances resulted from a routine lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

B. Due to/from the primary government and component unit at September 30, 2008 were as follows:

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - MEDC	\$ 78,998
Primary Government - General Fund	Component Unit - MRA	1,474,157
Primary Government - Utility Fund	Component Unit - MRA	428,889
		<u>\$ 1,982,044</u>



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

Of the total receivable from MRA in the General Fund, \$1,364,418 is deemed to be long-term and a reserve for long term receivable has been established in the General Fund. The remaining balances in the amount of \$617,626 reflected above are deemed to be current receivables.

**C. Interfund Transfers:**

	Transfer In:		
	General	Nonmajor	
Transfer Out:	Fund	Governmental	Total
		Funds	
General Fund	\$ -	\$ 392,059	\$ 392,059
Nonmajor Governmental Funds	76,042	-	76,042
Solid Waste Fund	250,000	-	250,000
Utility Fund	1,000,000	-	1,000,000
Total Transfer Out	<u>\$ 1,326,042</u>	<u>\$ 392,059</u>	<u>\$ 1,718,101</u>

Transfers out of the General Fund to the nonmajor governmental funds were to sustain the operating activities of those funds.

A nonmajor governmental fund transferred funds to the General Fund to sustain ongoing activities within the police department. A transfer from the Solid Waste Fund to the General Fund was to sustain the ongoing maintenance of streets and alleys destroyed by the garbage trucks on a daily basis. A transfer from the Utility Fund to the General Fund was to help defray the maintenance and repair costs of damages to streets when water and sewer lines must be accessed as well as offset costs incurred by the General Fund in support of the Utility Fund operations.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance at October 1, 2007	Increases	Decreases	Balance at September 30, 2008
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 30,787,239	\$ 485,354	\$ -	\$ 31,272,593
Construction in progress	4,684,603	3,141,740	(3,634,984)	4,191,359
Total capital assets, not being depreciated	<u>35,471,842</u>	<u>3,627,094</u>	<u>(3,634,984)</u>	<u>35,463,952</u>
Capital assets, being depreciated:				
Buildings	10,786,707	7,800,981	-	18,587,688
Improvements other than buildings	5,491,182	274,640	-	5,765,822
Machinery and equipment	14,838,410	2,273,892	(962,012)	16,150,290
Infrastructure	61,468,192	6,029,352	-	67,497,544
Total capital assets, being depreciated	<u>92,584,491</u>	<u>16,378,865</u>	<u>(962,012)</u>	<u>108,001,344</u>
Less accumulated depreciation for:				
Buildings	(3,198,992)	(396,817)	-	(3,595,809)
Improvements other than buildings	(2,504,011)	(474,966)	-	(2,978,977)
Machinery and equipment	(10,167,554)	(1,100,822)	728,223	(10,540,153)
Infrastructure	(22,382,608)	(2,984,251)	-	(25,366,859)
Total accumulated depreciation	<u>(38,253,165)</u>	<u>(4,956,856)</u>	<u>728,223</u>	<u>(42,481,798)</u>
Total capital assets, being depreciated, net	<u>54,331,326</u>	<u>11,422,009</u>	<u>(233,789)</u>	<u>65,519,546</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,803,168</u>	<u>\$ 15,049,103</u>	<u>\$ (3,868,773)</u>	<u>\$ 100,983,498</u>
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,640,102	\$ -	\$ -	\$ 3,640,102
Water Rights	740,000	3,002,500	-	3,742,500
Construction in progress	20,240,831	3,980,269	(16,925,819)	7,295,281
Total assets, not being depreciated	<u>24,620,933</u>	<u>6,982,769</u>	<u>(16,925,819)</u>	<u>14,677,883</u>
Capital assets, being depreciated:				
Buildings and system	85,861,969	18,862,874	-	104,724,843
Improvements other than buildings	1,787,922	16,850	-	1,804,772
Furniture and equipment	5,237,946	610,302	(131,540)	5,716,708
Total assets, being depreciated	<u>92,887,837</u>	<u>19,490,026</u>	<u>(131,540)</u>	<u>112,246,323</u>
Less accumulated depreciation:				
Buildings and system	(29,762,976)	(3,357,234)	-	(33,120,210)
Improvements other than buildings	(1,156,719)	(101,657)	-	(1,258,376)
Furniture and equipment	(3,295,611)	(584,470)	112,058	(3,768,023)
Total accumulated depreciation	<u>(34,215,306)</u>	<u>(4,043,361)</u>	<u>112,058</u>	<u>(38,146,609)</u>
Total capital assets, being depreciated, net	<u>58,672,531</u>	<u>15,446,665</u>	<u>(19,482)</u>	<u>74,099,714</u>
Business-type Activities Capital Assets, Net	<u>\$ 83,293,464</u>	<u>\$ 22,429,434</u>	<u>\$ (16,945,301)</u>	<u>\$ 88,777,597</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 237,726
Public safety	1,009,821
Highways and streets, including depreciation of general infrastructure assets	3,080,036
Sanitation	8,966
Culture and recreation	620,307
Total depreciation expense -governmental acitivities	<u>\$ 4,956,856</u>

**Business-type Activities:**

Utility	\$ 3,895,366
Golf Course	147,995
Total depreciation expense - business-type acitivities	<u>\$ 4,043,361</u>

**NOTE 7 – RECEIVABLES**

Receivables at September 30, 2008 were as follows:

	Taxes	Accounts	Special Assessments	Due From Other Governments	Other	Allowance for Uncollectibles	Net Receivables
<b>Governmental Activities:</b>							
General	\$ 1,530,949	\$ 1,045,049	\$ -	\$ 1,721,602	\$ -	\$ (880,455)	\$ 3,417,146
Community Development	-	-	-	42,988	-	-	42,988
Debt Service	397,410	-	-	-	1,748	(65,226)	333,932
Other Governmental	-	270,982	122,725	283,027	1,225	(41,494)	636,465
Total Governmental Activities	<u>\$ 1,928,360</u>	<u>\$ 1,316,031</u>	<u>\$ 122,725</u>	<u>\$ 2,047,618</u>	<u>\$ 2,973</u>	<u>\$ (987,175)</u>	<u>\$ 4,430,531</u>
<b>Business-type Activities</b>							
Utility	\$ -	\$ 2,578,010	\$ -	\$ 99,128	\$ 27	\$ (461,987)	\$ 2,215,178
Golf Course	-	8,008	-	-	-	-	8,008
Solid Waste	-	949,277	-	-	-	(203,400)	745,877
Total Business-type Activities	<u>\$ -</u>	<u>\$ 3,535,297</u>	<u>\$ -</u>	<u>\$ 99,128</u>	<u>\$ 27</u>	<u>\$ (665,388)</u>	<u>\$ 2,969,063</u>

Revenues of the Utility and Solid Waste Funds are reported net of uncollectible amounts related to revenues of the current period.

	Utility Fund	Solid Waste Fund
Gross Operating Revenues	\$ 15,770,011	\$ 4,490,826
Uncollectibles Related to Current Year	(43,147)	(16,024)
Net Operating Revenues	<u>\$ 15,813,158</u>	<u>\$ 4,506,850</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES**

A. At September 30, 2008 the City had the following Other Liabilities:

Payable To	Governmental Activities	Business Type Activities	Total
Due to State	\$ 124,037	\$ 61,052	\$ 185,089
City of McAllen	230,200	-	230,200
Wages and Deductions	206,615	36,118	242,733
Court Deposits/Refunds	4,505	-	4,505
Tax Attorney	20,738	-	20,738
Due to Other Entities	25,961	6,578	32,539
	<u>\$ 612,056</u>	<u>\$ 103,748</u>	<u>\$ 715,804</u>

B. At September 30, 2008 the Mission Redevelopment Authority had the following other liabilities:

<u>Payable to</u> Developers	\$ 2,465,812
	<u>\$ 2,465,812</u>

**NOTE 9 - LONG-TERM DEBT**

*Public Property Financing Contractual Obligations*

The City issues public property financing contractual obligations to finance the acquisition of personal property. These types of bonds have been issued by the City both for governmental activities as well as business-type activities. The original amount of public property financing contractual obligations, a portion of which remain outstanding, issued in prior years was \$9,505,000.

Public Property Financing Contractual Obligations payable at September 30, 2008 are comprised of the following:

Governmental and Business-type activities:

\$1,530,000 Public Property Financing Contractual Obligations Series 1995 payable in annual installments ranging from \$45,000 to \$185,000 through February 1, 2011; interest at 4.5% through 6.5%.	\$ 165,000
\$3,420,000, Public Property Financing Contractual Obligations, Series 1998, of which \$2,955,000 represents general long-term debt (\$280,000 represents Utility Fund debt and \$185,000 represents Golf Course Fund debt) due in annual installments ranging from \$260,000 to \$120,000 through September 30, 2013; interest at 4.65% to 6.00%.	550,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

\$2,165,000, Public Property Financing Contractual Obligations, Series 2000, of which \$1,835,000 represents general long-term debt (\$330,000 represents Utility Fund debt) due in annual installments ranging from \$220,000 to \$4,000 through February 15, 2016; interest at 4.50% to 5.75%.

285,000

\$2,390,000 Public Property Financing Contractual Obligations, Series 2003, of which \$1,020,000 represents general, long-term debt (\$1,370,000 represents Utility Fund debt) due in annual installments ranging from \$40,000 to \$450,000 through February 15, 2010; interest at 2.00% to 3.25%

320,000

Total Public Property Financing Contractual Obligations      \$ 1,320,000

Public Property Financing Contractual Obligations debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 225,000	\$ 45,519	\$ 120,000	\$ 6,013
2010	240,000	35,063	125,000	2,031
2011	200,000	24,895	-	-
2012	145,000	16,654	-	-
2013	155,000	9,484	-	-
2014-2018	110,000	8,925	-	-
Total	<u>\$ 1,075,000</u>	<u>\$ 140,539</u>	<u>\$ 245,000</u>	<u>\$ 8,044</u>

*Certificates of Obligation*

The City issues Certificates of Obligation to finance construction projects. These types of bonds have been issued by the City both for governmental activities as well as business-type activities. The original amount of certificates of obligation, a portion of which remain outstanding, issued in prior years was \$29,625,000.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

Certificates of Obligation payable at September 30, 2008 are comprised of the following:

Governmental activities and Business-Type Activities:

\$4,820,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 1998, payable in annual installments ranging from \$100,000 to \$345,000 through September 30, 2023, interest at 6.75% to 5.00%.	\$ 3,680,000
\$4,000,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2000, payable in annual installments ranging from \$80,000 to \$285,000 through February 15, 2026 interest at 4.875% to 5.875%.	3,360,000
\$4,120,000 Combination Tax & Revenue Certificates of Obligation, Series 2003, payable in annual installments ranging from \$120,000 to \$295,000 through February 15, 2028 interest at 3.00% to 5.00%	3,875,000
\$1,035,000 Combination Tax & Limited Pledge Revenue Series 2004, payable in annual installments ranging from \$50,000 to \$100,000 through September 30, 2017 interest at 4.00% to 4.375%	835,000
\$4,550,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005, of which \$4,115,000 represents general long-term debt (\$435,000 represents Golf Course Fund debt) due in annual installments ranging from \$75,000 to \$325,000 through February 15, 2025; interest at 3.00% to 4.25%	3,440,000
\$4,100,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005A, of which \$4,100,000 represents general long-term debt due in annual installments ranging from \$140,000 to \$325,000 through February 15, 2026; interest at 4.00% to 5.25%	3,960,000
\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007, of which \$7,000,000 represents general long-term debt due in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027; interest at 5.00% to 4.25%	<u>6,710,000</u>
Total Certificates of Obligations	\$ <u>25,860,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

Certificates of obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,195,000	\$ 1,158,922	\$ 90,000	\$ 4,494
2010	1,255,000	1,105,546	95,000	1,544
2011	1,330,000	1,049,838	-	-
2012	1,380,000	990,660	-	-
2013	1,170,000	934,460	-	-
2014-2018	6,505,000	3,821,862	-	-
2019-2023	7,645,000	2,201,229	-	-
2024-2028	5,195,000	479,996	-	-
2029-2033	-	-	-	-
Total	<u>\$ 25,675,000</u>	<u>\$ 11,742,512</u>	<u>\$ 185,000</u>	<u>\$ 6,038</u>

*Revenue Bonds*

The City also issued bonds for which it pledges net revenues derived from the waterworks and sewer system accounted for in the Utility Fund to pay debt service requirements.

Revenue bonds payable at September 30, 2008 are comprised of the following:

Business – type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System EDAP Junior Lien Revenue Serial Bonds due in annual installments ranging from \$16,000 to \$50,000 from April 1, 1996 through 2015; interest at 5.3% to 7.0%.		\$ 290,000
\$2,032,000 1995-B Waterworks and Sewer System SRF Junior Lien Revenue Serial Bonds due in annual installments ranging from \$64,000 to \$156,000 from April 1, 1996 through 2015; interest at 4.05% to 5.35%.		939,000
\$14,645,000 2004-A Waterworks and Sewer System Junior Lien Revenue Serial Bond due in annual installments ranging from \$460,000 to 1,155,000 from September 30, 2008 through 2027; interest payments starting October 1, 2004 at 3.15% to 5.20%.		13,710,000
\$603,000 2004-B Waterworks and Sewer System Junior Lien Revenue Serial Bond due in annual installments ranging from \$18,000 to \$49,000 from October 1, 2005 through 2018; interest payments starting October 1, 2004 at 3.93% to 5.53%.		566,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

\$ 18,300,000 2006 Waterworks and Sewer System Revenue Refunding  
Serial Bonds due in annual installments ranging from \$630,000 to  
\$1,185,000 from February 15, 2007 through 2027; interest at 4.25% to 5.0%. 16,485,000

\$ 8,765,000 2006-A Waterworks and Sewer System Revenue Serial  
Bonds due in monthly installments of \$38,443 beginning  
November 1, 2007 and every first Wednesday of each month  
through November 5, 2025; with a variable interest. These bonds  
were issued through a special program from the Office of the Texas  
Governor called the Texas Industry Development Loan Program.  
This program is administered by the Texas Small Business Industrial  
Development Corporation (TSBIDC). Project revenues from the State  
of Texas program may partially or totally offset interest requirements  
of the debt.

7,880,811

Total Revenue Bonds Payable \$ 39,870,811

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2009	\$ 2,056,873	\$ 1,691,464
2010	2,172,316	1,625,904
2011	2,242,316	1,536,489
2012	2,042,316	1,448,664
2013	2,119,316	1,362,455
2014-2018	10,926,579	5,388,048
2019-2023	10,433,579	3,119,355
2024-2028	7,877,518	32,609
Total	<u>\$ 39,870,811</u>	<u>\$ 16,204,988</u>



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

*Prior Year Advance Refunding:*

In a previous year, the City of Mission defeased bonds issued for the Utility Fund. U.S. Government, State and Local Government securities were purchased and placed in an escrow account for the purpose of generating resources for all future debt service payments of that debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Utility Fund and the business activities column of the statement of net assets.

At September 30, 2008 the amount of defeased debt outstanding for the 2001 Waterworks and Sewer System Revenue Bond was \$8,105,000.

*Notes Payable*

The City entered into a loan agreement to purchase land to be donated to the Veterans Land Board for a cemetery. Note payables at September 30, 2008 consist of the following:

Governmental-type activities:

\$250,000 Note payable to Bentsen Palm, Ltd. dated, December 27, 2002, non-interest bearing, payable in four annual installments of \$50,000 each commencing on the anniversary date Bentsen Palm, Ltd. conveyed the property to the City. Note was fully repaid during the year.

\$            0

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 9 - LONG-TERM DEBT (Continued)**

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2008 was follows:

	Balance at September 30, 2007	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2008	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 1,540,000	\$ -	\$ 465,000	\$ 1,075,000	\$ 225,000
Certificates of Obligation	19,865,000	7,000,000	1,190,000	25,675,000	1,195,000
Plus Issuance Premium	126,842	168,426	15,000	280,268	-
Total Bonds Payable	21,531,842	7,168,426	1,670,000	27,030,268	1,420,000
Notes Payable	50,000	-	50,000	-	-
Capital Leases	284,958	-	98,506	186,452	104,676
Compensated Absences	2,056,229	1,117,598	879,271	2,294,556	1,187,263
Governmental Activity Long-term Liabilities	<u>\$ 23,923,029</u>	<u>\$ 8,286,024</u>	<u>\$ 2,697,777</u>	<u>\$ 29,511,276</u>	<u>\$ 2,711,939</u>
<b><u>Business-type Activities:</u></b>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 570,000	\$ -	\$ 325,000	\$ 245,000	\$ 120,000
Certificate of Obligations	275,000	-	90,000	185,000	90,000
Revenue Bonds	41,944,570	-	2,073,759	39,870,811	2,056,873
Less: Loss On refunding	(758,758)	-	37,938	720,820	-
Plus issuance premium	134,291	-	6,715	127,577	-
Total Bonds Payable	42,165,103	-	2,533,411	41,149,208	2,266,873
Capital Leases	84,651	-	38,048	46,603	40,313
Compensated Absences	287,963	191,867	152,495	327,335	204,671
Business-type Activity Long-term Liabilities	<u>\$ 42,537,717</u>	<u>\$ 191,867</u>	<u>\$ 2,723,954</u>	<u>\$ 41,523,146</u>	<u>\$ 2,511,856</u>

Generally, the general and special revenue funds liquidate the portion of compensated absences that pertain to its own fund.

The Utility Fund capitalized \$90,992 of bond interest expense as part of various construction projects for the year-ended September 30, 2008.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 10 - COMPONENT UNIT - LONG-TERM DEBT PAYABLE**

*A. Mission Economic Development Corporation (MEDC)*

Mission Economic Development Corporation (MEDC) has issued sales tax revenue bonds to finance various construction projects to enhance economic development in the Mission area. These bonds are to be repaid with sales tax revenue.

Sales tax revenue bonds payable at September 30, 2008 for the MEDC are comprised of the following:

\$1,415,000 (Tax-Exempt) Sales Tax Revenue Serial Bonds Series 1995 due in annual installments ranging from \$30,000 to \$110,000 from January 1, 1997 through 2020; interest at 5.25% to 6.60%	955,000
\$5,180,000 Subordinate Lien Sales Tax Revenue Bonds Series 1999 due in annual installments ranging from \$110,000 to \$345,000 from February 15, 2000 through 2024; interest at 4.15% to 5.0%. Bonds maturing in 2010 and beyond are subject to being called in increments of \$5,000	<u>3,950,000</u>
Total	<u>\$4,905,000</u>

The annual requirements to retire the MEDC revenue bonds including interest are as follows:

Year Ending September 30,	Principal	Interest
2009	\$ 225,000	\$ 246,528
2010	235,000	235,416
2011	245,000	223,624
2012	260,000	210,995
2013	275,000	833,125
2014-2018	1,605,000	385,624
2019-2023	<u>2,060,000</u>	<u>34,125</u>
Total	<u>\$ 4,905,000</u>	<u>\$ 2,169,437</u>

The following is a summary of changes in long-term debt obligations for the MEDC for the year ended September 30, 2008:

	Balance at September 30, 2007	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2008	Amounts Due within One Year
Sales Tax Revenue Bonds	<u>\$ 5,120,000</u>	<u>\$ -</u>	<u>\$ 215,000</u>	<u>\$ 4,905,000</u>	<u>\$ 225,000</u>

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**NOTE 10 - COMPONENT UNIT - LONG-TERM DEBT PAYABLE (Continued)**

*B. Mission Redevelopment Authority*

*Revenue Bonds Payable*

At September 30, 2008 Mission Redevelopment Authority has issued bonds to pay for the costs incurred within the tax increment Reinvestment Zone (TIRZ) improvements. These bonds will be repaid from property taxes collected on property within TIRZ. Additionally, they are equally and ratably secured by a lien on the Pledged Revenues, money on deposits in the Pledge Revenue Fund of the MRA, the Project Fund of the MRA and the Debt Service Reserve Fund of the MRA and interest earned on money deposited therein. Developers have also indicated they have paid on behalf of the Authority approximately \$2,465,812 for projects to be reimbursed from a future bond sale. These assets have not been recorded in the Statement of Net Assets.

Bonds payable at September 30, 2008 for the MRA are comprised of the following:

\$8,610,000 Tax Increment Contract Revenue Contract Revenue Bonds due in annual installments ranging from \$295,000 to \$380,000 from September 1, 2006 through 2025 with interest ranging from 3.815% to 5.125%. The bonds are callable on September 1, 2015. The bonds are also subject to redemption at the option of the MRA. Term bonds due September 1, 2016, September 1, 2019, September 1, 2022, and September 1, 2025 are subjected to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules

\$ 8,010,000

As of September 30, 2008, the debt service requirements on the bonds outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 320,000	\$ 391,306	711,306
2010	330,000	377,706	707,706
2011	345,000	363,268	708,268
2012	360,000	347,744	707,744
2013	380,000	331,094	711,094
2014-2018	2,180,000	1,366,955	3,546,955
2019-2023	2,780,000	770,781	3,550,781
2024-2028	1,315,000	101,988	1,416,988
	<u>\$ 8,010,000</u>	<u>\$ 4,050,842</u>	<u>\$ 12,060,842</u>

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**NOTE 10 - COMPONENT UNIT - LONG-TERM DEBT PAYABLE (Continued)**

*Loan Payable*

On August 10, 2007 the Mission Redevelopment Authority executed a loan agreement with the Frost National Bank in the amount of \$2,500,000. The Authority agrees to pay interest on each advance at the LIBOR rate, calculated at 65% of the London Interbank Offered Rate plus 120 basis points. Interest payments are to be made each March 1, June 1, September 1, and December 1. The maturity date will be the earlier of (1) August 10, 2009, (2) the date of the issuance of bonds, or (3) an even of default. During the current fiscal year, the Authority received an advance on this loan in the amount of \$497,500.

\$ 747,500

Current year activity related to the loan was as follows:

	Balance at October 1, 2007	Increase	Decrease	Balance at September 30, 2008	Amounts Due Within One Year
Loan-Frost National Bank	\$ 250,000.00	\$ 497,500	\$ -	\$ 747,500	\$ 747,500.00

*State Infrastructure Loan Agreement*

On March 25, 2008 the Mission Redevelopment Authority entered into a State Infrastructure Loan Agreement with the State of Texas, acting by and through the Texas Department of Transportation (TXDOT). The agreement became effective on April 3, 2008, upon execution by the State. The State has agreed to lend MRA the amount of \$3,000,000 to finance the actual costs of the extension of Anzalduas Road from the proposed General Service Administration Complex north to US 83 Expressway (the "project"). The funds became available on July 30, 2008, at which time \$3,000,000 was deposited into the project account within the State Highway Trust Fund 927. The project is to be managed and supervised by TxDOT. As of September 30, 2008, the MRA considers these funds, plus an additional \$2,577,670, as transferred to the State since the State will be responsible for maintaining the road. This Loan is a special obligation secured by and payable from a subordinate lien on and pledge of the Pledged Revenues (amounts deposited into the TIRZ Fund with the City). The Pledged Revenues are further pledged to the establishment of a Debt Service Fund. The MRA has agreed to repay the loan over a period of fifteen (15) years at a 3.85% interest rate.

\$ 3,000,000

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - COMPONENT UNIT - LONG-TERM DEBT PAYABLE (Continued)**

Current year activity related to the loan was as follows:

	Balance at September 30, 2007	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2008	Amounts Due within One Year
Loan Payable	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 151,501</u>

As of September 30, 2008, the debt service requirements of the loan balance outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 151,501	\$ 115,500	\$ 267,001
2010	157,334	109,667	267,001
2011	163,391	103,610	267,001
2012	169,682	97,319	267,001
2013	176,214	90,787	267,001
2014-2018	988,212	346,793	1,335,005
2019-2023	<u>1,193,666</u>	<u>141,339</u>	<u>1,335,005</u>
	<u>\$ 3,000,000</u>	<u>\$ 1,005,015</u>	<u>\$ 4,005,015</u>

The following is a summary of changes in long-term debt obligations for the MRA for the year ended September 30, 2008:

	Balance at September 30, 2007	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2008	Amounts Due within One Year
Revenue Bonds Payable	\$ 8,315,000	\$ -	\$ 315,000	\$ 8,000,000	\$ 320,000
Loan Payable	250,000	497,500	-	747,500	747,500
State Infrastructure Loan	-	3,000,000	-	3,000,000	151,501
	<u>\$ 8,565,000</u>	<u>\$ 3,497,500</u>	<u>\$ 315,000</u>	<u>\$ 11,747,500</u>	<u>\$ 1,219,001</u>

CITY OF MISSION, TEXAS  
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**NOTE 11 – DEFERRED REVENUE**

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes	\$ 1,183,190	\$ -
Park dedication fees	-	478,672
Grants	-	5,000
Loans receivable - HOME	-	138,631
	<u>1,183,190</u>	<u>622,303</u>

Unearned revenues of \$58,057 in the Golf Course Fund, an enterprise fund, represent collections of annual membership dues that will be recognized as revenue in the next fiscal year.

**NOTE 12 – NOTES RECEIVABLE**

*A. Utility Fund Note Receivable*

In prior years the City's Utility Fund reflected a note receivable from Rio Grande Snack Company in the original amount of \$400,000 payable in 180 monthly installments of \$3,484.43 including interest at 6.5% beginning July 1996. During the year the City received principal payments in the amount of \$33,785 reducing the balance due to \$105,035. However, subsequent to year-end this business closed its local plant and repaid the entire balance of the note in November 2008. Accordingly, this entire balance outstanding has been reflected in these financial statements as a current accounts receivable.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 13 – LONG-TERM RECEIVABLE**

Long-Term Receivable at September 30, 2008 for the City of Mission are comprised of the following:

Governmental Activities:

Balance at September 30, 2008

Right of Way Reimbursement

In prior years, the City incurred costs in the amount of \$356,549 in purchasing right-of-way for road expansions which are subject to partial reimbursement from the State of Texas. In order to be reimbursed by the State, all required legal documents must be reviewed and accepted by the State. The City has been working with the State on obtaining the necessary documents.

\$ 82,385

Housing Rehab Receivable

Promissory note receivable for housing assistance provided under the Community Development Block Grant (CDBG) program to an ineligible recipient. The principal amount and interest are due and payable in equal monthly installments of \$200.00, on the ninth day of each month, beginning November 9, 2007 and continuing until the principal have been paid in full. The annual interest rate is zero percent and the final maturity date is January 9, 2026.

41,600

Mission Redevelopment Authority Receivable

See note 27

1,364,417

Total Long Term Receivable

1,488,402

Less: Current Portion

( 2,400)

Long Term Receivable (Exhibit A-1)

\$1,486,002



CITY OF MISSION, TEXAS  
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September 30, 2008

**NOTE 14 - RESTRICTED ASSETS**

*A. Primary Government*

The waterworks and sewer system revenue bond indentures require that during the period over which the bonds are outstanding, the City maintain certain separate accounts and funds to account for (1) the proceeds from the issuance of the revenue bonds (2) the debt service deposits made from revenues and (3) extensions and improvement deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture. Similar requirements exist for the debt service of the Public Property Financing Contractual Obligations.

The City also holds certain deposits from subdividers for future utility improvements, and the amount of retainage of certain construction contracts.

Restricted assets included in the Utility Fund as of September 30, 2008 consist of:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Revenue Bond Reserve Fund	\$ 12,733	\$ 1,590,170	\$ 460	\$ 1,603,363
Bond Interest and Sinking	329,033	1,370,147	-	1,699,180
PPFCO's Interest and Sinking	112,193		-	112,193
Revenue Bond Extension and Improvement Fund	97,941	199,694	-	297,635
Subdividers Deposits	137,483	1,134,095	-	1,271,578
Capital Recovery Fund	147,571	742,084	222	889,877
Water and Sewer Plant Improvements	2,000,409	8,101,354	-	10,101,763
2003 PPFCO	-	-	-	-
Contractor Retainage	125,414	-	-	125,414
	<u>\$ 2,962,776</u>	<u>\$ 13,137,544</u>	<u>\$ 682</u>	<u>\$ 16,101,002</u>

Restricted assets of governmental funds as of September 30, 2008 consisted of cash and cash equivalents for contractor retainage as follows:

2003 CO Construction	\$ 33,144
2007 CO Construction	40,324
	<u>\$ 73,467</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 14 - RESTRICTED ASSETS (Continued)**

*B. Component Unit*

Restricted assets held by Mission Economic Development Corporation at September 30, 2008 consist of the following:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Reserve Fund	\$ 2,715	\$ 143,434	\$ 373	\$ 146,522
Debt Service Fund	98,406	345,079	631	444,116
	<u>\$ 101,121</u>	<u>\$ 488,513</u>	<u>\$ 1,004</u>	<u>\$ 590,638</u>

**NOTE 15 - PENSION PLAN**

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system. The plan provides service and disability benefits to plan members and their beneficiaries. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within actuarial constraints also in the statutes. The System's annual financial report and the required disclosure information is available by writing the Texas Municipal Retirement System, P.O. Box 149153, 1200 North Interstate 35, Austin, Texas 78714-9153, or on-line at [www.TMRS.com](http://www.TMRS.com).

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan.

Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

CITY OF MISSION, TEXAS  
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**NOTE 15 - PENSION PLAN *(Continued)***

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

The contribution rate for the employees is 6%, and the City's matching percent is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. In 2007, the unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 22, 2009).

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustees rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios, however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each

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**NOTE 15 - PENSION PLAN (Continued)**

year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$14,099,869 and the funded ratio would have been 62.6%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continue diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

Annual Pension Cost - The City's pension cost for the year ended September 30, 2008 and related information follow.

Contribution rates:			
City			12%
Plan Members			6%
Annual pension cost	\$	1,911,032	
Contributions made	\$	1,911,032	
Actuarial valuation date			12/31/2007
Actuarial cost method			Projected Unit Credit
Actuarial assumptions:			
Investment rate of return			7.0%
Projected salary increases			varies by age and service
Includes inflation at			3.0%
Cost-of-living adjustments			2.1% (3.0% CPI)
Amortization method			Level percent of payroll
Remaining amortization period			30 years - closed period
Asset valuation method			Amortized cost
City-specific assumptions:			
Payroll growth assumption			3.0%
Withdrawal rates for male/female			Mid/Mid

Three Year Trend Information			
Fiscal Year	Annual	Percentage	Net
Funding	Pension	of APC	Pension
September 30,	Cost (APC)	Contributed	Obligation
2006	1,218,800	100%	-0-
2007	1,644,090	100%	-0-
2008	1,911,032	100%	-0-

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 16 - PENSION PLAN - EMERGENCY SERVICES PERSONNEL RETIREMENT FUND**

*Plan Description*

The City of Mission contributes to the Texas Emergency Services Retirement System (TESRS), a cost – sharing multiple – employer defined benefit pension plan administered by the State of Texas. TESRS provides retirement, disability and death benefits to emergency services personnel who serve without significant monetary remuneration. The pension system was created by the S.B. 411, 65<sup>th</sup> Legislature, Regular Session (1977). The Texas Emergency Services Retirement System is considered a component unit of the State of Texas financial reporting entity and is included in the State's publicly available financial reports as a pension trust fund. That report may be obtained by writing to the Firefighter Pension Commission, Attn: Mr. Kevin Deiters, P.O. Box 12577, Austin, Texas 78711-2577, or by calling 1-512-936-3372 or website [www.ffpc.state.tx.us/tesrs/tesrs.html](http://www.ffpc.state.tx.us/tesrs/tesrs.html).

Contribution requirements were established by S.B. 411, 65<sup>th</sup> Legislative, Regular Session (1977). No contributions are required by members. The governing bodies of participating department's members are required to contribute at least the minimum amount prescribed per month per each active member.

In addition to the contributions for dues and prior services made to the Texas Emergency Services Retirement System, some cities are required to make additional deposits. These additional deposits are for retirees and beneficiaries that have been in the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) fund before merging into the S.B. 411. For the City of Mission, this additional deposit was \$1,200.

The City's total contributions to TESRS for the years ending September 30, 2008, 2007, and 2006 were \$5,136, \$5,856, and \$2,712, respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

**NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS**

**A. Postretirement Health Care Benefits**

In addition to the pension benefits described in Note 15 and 16, the City provides postretirement health care benefits, in accordance with City statutes, to all employees who retire or end their employment, excluding termination, from the City on or after completing 20 years of service. The City pays for the cost of insurance for the employee, excluding dependent coverage, for a maximum of 24 months at the employee's request. Currently, 7 retirees meet those eligibility requirements. During the year, expenditures of \$51,331 were recognized for postretirement health care.

The Governmental Accounting Standards Board issued GASB Statement No. 45, which will become effective for the City, beginning with fiscal year ending September 30, 2009. The new statement essentially converts the current practice of accounting for the City's retiree health benefits from pay-as-you-go basis to the accrual basis. The City will also be required

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**NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS (*Continued*)**

to have an actuarial valuation performed at least every two years. In anticipation of implementing next fiscal year, the City had an evaluation performed as of October 1, 2007, which reported the unfunded actuarial accrued liability at \$989,421 with an annual required contribution of \$151,562.

**B. Supplemental Death Benefit**

**Plan Description**

The City also provides a Supplemental Death Benefit to all active employees and retirees through a cost sharing multiple-employer defined benefit group term life insurance plan. The Texas Municipal Retirement System also administers this insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating municipalities may elect, by ordinance, to provide group-term life insurance coverage ("supplemental death benefits") for their active members and/or retirees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

**Benefits**

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered a post employment benefit other than pension benefit (OPEB or other post employment benefit) and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

**Contributions**

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net assets available for OPEB.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 17 - POSTRETIREMENT HEALTH CARE BENEFITS (*Continued*)**

Annual Benefit Cost – The City’s Supplemental Death Benefit cost for the year ended September 30, 2008 was as follows:

Valuation Date	12/31/2007
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Amortization period	25 years-open period
Asset valuation method	fund value
Assumptions:	
Investment return	4.25%
Projected salary increases	none
Includes inflation at	3.00%
Cost-of-living adjustments	none

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. For the years 2008, 2007 and 2006 the rate was .21%, .21% and .20% respectively of covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2008, 2007 and 2006 were \$39,653, \$36,582 and \$32,039 respectively, which equaled the required contributions each year.

**NOTE 18 - CONTINGENT LIABILITIES**

*A. Litigation*

The City is currently a defendant in various lawsuits. Although the City plans to contest the suits, it is the opinion of management and its outside attorneys that the possible outcome of the lawsuits and an estimate of the loss, if any, cannot presently be determined.

*B. Federally Assisted Grant Programs*

The City participates in several Federal and State assisted grant programs. Although the City grant programs have been audited in accordance with the provisions of the Single Audit Act, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF MISSION, TEXAS  
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**NOTE 19 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2008, the City had several active construction projects. The projects include drainage improvements, renovation of parks, construction of infrastructure, and wastewater treatment facilities.

Project	Spent to Date	Remaining Commitment	Financing Sources
EDAP-Sewer Projects	\$ 2,695,818	\$ 135,115	Utility Revenue Bonds & Grant
South Bryan Lift Station Rehab	657,271	58,729	Bond Proceeds
Business 83 Waterline Projects	160,320	42,157	Operating Funds
Bentsen Palm Park Dev. Phase 1	1,926,396	544,007	Bond Proceeds
EDAP-Sanitary Sewer Improvements	666,785	4,115	TWDB Grant
1 MGD Elevated Storage Tank	1,378,415	236,585	Utility Refunding Bond
Chamber of Commerce Building	567,461	572,539	Bond Proceeds
Schuerbach Road Project	23,130	41,870	Operating Funds
Southern Oasis Project	8,839	28,130	Operating Funds
North Bryan Lift Station	299,841	518,159	Operating Funds
Stewart Rd. Bridge Widening	13,950	609,015	Bond Proceeds
Total	<u>\$ 8,398,227</u>	<u>\$ 2,790,420</u>	

**NOTE 20 - OPERATING LEASE COMMITMENTS**

The City leases office equipment under operating leases. Total costs for such leases were \$49,132 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows:

Years Ended September 30,	
2009	\$ 36,566
2010	27,351
2011	1,475
Total	<u>\$ 65,392</u>



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 21 – CAPITAL LEASE COMMITMENTS**

The City has entered into a lease agreement as a lessee for financing the acquisition of golf carts and mowers for the golf course owned by the City. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008 as stated below.

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>
Assets:		
Machinery & Equipment	\$ 384,344	\$ 149,879
Less: Accumulated Depreciation	(126,041)	(69,545)
Total	<u>\$ 258,303</u>	<u>\$ 80,334</u>
September 30,		
2009	\$ 114,887	\$ 41,946
2010	38,845	6,339
2011	38,845	-
2012	9,430	-
Total minimum lease payments	\$ 202,007	\$ 48,284
Less: amount representing interest	(15,551)	(1,682)
Present value of minimum lease payments	<u>\$ 186,456</u>	<u>\$ 46,603</u>

**NOTE 22 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carried commercial insurance. The City established a limited risk management program for workers' compensation and health insurance in a previous year.

Health insurance premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the General Fund. As of September 30, 2008, such interfund premiums did not exceed reimbursable expenditures or recommended reserves.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Effective December 1, 1996, the City became fully insured for workers compensation insurance through a conventional policy. The City has retained claims processing services related to those claims outstanding under the previous self-insurance coverage period. These remaining claims are processed through the General Fund. Therefore, the workers compensation claim information presented below is only for those claims remaining from the period prior to December 1, 1996. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Interfund premiums are based primarily on claims experience and are reported as quasi-external transactions.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 22 - RISK MANAGEMENT (Continued)**

The following is a reconciliation of the claims liability:

	Health Insurance Claims Liability For the Year Ended September 30,	
	2008	2007
Unpaid claims, beginning of fiscal year	\$ 153,393	\$ 212,788
Incurring claims (including IBNRs) and adjustments	1,836,383	2,113,484
Claim payments	(1,909,102)	(2,172,879)
Unpaid Claims, end of Fiscal Year	<u>\$ 80,674</u>	<u>\$ 153,393</u>

**NOTE 23 - COMPONENT UNIT TRANSACTIONS**

On September 12, 1994 the Mission Economic Development Corporation (MEDC) was issued a Certificate of Incorporation by the State of Texas as a nonprofit corporation under the Development Corporation Act of 1979 Vernon's Ann Civ. St. Art. 5190.6 as amended by adding Sec. 413.

The bond issues of MEDC are to be repaid from the 1/2 cent sales tax levied under the Section 413 referred to above. Since the City of Mission is the entity authorized by state law to levy such a sales tax, a financing agreement was signed between the City of Mission and MEDC to permit the transfer from the City of Mission to the MEDC the amount of Section 4B sales tax collected to fund all projects of the MEDC as well as to repay the aforementioned bonds.

**NOTE 24 - CONDUIT DEBT OBLIGATIONS**

Mission Economic Development Corporation (the "Issuer") pursuant to Texas Civil Statutes Article 5190.6( the "Act"),and the Industrial Revenue Bond Program (the "Rules"), Title 10 Texas Administrative Code Chapter 180, promulgated by the Office of the Governor, Economic Development and Tourism Division (the "Division") has issued the following Industrial Development Bonds to finance various projects in the State of Texas:

	Balance at September 30, 2008
\$41,750,000 Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2006 dated December 1, 2006	\$ 41,750,000
\$24,000,000 Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI Texas Corporation Project) Series 2007 dated March 1, 2007	24,000,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 24 – CONDUIT DEBT OBLIGATIONS (Continued)**

\$56,800,000 Solid Waste Disposal Revenue Bonds (Allied Waste North America, Inc. Project) Series 2007 A dated April 1, 2007	56,800,000
\$6,000,000 Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007 dated May 1, 2007 5,870,000	
\$56,200,000 Solid Waste Disposal Variable Rate Demand Revenue Bond (Allied Waste North America, Inc. Project) Series 2008A dated May 1, 2008	56,200,000
\$10,000,000 Industrial Development Revenue Bond (AmeriTex Pipe & Products LLC) Series 2008 dated August 1, 2008	10,000,000
\$67,000,000 Solid Waste Disposal Revenue Bond (Waste Management Inc, Project), Series 2008 dated August 1, 2008	<u>67,000,000</u>
	<u>\$ 261,720,000</u>

All of the bonds listed above are payable solely from, and secured solely by a pledge of payments made under loan agreements between the borrowers and MEDC which are assigned under separate Trust Indentures with various banks. The payments required under the loan agreement are further guaranteed under either Guaranty Agreements or Irrevocable Letters of Credit issued in favor of the Trustee under the Trust Indenture.

Neither the State of Texas, Mission, Texas nor any political corporation, subdivision or agency of the State of Texas shall be obligated to pay the principal of, premium, if any, the interest on, or the purchase price of the bonds, and neither the faith and credit nor the taxing power of the State of Texas, Mission, Texas or any other political corporation, subdivision, or agency thereof is pledged to the payment of the principal of, premium, if any, interest on, or the purchase price of the bonds.

In connection with the process which ultimately may lead to the issuance of conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2008, MEDC received a net \$2,500 (net of \$2,500 in advisor fees) in application fees.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds, which ranges from 2 basis points to 5 basis points depending on the type of project and the rating of the bonds being issued. For the year ended September 30, 2008, MEDC received a net \$326,215 in annual fees (net of \$306,600 in advisor and local access fees).

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 25 - COMPLIANCE WITH REVENUE BOND COVENANTS**

*A. Certain Required Annual Disclosure*

The bond covenants of the Utility Fund revenues bonds require that on an annual basis the City of Mission make available certain disclosure related to the operation of the Utility Fund. A separate report containing these required disclosures is available at City Hall.

*B. Revenue Bond Coverage*

Per the Revenue Bond debt covenants the City's Utility Fund is required to maintain a 125% coverage over the succeeding fiscal year's debt service requirement (first lien bonds); or 125% over the greater of the average annual debt service requirements or the succeeding fiscal year's debt service requirements (junior lien bonds). For the fiscal year ended September 30, 2008 the City's Utility Fund met these coverage requirements.

**NOTE 26 – TAX INCREMENT REINVESTMENT ZONE**

On September 24, 2001, the City established a Tax Increment Reinvestment Zone Number One (TIRZ) pursuant to chapter 311 of the Texas Tax Code. The zone was formed to facilitate the provision of public works or improvements. A portion of the real property advalorem taxes levied by participating taxing entities will be set aside for this purpose beginning with taxes levied after January 1, 2002. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1<sup>st</sup> compared to the base year appraised value of property in the zone as of January 1, 2001. As of September 30, 2008, the City of Mission and Hidalgo County are the only taxing entities participating in the Increment Zone. The City accounts for TIRZ as a Special Revenue Fund.

The City elected, as is permitted under the Texas Tax Code, to transfer the total tax increment for the year once the amount was known. However, Hidalgo County elected, as is also permitted under the Texas Tax Code, to transfer to the Zone only the amount of the tax increment actually collected each year. For the current year the amounts transferred were \$ 1,152,433 and \$ 1,149,561 from the County and City respectively.

Effective with the City Council meeting of January 27, 2009, the City will make the transfer at 100% of the actual incremental taxes collected for the Tax Increment Reinvestment Zone 1. The transfer will be retroactive to October 1, 2008

**NOTE 27 – TRANSACTIONS WITH MISSION REDEVELOPMENT AUTHORITY**

During the year ended September 30, 2008 completed projects totaling \$5,306,317 were transferred to the City by Mission Redevelopment Authority (a Component Unit). The Component Unit currently has projects that are under construction and will be turned over to the City as soon as they are completed. The total amount of those projects is \$ 96,708. They consist of a Anazduas Bridge waterline improvement and a future parkway ditch. At September 30, 2008, the MRA owed the City \$1,903,046 in reimbursements for project costs incurred by the City. Of this amount, \$538,629 is reflected in due from component unit and \$1,364,417 is the long-term receivable.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 28 – INTEREST IN INTERNATIONAL TOLL BRIDGE**

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, dated April 1, 2003 (“2003 Agreement”), the City of McAllen, Texas and the City of Mission, Texas own and will operate, upon completing construction of the project, the Anzalduas International Crossing (“Anzalduas Bridge”) linking 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 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%. Per separate interlocal agreement, the City of Mission will share 6% of its portion of the unallocated balance of surplus net revenues with the City of Granjeno, Texas.

In order to finance the construction of the Anzalduas Bridge, the City of McAllen issued \$39,160,000 in revenue bonds during fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007A and \$13,160,000 Series B. The Bonds are secured by a pledge of 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 the Series 2007A bonds from each city’s respective share of net revenues of the Hidalgo Bridge. Only the City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge. The estimated date of completion and commencement of operations is June 2009.

Per the Agreement, the City of Mission was not required to make any capital contributions to obtain its ownership interest; therefore no dollar amount is reflected in these financial statements as representing its ownership interest.

However, until the Bridge is operational, the debt service costs related to the Series 2007B Bonds as noted above are being advanced to the Anzalduas Bridge Fund from the City of McAllen’s General Fund, including an allocated amount being advanced on behalf of the City of Mission by the City of McAllen. As of 9/30/08, the amount advanced since inception for the City of Mission is \$230,200 and is reflected as part of Other Liabilities in the Statement of Net Assets. See also Note 8.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 29 – OTHER MATTERS: BOYS AND GIRLS OF MISSION, INC**

On August 21, 2008, the Board of Directors of the Boys and Girls Club of Mission, Inc. passed a resolution to transfer all of its club activities and associated assets to the City of Mission, Texas.

On September 18, 2008, the Board of Directors of the Boys and Girls Club of Mission, Inc. approved a resolution to amend the bylaws to coincide with the transfer. Included in this resolution is the amending of the fiscal year to coincide with the September 30<sup>th</sup> fiscal year end of the City of Mission, Texas.

**NOTE 30 – SUBSEQUENT EVENTS**

The City Council voted at the July 28, 2008 meeting to authorize the issuance of Texas Tax Note, Series 2008 in an amount not to exceed \$325,000 for the purchase of a cemetery. The City of Mission consummated the purchase of a cemetery in October 2008. On November 12, 2008 the City issued Texas Tax Note, Series 2008 in the principal amount of \$300,000 payable from a levy of a direct and continuing annual ad- valorem tax within the limits prescribed by law.

**NOTE 31- COMPLIANCE AND ACCOUNTABILITY**

**A. Finance- Related Legal and Contractual Provision**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

*Expenditures Exceeding Appropriations:*

During the year ended September 30, 2008 the City had expenditures exceeding budgets in the General Fund as follows:

<u>Function</u>	<u>Excess</u>
Fleet Maintenance Department	\$ 49,009
Human Resources	\$ 7,787

These expenditures were funded by greater than anticipated local revenues in the general fund.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 31- COMPLIANCE AND ACCOUNTABILITY (Continued)**

During the year ended September 30, 2008 the City had expenditures exceeding budgets in the Special Revenue Fund as follows:

Police Federal Sharing Fund

<u>Department</u>	<u>Excess</u>
Public Safety	\$ 12,421

Designated Purpose Fund

<u>Department</u>	<u>Excess</u>
Public Safety	\$ 2,500
TXDOT-Step Grant	4,881

Speer Memorial Library Fund

<u>Department</u>	<u>Excess</u>
Culture and Recreation	\$ 3,847

Hotel/Motel Tax Fund

<u>Department</u>	<u>Excess</u>
Tourist Promotion & Advertising	\$ 1,757

Tax Increment Reinvestment Zone Fund

<u>Department</u>	<u>Excess</u>
Economic Development	\$ 1,994

These expenditures were funded by greater than anticipated local revenues in the Special Revenue fund.

During the year ended September 30, 2008 the City had expenditures exceeding budgets in the Enterprise Fund as follows:

Utility Fund

<u>Department</u>	<u>Excess</u>
Utility Billing and Collection	\$ 1,823
2003 PPFCO Procurement	\$ 66

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008

**NOTE 31- COMPLIANCE AND ACCOUNTABILITY *(Continued)***

Golf Course Fund

<u>Department</u>		<u>Excess</u>
Club House	\$	3,371
Grounds	\$	789

Solid Waste Fund

<u>Department</u>		<u>Excess</u>
Solid waste disposal	\$	660,750

These expenditures were funded by greater than anticipated local revenues in the Enterprise fund.

*Deficit Fund Balance or Fund Net Assets of Individual Funds:*

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None Reported	Not Applicable	Not Applicable



*REQUIRED  
SUPPLEMENTARY  
INFORMATION*

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# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

Page 1 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 14,000,000	\$ 11,210,040	\$ 12,034,050	\$ 824,010
Delinquent ad valorem taxes	600,000	473,500	465,747	(7,753)
Interest and penalties on taxes	410,000	310,000	377,026	67,026
Less: Tax adjustments and refunds	(10,000)	(10,000)	(76)	9,924
Net ad valorem tax revenue	15,000,000	11,983,540	12,876,746	893,206
Sales tax	6,440,000	6,440,000	6,523,051	83,051
Sales tax-tax abatement	3,220,000	3,220,000	3,261,526	41,526
Franchise business tax	1,800,000	1,800,000	2,001,398	201,398
Telecommunication access fee	225,000	225,000	247,160	22,160
Mixed drink tax	55,000	55,000	79,084	24,084
Total Taxes	26,740,000	23,723,540	24,988,965	1,265,425
Licenses and permits:				
Occupational licenses	55,000	55,000	45,487	(9,513)
Moving and building permits	600,000	600,000	333,860	(266,140)
Health permits	25,000	25,000	24,130	(870)
Electrical permits	200,000	200,000	111,296	(88,704)
Mechanical permits	85,000	85,000	55,480	(29,520)
Plumbing permits	160,000	160,000	99,922	(60,078)
Alarm permits	24,000	24,000	8,190	(15,810)
Miscellaneous	16,000	16,000	17,771	1,771
Total Licenses and Permits	1,165,000	1,165,000	696,136	(468,864)
Intergovernmental:				
MCISD and SISD Dare Program	408,928	408,928	471,214	62,286
County contribution-rural fires	45,000	45,000	53,998	8,998
County restitution reimbursement	1,000	1,000	5,842	4,842
Overhead-MRA	60,000	60,000	109,740	49,740
TIRZ reimbursement	-	-	4,233	4,233
FEMA reimbursement	8,500	8,500	21,112	12,612
LEOSE Peace Officer	9,000	9,000	8,873	(127)
State Highway Revenues	99,180	99,180	99,180	-
FBI overtime	15,000	15,000	29,630	14,630
Task Force	20,000	20,000	107,167	87,167
Peace Officers Fire Prev.	850	850	814	(36)
DEA Overtime Task Force	28,000	28,000	32,109	4,109
Hidalgo County-library	-	12,283	12,283	-
Total Intergovernmental	695,458	707,741	956,195	248,454
Charges for services:				
Birth certificate service	1,200	1,200	2,371	1,171
Inspection fee-2%	120,000	120,000	119,716	(284)
Construction material testing fee	120,000	120,000	125,212	5,212
Fire inspection fee	18,000	18,000	21,288	3,288
Judicial fee-City	5,000	5,000	3,849	(1,151)
Corporation court fines tax	47,000	47,000	41,565	(5,435)

# CITY OF MISSION, TEXAS

EXHIBIT B-1

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## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Library reservations fee	-	-	130	130
Lot cleaning	20,000	20,000	8,516	(11,484)
Lot cleaning-admin. fee	21,000	21,000	11,137	(9,863)
Lease-service center complex	6,000	6,000	6,000	-
Library copies	14,000	14,000	17,709	3,709
Rent-City buildings	3,000	3,000	3,001	1
Library rentals	-	-	45	45
Cemetery charges	20,000	20,000	16,693	(3,307)
Vital statistics	140,000	240,000	258,321	18,321
Burial transit permit	1,300	1,300	962	(338)
Zoning and subdivision fees	40,000	40,000	29,955	(10,045)
Plans and specifications	500	500	890	390
5% credit card fee	5,000	5,000	3,097	(1,903)
Food manager/handler ID fee	5,000	5,000	3,130	(1,870)
Arrest fees-M.P.D.	45,000	45,000	38,348	(6,652)
Police Dept. service charges	11,000	11,000	11,424	424
Total Charges for Services	643,000	743,000	723,359	(19,641)
Fines:				
Corporation court fines	775,000	775,000	641,003	(133,997)
Warrant execution fee	225,000	225,000	189,970	(35,030)
Library fines	15,000	15,000	14,905	(95)
Total Fines	1,015,000	1,015,000	845,878	(169,122)
Interest:				
Interest earned on investments	80,000	80,000	136,012	56,012
Interest earned on demand deposits	30,000	30,000	35,445	5,445
Total Interest	110,000	110,000	171,457	61,457
Miscellaneous:				
Reimb.-TX Citrus Fiesta	42,000	42,000	42,416	416
Reimb.-R.G. Initiative Partnership	-	-	3	3
Child safety fees	6,000	6,000	12,026	6,026
Library donations/memorial	-	1,225	2,249	1,024
Insurance settlement	50,000	182,000	291,207	109,207
Miscellaneous income	35,000	175,000	240,642	65,642
Coke machine & vending machines	1,500	1,500	4,885	3,385
Street lights reimbursement	8,500	8,500	-	(8,500)
Street signs reimbursement	10,000	10,000	4,340	(5,660)
Subdividers reimb.-streets	50,000	50,000	26,035	(23,965)
Universal service fund rebate	-	17,680	17,719	39
Oil lease	500	500	8,868	8,368
Reimbursement-MEDC	1,000,000	1,080,000	1,080,000	-
Contribution and donations	-	80,383	80,883	500
Total Miscellaneous	1,203,500	1,654,788	1,811,273	156,485
Total Revenues	31,571,958	29,119,069	30,193,263	1,074,194

# CITY OF MISSION, TEXAS

EXHIBIT B-1

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GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,600	2,600	2,498	102
Employee benefits	1,500	1,500	1,558	(58)
Other purchased services	17,400	17,400	13,570	3,830
Supplies	2,000	2,000	1,715	285
Miscellaneous	2,300	2,300	1,375	925
	<u>25,800</u>	<u>25,800</u>	<u>20,716</u>	<u>5,084</u>
Executive Administration:				
Personal services	238,533	311,533	304,547	6,986
Employee benefits	92,791	105,476	107,293	(1,817)
Other purchased services	8,700	13,219	10,264	2,955
Supplies	4,500	4,229	3,137	1,092
Capital outlays	-	271	271	-
Miscellaneous	1,500	1,981	1,942	39
	<u>346,024</u>	<u>436,709</u>	<u>427,454</u>	<u>9,255</u>
Finance Department:				
Personal services	440,402	440,402	437,061	3,341
Employee benefits	151,971	151,971	150,123	1,848
Purchased property services	57,100	67,100	64,396	2,704
Other purchased services	10,500	11,333	10,093	1,240
Capital outlays	8,800	3,800	816	2,984
Supplies	10,250	10,050	6,463	3,587
Miscellaneous	750	950	898	52
	<u>679,773</u>	<u>685,606</u>	<u>669,850</u>	<u>15,756</u>
Municipal Court:				
Personal services	430,913	395,913	390,827	5,086
Employee benefits	164,971	164,971	154,764	10,207
Professional & technical services	23,000	23,000	16,755	6,245
Purchased property services	2,275	2,275	2,245	30
Other purchased services	6,810	6,810	6,368	442
Supplies	6,250	6,250	6,197	53
Miscellaneous	36,300	36,300	24,596	11,704
	<u>670,519</u>	<u>635,519</u>	<u>601,752</u>	<u>33,767</u>
Planning:				
Personal services	680,115	630,115	619,883	10,232
Employee benefits	257,227	257,227	241,967	15,260
Purchased property services	7,540	7,052	7,042	10
Other purchased services	26,200	24,200	27,109	(2,909)
Supplies	24,550	26,369	26,857	(488)
Capital outlays	-	369	369	-
Miscellaneous	14,000	14,300	15,070	(770)
	<u>1,009,632</u>	<u>959,632</u>	<u>938,297</u>	<u>21,335</u>

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Facilities Maintenance:				
Personal services	282,528	282,528	282,484	44
Employee benefits	132,632	144,007	140,700	3,307
Purchased property services	31,000	66,500	57,264	9,236
Other purchased services	5,550	5,550	286	5,264
Supplies	156,450	142,050	141,121	929
Capital outlays	40,000	142,000	116,667	25,333
Miscellaneous	400	400	-	400
	<u>648,560</u>	<u>783,035</u>	<u>738,522</u>	<u>44,513</u>
Fleet Maintenance:				
Professional & technical services	640,162	640,162	691,651	(51,489)
Miscellaneous	30,000	35,000	32,520	2,480
	<u>670,162</u>	<u>675,162</u>	<u>724,171</u>	<u>(49,009)</u>
Organizational Expense:				
Professional & technical services	674,000	770,593	675,317	95,276
Purchased property services	167,000	170,950	143,135	27,815
Other purchased services	91,135	103,635	102,750	885
Supplies	11,200	12,850	10,167	2,683
Capital outlays	25,000	26,484	2,063	24,421
Miscellaneous	886,000	701,166	684,044	17,122
	<u>1,854,335</u>	<u>1,785,678</u>	<u>1,617,476</u>	<u>168,202</u>
Purchasing:				
Personal services	107,274	109,723	109,562	161
Employee benefits	39,414	39,414	37,897	1,517
Purchased property services	2,750	2,050	1,887	163
Other purchased services	12,625	16,114	16,088	26
Supplies	1,400	1,753	1,711	42
Miscellaneous	800	1,058	1,000	58
	<u>164,263</u>	<u>170,112</u>	<u>168,145</u>	<u>1,967</u>
City Secretary:				
Personal services	188,930	188,930	182,157	6,773
Employee benefits	77,786	77,786	75,146	2,640
Professional & technical services	10,000	10,000	9,000	1,000
Purchased property services	200	1,150	1,114	36
Other purchased services	13,700	12,500	10,598	1,902
Supplies	2,300	2,300	1,805	495
Capital outlays	500	-	-	-
Miscellaneous	2,275	3,025	2,916	109
	<u>295,691</u>	<u>295,691</u>	<u>282,736</u>	<u>12,955</u>
Risk Management:				
Personal services	76,355	76,355	76,363	(8)
Employee benefits	31,170	31,170	30,787	383
Professional & technical services	10,000	5,000	3,028	1,972
Purchased property services	1,000	1,000	500	500
Other purchased services	300,150	184,750	168,566	16,184
Supplies	16,500	21,900	20,810	1,090
Capital outlays	600	600	359	241
Miscellaneous	550	550	232	318
	<u>436,325</u>	<u>321,325</u>	<u>300,645</u>	<u>20,680</u>

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

Page 5 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Elections:</b>				
Employee benefits	-	-	420	(420)
Professional & technical services	13,000	13,000	11,855	1,145
Purchased property services	4,500	4,500	4,200	300
Other purchased services	5,950	5,950	2,052	3,898
Supplies	2,150	2,150	1,501	649
Miscellaneous	100	100	59	41
	<u>25,700</u>	<u>25,700</u>	<u>20,087</u>	<u>5,613</u>
<b>Civil Service:</b>				
Personal services	74,937	74,937	75,472	(535)
Employee benefits	24,958	24,958	24,936	22
Professional & technical services	60,000	60,000	36,885	23,115
Other purchased services	5,000	5,740	5,728	12
Supplies	10,000	12,000	11,551	449
	<u>174,895</u>	<u>177,635</u>	<u>154,572</u>	<u>23,063</u>
<b>Human Resources:</b>				
Personal services	140,118	140,118	150,458	(10,340)
Employee benefits	44,315	44,315	46,230	(1,915)
Professional & technical services	17,500	16,940	14,265	2,675
Other purchased services	8,600	8,610	7,858	752
Supplies	1,800	2,650	2,357	293
Capital outlays	600	600	910	(310)
Miscellaneous	1,475	1,175	117	1,058
	<u>214,408</u>	<u>214,408</u>	<u>222,195</u>	<u>(7,787)</u>
<b>Total General Government</b>	<u>7,216,087</u>	<u>7,192,012</u>	<u>6,886,618</u>	<u>305,394</u>
<b>Public Safety:</b>				
<b>Police Department:</b>				
Personal services	6,891,803	7,306,803	7,311,403	(4,600)
Employee benefits	2,569,681	2,640,103	2,623,627	16,476
Professional & technical services	22,200	21,800	16,774	5,026
Purchased property services	276,500	412,940	406,444	6,496
Other purchased services	202,750	186,110	178,677	7,433
Supplies	349,250	473,180	444,433	28,747
Capital outlays	-	137,935	114,277	23,658
Miscellaneous	17,400	17,900	13,089	4,811
	<u>10,329,584</u>	<u>11,196,771</u>	<u>11,108,724</u>	<u>88,047</u>
<b>Fire Department:</b>				
Personal services	2,526,732	2,596,932	2,612,351	(15,419)
Employee benefits	871,384	881,384	861,688	19,696
Professional & technical services	1,500	-	-	-
Purchased property services	95,400	129,139	128,487	652
Other purchased services	66,700	67,200	57,476	9,724
Supplies	126,250	169,081	165,791	3,290
Capital outlays	-	16,564	16,564	-
Miscellaneous	19,250	17,701	16,976	725
	<u>3,707,216</u>	<u>3,878,001</u>	<u>3,859,333</u>	<u>18,668</u>

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

Page 6 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fire Prevention Bureau:				
Personal services	293,633	338,733	334,635	4,098
Employee benefits	101,458	108,458	107,264	1,194
Professional & technical services	2,800	1,000	167	833
Purchased property services	500	3,920	3,883	37
Other purchased services	23,400	20,220	18,537	1,683
Supplies	15,900	17,875	16,409	1,466
Capital outlays	3,000	3,385	3,384	1
Miscellaneous	1,400	600	600	-
	<u>442,091</u>	<u>494,191</u>	<u>484,879</u>	<u>9,312</u>
 Total Public Safety	 <u>14,478,891</u>	 <u>15,568,963</u>	 <u>15,452,936</u>	 <u>116,027</u>
 Highways and Streets:				
Street Department:				
Personal services	745,178	745,178	760,009	(14,831)
Employee benefits	411,496	411,496	406,642	4,854
Professional & technical services	100,000	115,000	157,375	(42,375)
Purchased property services	1,130,000	1,122,000	976,382	145,618
Other purchased services	11,500	12,000	11,889	111
Supplies	301,050	346,950	339,551	7,399
Capital outlays	725,000	806,500	672,497	134,003
Miscellaneous	650	750	660	90
	<u>3,424,874</u>	<u>3,559,874</u>	<u>3,325,005</u>	<u>234,869</u>
 Total Highways and Streets	 <u>3,424,874</u>	 <u>3,559,874</u>	 <u>3,325,005</u>	 <u>234,869</u>
 Health and Welfare:				
Health regulations and inspections:				
Personal services	192,865	197,865	197,772	93
Employee benefits	82,245	82,245	80,915	1,330
Purchased property services	13,550	-	-	-
Other purchased services	9,250	12,050	11,273	777
Supplies	26,300	31,400	30,032	1,368
Capital outlays	1,500	1,500	-	1,500
Miscellaneous	700	1,350	1,303	47
	<u>326,410</u>	<u>326,410</u>	<u>321,295</u>	<u>5,115</u>
 Total Health and Welfare	 <u>326,410</u>	 <u>326,410</u>	 <u>321,295</u>	 <u>5,115</u>
 Culture and Recreation:				
Mission Historical Museum:				
Personal services	114,913	119,113	120,115	(1,002)
Employee benefits	31,020	32,280	30,055	2,225
Professional & technical services	10,000	10,000	2,225	7,775
Purchased property services	9,000	9,000	5,133	3,867
Other purchased services	32,000	31,350	18,955	12,395
Supplies	5,000	5,200	3,869	1,331
Capital outlays	8,000	8,450	7,821	629
Miscellaneous	2,250	2,250	2,207	43
	<u>212,183</u>	<u>217,643</u>	<u>190,380</u>	<u>27,263</u>



**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT B-1**  
Page 7 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Parks and Recreation Administration:</b>				
Personal services	126,949	178,299	178,301	(2)
Employee benefits	49,348	52,848	52,620	228
Purchased property services	31,700	31,700	20,196	11,504
Other purchased services	3,500	2,550	199	2,351
Supplies	1,750	2,700	2,590	110
Miscellaneous	100	100	51	49
	<u>213,347</u>	<u>268,197</u>	<u>253,957</u>	<u>14,240</u>
<b>Parks:</b>				
Personal services	720,808	752,008	731,461	20,547
Employee benefits	364,075	383,405	371,581	11,824
Purchased property services	288,100	291,328	324,083	(32,755)
Other purchased services	6,000	4,500	3,248	1,252
Supplies	109,000	120,055	137,979	(17,924)
Capital outlays	30,000	30,000	-	30,000
Miscellaneous	70,000	15,470	14,075	1,395
	<u>1,587,983</u>	<u>1,596,766</u>	<u>1,582,427</u>	<u>14,339</u>
<b>Recreation:</b>				
Personal services	224,776	224,776	184,523	40,253
Employee benefits	61,345	61,345	58,705	2,640
Other purchased services	1,250	1,250	532	718
Supplies	4,000	4,000	3,536	464
Capital outlays	2,500	2,500	3,414	(914)
Miscellaneous	6,000	6,000	4,230	1,770
	<u>299,871</u>	<u>299,871</u>	<u>254,940</u>	<u>44,931</u>
<b>Library:</b>				
Personal services	786,587	786,587	731,513	55,074
Employee benefits	280,039	280,039	262,396	17,643
Purchased property services	107,500	107,500	101,810	5,690
Other purchased services	42,000	47,500	44,225	3,275
Supplies	38,500	39,725	37,400	2,325
Capital outlays	45,000	69,463	67,393	2,070
Miscellaneous	84,500	84,500	78,733	5,767
	<u>1,384,126</u>	<u>1,415,314</u>	<u>1,323,470</u>	<u>91,844</u>
<b>Total Culture and Recreation</b>	<u>3,697,510</u>	<u>3,797,791</u>	<u>3,605,174</u>	<u>192,617</u>
<b>Debt Service:</b>				
Principal retirement	148,434	148,434	148,502	(68)
Interest	16,455	16,455	16,385	70
<b>Total Debt Service</b>	<u>164,889</u>	<u>164,889</u>	<u>164,887</u>	<u>2</u>
<b>Total Expenditures</b>	<u>29,308,661</u>	<u>30,609,939</u>	<u>29,755,915</u>	<u>854,024</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT B-1**  
Page 8 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (Deficiency) of Revenue Over Expenditures	<u>2,263,297</u>	<u>(1,490,870)</u>	<u>437,348</u>	<u>1,928,218</u>
Other Financing Sources (Uses):				
Sale of capital assets	10,000	10,000	24,832	14,832
Transfers in	1,476,043	1,476,043	1,326,042	(150,001)
Transfers out	<u>(4,666,627)</u>	<u>(1,889,570)</u>	<u>(1,312,162)</u>	<u>577,408</u>
Total Other Financing Sources (Uses)	<u>(3,180,584)</u>	<u>(403,527)</u>	<u>38,712</u>	<u>442,239</u>
Net Change in Fund Balance	(917,287)	(1,894,397)	476,060	2,370,457
Fund Balance at Beginning of Year	<u>5,373,635</u>	<u>5,373,635</u>	<u>5,373,635</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,456,348</u>	<u>\$ 3,479,238</u>	<u>\$ 5,849,695</u>	<u>\$ 2,370,457</u>

**CITY OF MISSION, TEXAS**  
**COMMUNITY DEVELOPMENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT B-2**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 854,004	\$ 1,183,321	\$ 984,299	\$ (199,022)
Total Intergovernmental	854,004	1,183,321	984,299	(199,022)
Total Revenues	854,004	1,183,321	984,299	(199,022)
Expenditures:				
Current:				
General Government:				
General administration	190,045	199,374	156,443	42,931
Housing rehabilitation	641,959	961,947	805,903	156,044
Total General Government	832,004	1,161,321	962,346	198,975
Health and Welfare:				
Other social services	22,000	22,000	21,953	47
Total Health and Welfare	22,000	22,000	21,953	47
Total Expenditures	854,004	1,183,321	984,299	199,022
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
2005	19,035,044	23,448,855	81.20%	4,413,811	15,054,405	29.32%
2006	20,992,770	28,629,555	73.30%	7,636,785	16,128,632	47.35%
2007	23,566,636	37,666,505	62.60%	14,099,869	17,605,586	80.09%

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2008

The City follows these procedures in establishing the budgetary data reflected in the budgetary schedules:

1. The City Manager submits a proposed operating budget for all funds, as mandated by the City Charter, to the City Council 60 to 90 days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council selects the time and place of a public hearing on the budget to obtain taxpayer comments.
3. The appropriated budget is adopted by a majority vote of the City Council, and signed into law by a budget ordinance.
4. The budget amounts used in this report are as amended by the City Council.
5. Budgetary appropriations lapse at the end of each fiscal year.
6. The total estimated expenditures of the General Fund and Debt Service Fund may not exceed the total estimated revenues plus cash on hand of each fund.
7. The current level of budgetary control is the department level within each fund.

Due to the City's budgetary control level (department), the City Council approved several supplemental budgetary appropriations throughout the year. Approved budgetary appropriations increased the following budgets by:

Special Revenue Funds	\$ 3,761,675
Debt Service	229,317
*Capital Project Funds	9,684,839

\* The original approved budget does not include the Capital Project Funds since these are project-length budgets; therefore, budgets for these funds are included with the supplemental appropriations approved throughout the year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2008

At September 30, 2008, Community Development, Aquatics Fund Police State Sharing Fund, Designated Purpose Fund, Drainage Assessment, and Park Dedication, (all Special Revenue Funds), had outstanding encumbrances of \$27,079, \$150, \$313,640, \$68,191, \$59,064, and \$38,051 respectively. Capital Projects Funds-2005A Certificates of Obligation and 2007 Certificate of Obligation had outstanding encumbrances of \$812,161 and \$1,902,726, respectively.

During the year ended September 30, 2008, expenditures in the following General Fund departments exceeded appropriations by \$56,796

Department	General Fund Excess of Expenditures Over Appropriations
Fleet Maintenance	\$ 49,009
Human Resources	7,787
	<u>\$ 56,796</u>

### Budget to GAAP Reconciliation

The following is an explanation of differences between budgetary basis and GAAP revenues and expenditures:

<u>Revenues:</u>	<u>General Fund</u>
Actual revenues (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 30,193,264
Adjustments:	
No adjustments necessary	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$ 30,193,264</u>

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2008

**Budget to GAAP Reconciliation (Continued)**

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 29,755,915
Adjustments:	
No adjustments necessary	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$ 29,755,915</u>

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*OTHER  
SUPPLEMENTARY  
INFORMATION*

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# **NON-MAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are restricted to expenditures for particular purposes.

Aquatics Fund: To account for the swimming pool recreation facility.

Parks and Recreation Fund: To account for operations of self-sustaining recreation programs.

Police Department Special Fund: To account for monies confiscated in drug related cases; expenditures from the fund are restricted for law enforcement purposes.

Police Federal Sharing Fund: To account for federal seizures awarded to the City. Expenditures are restricted for law enforcement purposes.

Municipal Court Technology Fund: To account for collections and expenditures of municipal court technology fee.

Designated Purpose Fund: To account for revenues and expenditures of various grants.

Drainage Assessment Fund: To account for the cost of drainage improvements at problem locations throughout the City. Property owners in the City are assessed a monthly amount according to a set rate schedule.

Mission Jr. Golf Fund: To account for funds contributed to help fund travel expenditures incurred by the Junior Golf Athletes who participate in the Summer Jr. Golf Competitions. Participants travel throughout Texas and compete with other cities which are members of the Texas Amateur Athletic Federation.

Records Preservation Fund: To account for fees collected for providing preservation of records.

Speer Memorial Library Fund: To account for contributions from private sources restricted to the provision of scholarships and library books.

Hotel/Motel Tax Fund: To account for collections and expenditures of hotel and motel taxes to promote tourism.

Municipal Court Building Security Fund: To account for fees collected for providing security to the Municipal Court Building.

Park Dedication Fund: To account for park dedication fees received from Developers for new parks and park improvements.

Juvenile Case Manager: To account for fines collected on fine-only misdemeanor offense cases and fees are to be used only to finance the salary and benefits of a juvenile case manager.

## **NON-MAJOR GOVERNMENTAL FUNDS (CONT'D)**

### **SPECIAL REVENUE FUNDS (Cont'd)**

Capital Asset Replacement Fund: To account for future replacement of capital assets for the Public Safety Departments. Funds will be transferred from the General Fund revenues and accumulated in the Capital Asset Replacement Fund until asset needs to be replaced.

Home Fund: To account for revenues and expenditures of the HOME Investment in Affordable Housing program.

Tax Increment Reinvestment Fund: To account for a portion of property taxes levied by the City and Hidalgo County to facilitate the provision of public works or improvements.

### **CAPITAL PROJECT FUNDS**

2003 Public Property Finance Contractual Obligations Fund: To account for the acquisition of equipment and vehicles.

2003 Certificates of Obligation: To account for construction of new fire state and addition to the library.

2004 Certificates of Obligation: To account for construction and equipment acquisitions for the new fire station and library, and acquisition of the old post office building.

2005 Certificates of Obligation: To account for various street and drainage improvements and for the acquisition of police vehicles and a water tower rescue pumper.

2005A Certificates of Obligation: To account for various street and drainage improvements and for the Bentsen Palm Park Project.

2007 Certificates of Obligations: To account for various street improvements, park improvements, new city hall annex building, and machinery and equipment.

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

**EXHIBIT C-1**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,430,653	\$ 1,593,222	\$ 14,431	\$ 3,038,306
Investments	1,994,740	4,696,411	40,000	6,731,151
Prepaid items	-	-	-	-
Receivables:				
Accounts	270,982	-	-	270,982
Special assessments	122,725	-	-	122,725
Less: allowance for uncollectibles	(41,494)	-	-	(41,494)
Accrued interest receivable	914	-	310	1,224
Due from other governments	283,027	-	-	283,027
Due from other funds	-	-	-	-
Restricted assets	500	73,467	-	73,967
Total Assets	<u>\$ 4,062,047</u>	<u>\$ 6,363,100</u>	<u>\$ 54,742</u>	<u>\$ 10,479,889</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 84,826	\$ 496,252	\$ 539	\$ 581,617
Other liabilities	14,201	-	-	14,201
Retainage payable	18,895	86,602	-	105,497
Accrued payroll	9,833	-	-	9,833
Due to other funds	222,541	256	-	222,797
Unearned revenue	622,303	-	-	622,303
Total Liabilities	<u>972,599</u>	<u>583,110</u>	<u>539</u>	<u>1,556,248</u>
<b>FUND BALANCES</b>				
Reserved for encumbrances	-	2,714,887	-	2,714,887
Reserved for capital projects	-	3,065,103	-	3,065,103
Reserved for perpetual care	-	-	54,203	54,203
Reserved for scholarships and books	25,035	-	-	25,035
Reserved for other purposes	2,128,207	-	-	2,128,207
Unreserved, reported in nonmajor:				
Special revenue funds	936,206	-	-	936,206
Total Fund Balances	<u>3,089,448</u>	<u>5,779,990</u>	<u>54,203</u>	<u>8,923,641</u>
Total Liabilities and Fund Balances	<u>\$ 4,062,047</u>	<u>\$ 6,363,100</u>	<u>\$ 54,742</u>	<u>\$ 10,479,889</u>

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# CITY OF MISSION, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Fund  Cemetery Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>				
Taxes and special assessments	\$ 974,529	\$ -	\$ -	\$ 974,529
Intergovernmental	3,698,144	-	-	3,698,144
Charges for services	408,126	-	-	408,126
Interest	80,255	269,867	1,660	351,782
Miscellaneous	70,760	-	-	70,760
Total Revenues	<u>5,231,813</u>	<u>269,867</u>	<u>1,660</u>	<u>5,503,340</u>
<b>EXPENDITURES</b>				
Current:				
General government	47,795	-	9,602	57,397
Public safety	1,396,911	-	-	1,396,911
Highways and streets	222,254	-	-	222,254
Culture and recreation	1,154,062	-	-	1,154,062
Economic development	2,301,994	-	-	2,301,994
Capital projects	-	4,174,717	-	4,174,717
Total Expenditures	<u>5,123,015</u>	<u>4,174,717</u>	<u>9,602</u>	<u>9,307,334</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>108,798</u>	<u>(3,904,850)</u>	<u>(7,943)</u>	<u>(3,803,995)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	7,000,000	-	7,000,000
Bond premium	-	168,426	-	168,426
Sale of capital assets	80,508	-	-	80,508
Transfers in	1,521,620	20,000	-	1,541,620
Transfers out	(326,042)	-	-	(326,042)
Total Other Financing Sources (Uses)	<u>1,276,086</u>	<u>7,188,426</u>	<u>-</u>	<u>8,464,512</u>
Net Change in Fund Balances	1,384,884	3,283,576	(7,943)	4,660,517
Fund Balance at Beginning of Year	<u>1,704,564</u>	<u>2,496,414</u>	<u>62,146</u>	<u>4,263,124</u>
Fund Balances at End of Year	<u>\$ 3,089,448</u>	<u>\$ 5,779,990</u>	<u>\$ 54,203</u>	<u>\$ 8,923,641</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2008**

	<u>Aquatics Fund</u>	<u>Parks and Recreation Fund</u>	<u>Police Department Special Fund</u>	<u>Police Federal Sharing Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 128,863	\$ 87,706	\$ 541,711
Investments	-	-	1,134,371	99,605
Receivables:				
Accounts	-	1,699	-	-
Special assessments	-	-	-	-
Less: allowance for uncollectibles	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	117,398	-	-	-
Restricted assets	-	-	-	-
Total Assets	<u>\$ 117,398</u>	<u>\$ 130,562</u>	<u>\$ 1,222,077</u>	<u>\$ 641,316</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,124	\$ 4,095	\$ 10,077	\$ 10,045
Other liabilities	771	-	7,809	457
Retainage payable	-	-	-	-
Accrued payroll	1,473	-	-	801
Due to other funds	93,030	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>107,398</u>	<u>4,095</u>	<u>17,886</u>	<u>11,303</u>
<b>FUND BALANCES</b>				
Reserved for scholarships and books	-	-	-	-
Reserved for other purposes	-	-	1,204,191	630,014
Unreserved, reported in nonmajor:				
Special revenue funds	10,000	126,467	-	-
Total Fund Balances	<u>10,000</u>	<u>126,467</u>	<u>1,204,191</u>	<u>630,014</u>
Total Liabilities and Fund Balances	<u>\$ 117,398</u>	<u>\$ 130,562</u>	<u>\$ 1,222,077</u>	<u>\$ 641,316</u>



Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
\$ 106,069	\$ -	\$ 184,411	\$ 842	\$ 8,048
50,000	-	199,069	-	-
-	-	-	-	-
-	-	122,725	-	-
-	-	(41,494)	-	-
308	-	-	-	-
-	165,629	-	-	-
-	500	-	-	-
<u>\$ 156,377</u>	<u>\$ 166,129</u>	<u>\$ 464,711</u>	<u>\$ 842</u>	<u>\$ 8,048</u>
\$ 402	\$ -	\$ 19,649	\$ -	\$ -
-	5,164	-	-	-
-	18,895	-	-	-
-	7,559	-	-	-
-	129,511	-	-	-
-	5,000	-	-	-
<u>402</u>	<u>166,129</u>	<u>19,649</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
155,975	-	-	842	-
-	-	445,063	-	8,048
<u>155,975</u>	<u>-</u>	<u>445,063</u>	<u>842</u>	<u>8,048</u>
<u>\$ 156,377</u>	<u>\$ 166,129</u>	<u>\$ 464,711</u>	<u>\$ 842</u>	<u>\$ 8,048</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2008**

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Park Dedication Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 86	\$ 103,387	\$ 107,004	\$ 69,048
Investments	24,800	-	30,000	437,896
Receivables:				
Accounts	-	130,652	-	-
Special assessments	-	-	-	-
Less: allowance for uncollectibles	-	-	-	-
Accrued interest receivable	149	-	185	156
Due from other governments	-	-	-	-
Restricted assets	-	-	-	-
Total Assets	<u>\$ 25,035</u>	<u>\$ 234,038</u>	<u>\$ 137,188</u>	<u>\$ 507,099</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 3	\$ 28,427
Other liabilities	-	-	-	-
Retainage payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	478,672
Total Liabilities	<u>-</u>	<u>-</u>	<u>3</u>	<u>507,099</u>
<b>FUND BALANCES</b>				
Reserved for scholarships and books	25,035	-	-	-
Reserved for other purposes	-	-	137,185	-
Unreserved, reported in nonmajor:				
Special revenue funds	-	234,038	-	-
Total Fund Balances	<u>25,035</u>	<u>234,038</u>	<u>137,185</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 25,035</u>	<u>\$ 234,038</u>	<u>\$ 137,188</u>	<u>\$ 507,099</u>

EXHIBIT C-3

Page 2 of 2

Juvenile Case Manager Fund	Capital Asset Replacement Fund	HOME Fund	Tax Increment Reinvestment Zone Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 8,771	\$ 80,103	\$ -	\$ 4,603	\$ 1,430,652
19,000	-	-	-	1,994,740
-	-	138,631	-	270,982
-	-	-	-	122,725
-	-	-	-	(41,494)
117	-	-	-	914
-	-	-	-	283,027
-	-	-	-	500
<u>\$ 27,888</u>	<u>\$ 80,103</u>	<u>\$ 138,631</u>	<u>\$ 4,603</u>	<u>\$ 4,062,047</u>
\$ 5	\$ -	\$ -	\$ -	\$ 84,827
-	-	-	-	14,201
-	-	-	-	18,895
-	-	-	-	9,833
-	-	-	-	222,541
-	-	138,631	-	622,303
<u>5</u>	<u>-</u>	<u>138,631</u>	<u>-</u>	<u>972,599</u>
-	-	-	-	25,035
-	-	-	-	2,128,207
27,883	80,103	-	4,603	936,205
<u>27,883</u>	<u>80,103</u>	<u>-</u>	<u>4,603</u>	<u>3,089,448</u>
<u>\$ 27,888</u>	<u>\$ 80,103</u>	<u>\$ 138,631</u>	<u>\$ 4,603</u>	<u>\$ 4,062,047</u>

# CITY OF MISSION, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Aquatics Fund	Parks and Recreation Fund	Police Department Special Fund	Police Federal Sharing Fund
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	117,398	-	1,242,204	600,560
Charges for services	36,866	87,819	-	-
Interest	31	3,270	44,488	7,496
Miscellaneous	-	31,881	-	-
Total Revenues	<u>154,295</u>	<u>122,970</u>	<u>1,286,692</u>	<u>608,056</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	636,832	72,630
Highways and streets	-	-	-	-
Culture and recreation	271,693	123,131	-	-
Economic development	-	-	-	-
Total Expenditures	<u>271,693</u>	<u>123,131</u>	<u>636,832</u>	<u>72,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(117,398)</u>	<u>(161)</u>	<u>649,860</u>	<u>535,426</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	80,508	-
Transfers in	117,398	-	-	-
Transfers out	-	-	-	(76,042)
Total Other Financing Sources (Uses)	<u>117,398</u>	<u>-</u>	<u>80,508</u>	<u>(76,042)</u>
Net Change in Fund Balances	-	(161)	730,368	459,384
Fund Balance at Beginning of Year	<u>10,000</u>	<u>126,628</u>	<u>473,823</u>	<u>170,630</u>
Fund Balances at End of Year	<u>\$ 10,000</u>	<u>\$ 126,467</u>	<u>\$ 1,204,191</u>	<u>\$ 630,014</u>

Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
\$ -	\$ -	\$ 494,579	\$ -	\$ -
-	585,549	-	-	-
30,582	-	-	-	14,623
4,102	-	11,727	103	40
-	4,790	26,237	7,852	-
<u>34,684</u>	<u>590,339</u>	<u>532,543</u>	<u>7,955</u>	<u>14,663</u>
23,634	-	-	-	20,214
-	687,449	-	-	-
-	-	222,254	-	-
-	17,168	-	10,794	-
-	-	-	-	-
<u>23,634</u>	<u>704,617</u>	<u>222,254</u>	<u>10,794</u>	<u>20,214</u>
<u>11,050</u>	<u>(114,278)</u>	<u>310,289</u>	<u>(2,840)</u>	<u>(5,551)</u>
-	-	-	-	-
-	114,278	-	-	-
-	-	(250,000)	-	-
-	<u>114,278</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
11,050	-	60,289	(2,840)	(5,551)
<u>144,925</u>	<u>-</u>	<u>384,774</u>	<u>3,682</u>	<u>13,600</u>
<u>\$ 155,975</u>	<u>\$ -</u>	<u>\$ 445,063</u>	<u>\$ 842</u>	<u>\$ 8,048</u>

# CITY OF MISSION, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
<b>REVENUES</b>			
Taxes and special assessments	\$ -	\$ 479,950	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	22,229
Interest	1,196	3,786	3,508
Miscellaneous	-	-	-
Total Revenues	<u>1,196</u>	<u>483,736</u>	<u>25,737</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	3,947
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	3,847	536,757	-
Economic development	-	-	-
Total Expenditures	<u>3,847</u>	<u>536,757</u>	<u>3,947</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,651)</u>	<u>(53,022)</u>	<u>21,790</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	-	-
Transfers in	-	60,383	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>60,383</u>	<u>-</u>
Net change in Fund Balances	(2,651)	7,361	21,790
Fund Balance at Beginning of Year	<u>27,686</u>	<u>226,677</u>	<u>115,395</u>
Fund Balances at End of Year	<u>\$ 25,035</u>	<u>\$ 234,038</u>	<u>\$ 137,185</u>

				Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Park Dedication Fund	Juvenile Case Manager Fund	Capital Asset Replacement Fund	Tax Increment Reinvestment Zone Fund	
\$ -	\$ -	\$ -	\$ -	\$ 974,529
190,671	25,336	-	1,152,433	3,698,144
-	307	103	99	408,126
-	-	-	-	80,255
190,671	25,643	103	1,152,532	70,760
				5,231,813
-	-	-	-	47,795
-	-	-	-	1,396,911
190,671	-	-	-	222,254
-	-	-	-	1,154,062
190,671	-	-	2,301,994	2,301,994
			2,301,994	5,123,015
-	25,643	103	(1,149,462)	108,798
-	-	-	-	80,508
-	-	80,000	1,149,561	1,521,620
-	-	-	-	(326,042)
-	-	80,000	1,149,561	1,276,086
-	25,643	80,103	99	1,384,884
-	2,239	-	4,505	1,704,564
\$ -	\$ 27,883	\$ 80,103	\$ 4,603	\$ 3,089,448

# CITY OF MISSION, TEXAS

EXHIBIT C-5

## AQUATICS FUND

## SPECIAL REVENUE FUND

## BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 185,450	\$ 117,398	\$ (68,052)
Total Intergovernmental	185,450	117,398	(68,052)
Charges for Service:			
Aquatics	38,000	36,866	(1,134)
Total Charges for Services	38,000	36,866	(1,134)
Interest:			
Interest earned on demand deposits	-	31	31
Total Interest	-	31	31
Total Revenues	223,450	154,295	(69,155)
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	221,342	131,920	89,422
Employee benefits	51,464	30,766	20,698
Purchased property services	61,776	41,435	20,341
Other purchased services	9,520	5,439	4,081
Supplies	52,304	47,609	4,695
Capital outlays	12,295	14,524	(2,229)
Miscellaneous	200	-	200
Total Culture and Recreation	408,901	271,693	137,208
Total Expenditures	408,901	271,693	137,208
Excess (Deficiency) of Revenues Over Expenditures	(185,451)	(117,398)	68,053
Other Financing Sources (Uses):			
Transfers in	185,451	117,398	(68,053)
Total Other Financing Sources (Uses)	185,451	117,398	(68,053)
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year	10,000	10,000	-
Fund Balance at End of Year	\$ 10,000	\$ 10,000	\$ -



**CITY OF MISSION, TEXAS**  
**PARKS AND RECREATION FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-6**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ 2,000	\$ 1,096	\$ (904)
Interest earned on demand deposits	3,000	2,174	(826)
Total Interest	<u>5,000</u>	<u>3,270</u>	<u>(1,730)</u>
Miscellaneous:			
Fees and charges	78,000	87,819	9,819
Fundraising	20,000	31,881	11,881
Total Miscellaneous	<u>98,000</u>	<u>119,700</u>	<u>21,700</u>
Total Revenues	<u>103,000</u>	<u>122,970</u>	<u>19,970</u>
Expenditures:			
Current:			
Culture and Recreation:			
Professional & technical services	60,000	66,244	(6,244)
Other purchased services	31,500	27,114	4,386
Supplies	41,592	28,148	13,444
Miscellaneous	9,200	1,625	7,575
Total Culture and Recreation	<u>142,292</u>	<u>123,131</u>	<u>19,161</u>
Total Expenditures	<u>142,292</u>	<u>123,131</u>	<u>19,161</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,292)</u>	<u>(161)</u>	<u>39,131</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(39,292)	(161)	39,131
Fund Balance at Beginning of Year	<u>126,628</u>	<u>126,628</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 87,336</u>	<u>\$ 126,467</u>	<u>\$ 39,131</u>

**CITY OF MISSION, TEXAS**  
**POLICE DEPARTMENT SPECIAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-7**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State Seizures:			
State seizures	\$ 1,238,660	\$ 1,242,204	\$ 3,544
Total State Seizures	<u>1,238,660</u>	<u>1,242,204</u>	<u>3,544</u>
Interest:			
Interest earned on investments	2,000	39,413	37,413
Interest earned on demand deposits	<u>1,000</u>	<u>5,076</u>	<u>4,076</u>
Total Interest	<u>3,000</u>	<u>44,488</u>	<u>41,488</u>
Total Revenues	<u>1,241,660</u>	<u>1,286,692</u>	<u>45,032</u>
Expenditures:			
Current:			
Public Safety:			
State Seizures:			
Personal services	50,000	-	50,000
Professional & technical services	30,300	22,475	7,825
Purchased property services	40,000	31,207	8,793
Other purchased services	20,000	2,945	17,055
Supplies	214,683	76,105	138,578
Capital outlays	1,156,890	498,599	658,291
Miscellaneous	100,000	5,501	94,499
Total Public Safety	<u>1,611,873</u>	<u>636,832</u>	<u>975,041</u>
Total Expenditures	<u>1,611,873</u>	<u>636,832</u>	<u>975,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(370,213)</u>	<u>649,860</u>	<u>1,020,073</u>
Other Financing Sources (Uses):			
Sale of capital assets	-	80,508	80,508
Total Other Financing Sources (Uses)	<u>-</u>	<u>80,508</u>	<u>80,508</u>
Net Change in Fund Balance	(370,213)	730,368	1,100,581
Fund Balance at Beginning of Year	<u>473,823</u>	<u>473,823</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 103,610</u>	<u>\$ 1,204,191</u>	<u>\$ 1,100,581</u>

**CITY OF MISSION, TEXAS***POLICE FEDERAL SHARING FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2008***EXHIBIT C-8**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ -	\$ 600,560	\$ 600,560
Total Intergovernmental	-	600,560	600,560
Interest:			
Interest earned on investments	2,000	2,322	322
Interest earned on demand deposits	2,000	5,174	3,174
Total Interest	4,000	7,496	3,496
Total Revenues	4,000	608,056	604,056
Expenditures:			
Current:			
Public Safety:			
Personal services	42,000	40,822	1,178
Employee benefits	14,209	7,792	6,417
Professional & technical services	3,000	-	3,000
Purchased property services	-	24,016	(24,016)
Supplies	1,000	-	1,000
Total Public Safety	60,209	72,630	(12,421)
Total Expenditures	60,209	72,630	(12,421)
Excess (Deficiency) of Revenues Over Expenditures	(56,209)	535,426	591,635
Other Financing Sources (Uses):			
Transfers out	(76,043)	(76,042)	1
Total Other Financing Sources (Uses)	(76,043)	(76,042)	1
Net Change in Fund Balance	(132,252)	459,384	591,636
Fund Balance at Beginning of Year	170,630	170,630	-
Fund Balance at End of Year	\$ 38,378	\$ 630,014	\$ 591,636

**CITY OF MISSION, TEXAS**  
**MUNICIPAL COURT TECHNOLOGY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-9**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Court technology fees	\$ 33,000	\$ 30,582	\$ (2,418)
Total Charges for Services	<u>33,000</u>	<u>30,582</u>	<u>(2,418)</u>
Interest:			
Interest earned on investments	3,000	2,145	(855)
Interest earned on demand deposits	<u>2,000</u>	<u>1,956</u>	<u>(44)</u>
Total Interest	<u>5,000</u>	<u>4,102</u>	<u>(898)</u>
Total Revenues	<u>38,000</u>	<u>34,684</u>	<u>(3,316)</u>
Expenditures:			
Current:			
General Government:			
Purchased property services	6,800	2,178	4,622
Supplies	3,200	420	2,780
Capital outlays	20,000	20,602	(602)
Miscellaneous	800	434	366
Total General Government	<u>30,800</u>	<u>23,634</u>	<u>7,166</u>
Total Expenditures	<u>30,800</u>	<u>23,634</u>	<u>7,166</u>
Excess (Deficiency) of Revenues Over Expenditures	7,200	11,050	3,850
Fund Balance at Beginning of Year	<u>144,925</u>	<u>144,925</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 152,125</u>	<u>\$ 155,975</u>	<u>\$ 3,850</u>

**CITY OF MISSION, TEXAS**  
**DESIGNATED PURPOSE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-10**  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Bullet Proof Vest Grant	\$ 8,615	\$ 8,475	\$ (140)
SAFER EMW-2005-FF-01316	864,930	405,716	(459,214)
Tobacco Compliance Grant	2,500	5,000	2,500
OVAG Grant# 0802439	87,208	46,795	(40,413)
Lone Star Library Grant	16,906	16,906	-
2006 State HS/LETPP Grant-48768	43,508	43,433	(75)
2007 SHSP/LETPP	81,500	5,787	(75,713)
LRGVDC Contract	30,000	-	(30,000)
TX. Dept Transportation-Step Grant	48,556	53,437	4,881
Total Intergovernmental	1,183,723	585,549	(598,174)
Miscellaneous:			
Wal-Mart Child ID Program	496	496	-
Wal-Mart Safe Neighborhood Heroes	4,294	4,294	-
Total Miscellaneous	4,790	4,790	-
Total Revenues	1,188,513	590,339	(598,174)
Expenditures:			
Current:			
Public Safety:			
Tobacco Compliance Grant:			
Personal services	1,750	3,500	(1,750)
Employee benefits	300	600	(300)
Other purchased services	450	900	(450)
	2,500	5,000	(2,500)
SAFER EMW-2005-FF-013:			
Personal services	480,751	371,878	108,873
Employee benefits	504,179	139,641	364,538
	984,930	511,519	473,411
Wal-Mart Child ID Program:			
Supplies	234	234	-
	234	234	-
Bullet Proof Vest Grant:			
Capital outlays	17,230	16,950	280
	17,230	16,950	280
OVAG Grant# 0802439			
Personal services	58,334	30,948	27,386
Employee benefits	21,779	11,471	10,308
Other purchased services	3,095	1,850	1,245
Supplies	2,947	1,103	1,844
Capital outlays	1,053	1,423	(370)
	87,208	46,795	40,413
Wal-Mart Safe Neighborhood Program:			
Other purchased services	60	60	-
Capital outlays	4,234	4,234	-
	4,294	4,294	-

**CITY OF MISSION, TEXAS**  
**DESIGNATED PURPOSE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-10**  
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
TXDOT-Step Grant:			
Personal services	39,630	42,647	(3,017)
Employee benefits	7,926	9,822	(1,896)
Other purchased services	1,000	968	32
	<u>48,556</u>	<u>53,437</u>	<u>(4,881)</u>
2006 SHS/LETPP Grant:			
Capital outlay	43,508	43,433	75
	<u>43,508</u>	<u>43,433</u>	<u>75</u>
2007 SHSP/LETPP:			
Capital outlay	81,500	5,787	75,713
	<u>81,500</u>	<u>5,787</u>	<u>75,713</u>
Total Public Safety	<u>1,269,960</u>	<u>687,449</u>	<u>582,511</u>
Health and Welfare:			
LRGVDC Contract:			
Other purchased services	2,000	-	2,000
Capital outlays	28,000	-	28,000
	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Health and Welfare	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Culture and Recreation:			
Wal-Mart Grant Library:			
Supplies	262	262	-
	<u>262</u>	<u>262</u>	<u>-</u>
Loan Star Libraries Grant:			
Capital outlay	16,906	16,906	-
	<u>16,906</u>	<u>16,906</u>	<u>-</u>
Total Culture and Recreation	<u>17,168</u>	<u>17,168</u>	<u>-</u>
Total Expenditures	<u>1,317,128</u>	<u>704,617</u>	<u>612,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(128,615)</u>	<u>(114,278)</u>	<u>14,337</u>
Other Financing Sources (Uses)			
Transfers in	128,615	114,278	(14,337)
Total Other Financing Sources (Uses)	<u>128,615</u>	<u>114,278</u>	<u>(14,337)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MISSION, TEXAS

## DRAINAGE ASSESSMENT FUND

### SPECIAL REVENUE FUND

#### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 420,000	\$ 494,579	\$ 74,579
Total Assessments	420,000	494,579	74,579
Interest:			
Interest earned on investments	2,000	5,971	3,971
Interest earned on demand deposits	2,000	5,756	3,756
Total Interest	4,000	11,727	7,727
Miscellaneous:			
Drainage reimb.-subdividers	5,000	26,237	21,237
Total Miscellaneous	5,000	26,237	21,237
Total Revenues	429,000	532,543	103,543
Expenditures:			
Current:			
Highways and Streets:			
Other purchased services	-	1,576	(1,576)
Capital outlays	300,000	220,678	79,322
Total Highways and Streets	300,000	222,254	77,746
Total Expenditures	300,000	222,254	77,746
Excess (Deficiency) of Revenues Over Expenditures	129,000	310,289	181,289
Other Financing Sources (Uses):			
Transfers out	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	(250,000)	(250,000)	-
Net Change in Fund Balance	(121,000)	60,289	181,289
Fund Balance at Beginning of Year	384,774	384,774	-
Fund Balance at End of Year	\$ 263,774	\$ 445,063	\$ 181,289

**CITY OF MISSION, TEXAS***MISSION JR. GOLF TRUST**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2008***EXHIBIT C-12**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on demand deposits	\$ -	\$ 103	\$ 103
Total Interest	-	103	103
Miscellaneous:			
Contribution and donations	20,000	7,852	(12,149)
Total Miscellaneous	20,000	7,852	(12,149)
Total Revenues	20,000	7,955	(12,046)
Expenditures:			
Current:			
Culture and Recreation:			
Other purchased services	17,000	8,959	8,041
Supplies	3,000	1,835	1,165
Total Culture and Recreation	20,000	10,794	9,206
Total Expenditures	20,000	10,794	9,206
Excess (Deficiency) of Revenues Over Expenditures	-	(2,840)	(2,840)
Fund Balance at Beginning of Year	3,682	3,682	-
Fund Balance at End of Year	\$ 3,682	\$ 842	\$ (2,840)



**CITY OF MISSION, TEXAS**  
**RECORDS PRESERVATION FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-13**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 12,950	\$ 14,623	\$ 1,673
Total Charges for Service	<u>12,950</u>	<u>14,623</u>	<u>1,673</u>
Interest:			
Interest earned on demand deposits	-	40	40
Interest earned on investments	-	-	-
Total Interest	<u>-</u>	<u>40</u>	<u>40</u>
Total Revenues	<u>12,950</u>	<u>14,663</u>	<u>1,713</u>
Expenditures:			
Current:			
Record Preservation:			
Supplies	6,673	5,584	1,089
Capital outlays	15,000	14,630	370
Total Record Preservation	<u>21,673</u>	<u>20,214</u>	<u>1,459</u>
Total Expenditures	<u>21,673</u>	<u>20,214</u>	<u>1,459</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,723)	(5,551)	3,172
Fund Balance at Beginning of Year	<u>13,600</u>	<u>13,600</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,877</u>	<u>\$ 8,048</u>	<u>\$ 3,171</u>

**CITY OF MISSION, TEXAS***SPEER MEMORIAL LIBRARY**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2008***EXHIBIT C-14**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ 400	\$ 1,150	\$ 460,000
Interest earned on demand deposits	-	46	46
Total Interest	<u>400</u>	<u>1,196</u>	<u>796</u>
Total Revenues	<u>400</u>	<u>1,196</u>	<u>796</u>
Expenditures:			
Current:			
Culture and Recreation:			
Capital outlays	-	3,847	(3,847)
Total Culture and Recreation	<u>-</u>	<u>3,847</u>	<u>(3,847)</u>
Total Expenditures	<u>-</u>	<u>3,847</u>	<u>(3,847)</u>
Excess (Deficiency) of Revenues Over Expenditures	400	(2,651)	(3,051)
Fund Balance at Beginning of Year	<u>27,686</u>	<u>27,686</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 28,086</u>	<u>\$ 25,035</u>	<u>\$ (3,051)</u>

**CITY OF MISSION, TEXAS***HOTEL/MOTEL TAX FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2008***EXHIBIT C-15**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 350,000	\$ 479,950	\$ 129,950
Total Taxes	<u>350,000</u>	<u>479,950</u>	<u>129,950</u>
Interest:			
Interest earned on demand deposits	6,000	3,779	(2,221)
Interest earned on investments	<u>100</u>	<u>7</u>	<u>(93)</u>
Total Interest	<u>6,100</u>	<u>3,786</u>	<u>(2,314)</u>
Total Revenues	<u>356,100</u>	<u>483,736</u>	<u>127,636</u>
Expenditures:			
Current:			
General Government:			
Tourist Promotion & Advertising:			
Miscellaneous	535,000	536,757	(1,757)
Total Culture and Recreation	<u>535,000</u>	<u>536,757</u>	<u>(1,757)</u>
Total Expenditures	<u>535,000</u>	<u>536,757</u>	<u>(1,757)</u>
Excess (Deficiency) of Revenues Over Expenditures	(178,900)	(53,022)	125,878
Other Financing Sources (Uses):			
Transfers in	60,383	60,383	-
Total Other Financing Sources (Uses)	<u>60,383</u>	<u>60,383</u>	<u>-</u>
Net Change in Fund Balance	(118,517)	7,361	125,878
Fund Balance at Beginning of Year	<u>226,677</u>	<u>226,677</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 108,160</u>	<u>\$ 234,038</u>	<u>\$ 125,878</u>

**CITY OF MISSION, TEXAS***MUNICIPAL COURT BLDG SECURITY FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2008***EXHIBIT C-16**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 23,000	\$ 22,229	\$ (771)
Total Charges for Services	<u>23,000</u>	<u>22,229</u>	<u>(771)</u>
Interest:			
Interest earned on investments	1,200	2,900	1,700
Interest earned on demand deposits	<u>700</u>	<u>608</u>	<u>(92)</u>
Total Interest	<u>1,900</u>	<u>3,508</u>	<u>1,608</u>
Total Revenues	<u>24,900</u>	<u>25,737</u>	<u>837</u>
Expenditures:			
Current:			
Other purchased services	4,700	3,947	753
Capital outlay	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total Expenditures	<u>12,700</u>	<u>3,947</u>	<u>8,753</u>
Excess (Deficiency) of Revenues Over Expenditures	12,200	21,790	9,590
Fund Balance at Beginning of Year	<u>115,395</u>	<u>115,395</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 127,595</u>	<u>\$ 137,185</u>	<u>\$ 9,590</u>

# CITY OF MISSION, TEXAS

PARK DEDICATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-17

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Park dedication fee	\$ 560,142	\$ 190,671	\$ (369,471)
Total Charges for Services	560,142	190,671	(369,471)
Total Revenues	560,142	190,671	(369,471)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	149,416	7,135	142,281
	149,416	7,135	142,281
Zone 2-Northeast:			
Capital outlays	119,859	10,748	109,111
	119,859	10,748	109,111
Zone 3-Southwest:			
Capital outlays	246,094	152,808	93,286
	246,094	152,808	93,286
Zone 4-Southeast:			
Capital outlays	29,773	19,980	9,793
	29,773	19,980	9,793
Zone 5 -Central:			
Capital outlays	15,000	-	15,000
	15,000	-	15,000
Total Culture and Recreation	560,142	190,671	369,471
Total Expenditures	560,142	190,671	369,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -

**CITY OF MISSION, TEXAS**

JUVENILE CASE MANAGER FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-18

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 23,500	\$ 25,336	\$ 1,836
Total Charges for Services	23,500	25,336	1,836
Interest:			
Interest earned on investments	100	117	17
Interest earned on demand deposits	50	190	140
Total Interest	150	307	157
Total Revenues	23,650	25,643	1,993
Expenditures:			
Current:			
Personal services	9,500	-	9,500
Employee benefits	4,000	-	4,000
Total Expenditures	13,500	-	13,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,150	25,643	15,493
Fund Balance at Beginning of Year	2,239	2,239	-
Fund Balance at End of Year	\$ 12,389	\$ 27,883	\$ 15,494

**CITY OF MISSION, TEXAS**  
**CAPITAL ASSET REPLACEMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
*For the Year Ended September 30, 2008*

**EXHIBIT C-19**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on demand deposits	\$ -	\$ 103	\$ 103
Total Interest	-	103	103
Total Revenues	-	103	103
Expenditures:			
Current:	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	103	103
Other Financing Sources (Uses):			
Transfers in	80,000	80,000	-
Total Other Financing Sources (Uses)	80,000	80,000	-
Net Change in Fund Balance	80,000	80,103	103
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ 80,000</u>	<u>\$ 80,103</u>	<u>\$ 103</u>

**CITY OF MISSION, TEXAS**

TAX INCREMENT REINVESTMENT ZONE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-20

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,150,000	\$ 1,152,433	\$ 2,433
Total Intergovernmental:	1,150,000	1,152,433	2,433
Interest:			
Interest earned on demand deposits	200	99	(101)
Total Interest	200	99	(101)
Total Revenues	1,150,200	1,152,532	2,332
Expenditures:			
Current:			
Economic Development	2,300,000	2,301,994	(1,994)
Total Expenditures	2,300,000	2,301,994	(1,994)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,149,800)	(1,149,462)	338
Other Financing Sources (Uses):			
Transfers in	1,150,000	1,149,561	(439)
Total Other Financing Sources (Uses)	1,150,000	1,149,561	(439)
Net Change in Fund Balance	200	99	(101)
Fund Balance at Beginning of Year	4,505	4,505	-
Fund Balance at End of Year	\$ 4,705	\$ 4,603	\$ (102)



# CITY OF MISSION, TEXAS

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-21

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 2,789,960	\$ 3,001,083	\$ 211,123
Delinquent ad valorem taxes	126,500	122,316	(4,184)
Interest & penalties on taxes	100,000	97,801	(2,199)
Total Taxes	3,016,460	3,221,200	204,740
Interest:			
Interest earned on investments	30,000	44,804	14,804
Interest earned on demand deposits	8,000	2,434	(5,566)
Total Interest	38,000	47,238	9,238
Total Revenues	3,054,460	3,268,438	213,978
Expenditures:			
Current:			
Debt Service:			
Principal retirement	1,645,000	1,655,000	(10,000)
Interest and fiscal agent charges	1,286,177	1,222,817	63,360
Total Debt Service	2,931,177	2,877,817	53,360
Total Expenditures	2,931,177	2,877,817	53,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	123,283	390,621	267,338
Other Financing Sources (Uses):			
Transfers in	294,438	-	(294,438)
Transfers out	(229,317)	(229,458)	141
Total Other Financing Sources (Uses)	65,121	(229,458)	(294,579)
Net Change in Fund Balance	188,404	161,163	(27,241)
Fund Balance at Beginning of Year	828,010	828,010	-
Fund Balance at End of Year	\$ 1,016,414	\$ 989,173	\$ (27,241)

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2008**

	2003 Public Prop. Fin. Contractual Obligation	2003 Certificates of Obligation
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,463	\$ -
Investments	-	-
Restricted assets	-	33,144
Total Assets	<u>\$ 1,463</u>	<u>\$ 33,144</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Retainage payable	-	33,144
Due to other funds	-	-
Total Liabilities	<u>-</u>	<u>33,144</u>
<b>FUND BALANCES</b>		
Reserved for encumbrances	-	-
Reserved for capital projects	1,463	-
Total Fund Balances	<u>1,463</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,463</u>	<u>\$ 33,144</u>

2005 Certificates of Obligation	2005-A Certificates of Obligation	2007 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 11,157	\$ 832,153	\$ 748,448	\$ 1,593,221
-	1,192,872	3,503,539	4,696,411
-	-	40,324	73,468
<u>\$ 11,157</u>	<u>\$ 2,025,025</u>	<u>\$ 4,292,311</u>	<u>\$ 6,363,100</u>
\$ 5,471	\$ 52,229	\$ 438,552	\$ 496,252
-	-	53,458	86,602
-	-	256	256
<u>5,471</u>	<u>52,229</u>	<u>492,266</u>	<u>583,110</u>
-	812,161	1,902,726	2,714,887
5,687	1,160,635	1,897,319	3,065,103
<u>5,687</u>	<u>1,972,796</u>	<u>3,800,045</u>	<u>5,779,990</u>
<u>\$ 11,157</u>	<u>\$ 2,025,025</u>	<u>\$ 4,292,311</u>	<u>\$ 6,363,100</u>

**CITY OF MISSION, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007*

	2003 Public Prop. Fin. Contractual Obligation	2005 Certificates of Obligation
Revenues:		
Interest	\$ 88	\$ 604
Total Revenues	<u>88</u>	<u>604</u>
Expenditures:		
Current:		
Capital projects	<u>14,316</u>	<u>24,139</u>
Total Expenditures	<u>14,316</u>	<u>24,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,228)</u>	<u>(23,535)</u>
Other Financing Sources (Uses):		
Issuance of debt	-	-
Bond premium	-	-
Transfers In	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(14,228)	(23,535)
Fund Balance at Beginning of Year	<u>15,691</u>	<u>29,222</u>
Fund Balance at End of Year	<u>\$ 1,463</u>	<u>\$ 5,687</u>

EXHIBIT C-23

2005-A Certificates of Obligation	2007 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 69,760	\$ 199,415	\$ 269,867
69,760	199,415	269,867
548,466	3,587,796	4,174,717
548,466	3,587,796	4,174,717
(478,706)	(3,388,381)	(3,904,850)
-	7,000,000	7,000,000
-	168,426	168,426
-	20,000	20,000
-	7,188,426	7,188,426
(478,706)	3,800,045	3,283,576
2,451,501	-	2,496,414
\$ 1,972,795	\$ 3,800,045	\$ 5,779,990

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## **PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Utility Fund: To account for the provision of water and sewer services to the residents of the City and some residents outside the City Limits.

Golf Course Fund: To account for the operations and maintenance of Shary Municipal Golf Course.

Solid Waste Fund: To account for the provision of garbage and brush collection for the residents of the City.

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# CITY OF MISSION, TEXAS

## UTILITY FUND

### ENTERPRISE FUND

#### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-24

Page 1 of 4

	Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues:</b>			
Water sales, net of adjustment	\$ 9,075,000	\$ 9,519,070	\$ 444,070
Connection fee	300,000	192,949	(107,051)
Reconnect fee	90,000	89,900	(100)
Wastewater system capital recovery fee	-	400,927	400,927
Sewage service	4,550,000	5,045,577	495,577
Wastewater assessment	164,000	93,168	(70,832)
Service charge	70,000	67,132	(2,868)
Industrial sewer surcharge	107,000	62,387	(44,613)
Waterline and sewer line	10,000	39,863	29,863
TIRZ reimbursement	239,488	239,489	1
5% credit card fee	-	5,469	5,469
Miscellaneous income	20,000	53,700	33,700
Operating Revenues	14,625,488	15,809,631	1,184,143
<b>Nonoperating Revenues:</b>			
Interest earned	358,029	696,983	338,954
Gain (loss) on disposal of capital assets	-	(2,888)	(2,888)
Insurance settlement	-	3,529	3,529
Nonoperating Revenues	358,029	697,624	339,595
<b>Total Revenues</b>	<b>14,983,517</b>	<b>16,507,255</b>	<b>1,523,738</b>
<b>Operating Expenses:</b>			
<b>Utility Administration:</b>			
Personal services	393,932	391,100	2,832
Employee benefits	139,204	135,745	3,459
Professional & technical services	500	-	500
Purchased property services	27,500	24,005	3,495
Other purchased services	23,750	22,542	1,208
Supplies	27,500	25,348	2,152
Capital outlays	15,000	12,074	2,926
Miscellaneous	4,500	2,782	1,718
	631,886	613,596	18,290
<b>Water Distribution:</b>			
Personal services	911,267	889,891	21,376
Employee benefits	441,935	437,603	4,332
Professional & technical services	45,000	35,484	9,516
Purchased property services	419,585	338,955	80,630
Other purchased services	60,000	48,883	11,117
Supplies	821,041	732,054	88,987
Capital outlays	1,049,888	989,165	60,723
Miscellaneous	8,000	8,818	(818)
	3,756,716	3,480,853	275,863
<b>Water Treatment:</b>			
Personal services	356,102	362,171	(6,069)
Employee benefits	159,737	157,161	2,576
Professional & technical services	40,000	29,662	10,338
Purchased property services	306,280	285,463	20,817

# CITY OF MISSION, TEXAS

## UTILITY FUND

## ENTERPRISE FUND

## BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-24

Page 2 of 4

	Budget	Actual	Variance Positive (Negative)
Other purchased services	12,470	10,977	1,493
Supplies	811,358	737,601	73,757
Capital outlays	11,867	11,809	58
Miscellaneous	47,625	45,121	2,504
	<u>1,745,439</u>	<u>1,639,965</u>	<u>105,474</u>
<b>Wastewater Treatment and Collection:</b>			
Personal services	376,598	358,120	18,478
Employee benefits	156,056	149,771	6,285
Professional & technical services	32,578	32,277	301
Purchased property services	905,144	713,685	191,459
Other purchased services	8,650	6,052	2,598
Supplies	151,758	137,008	14,750
Capital outlays	1,051,337	389,236	662,101
Miscellaneous	245,963	206,291	39,672
	<u>2,928,084</u>	<u>1,992,440</u>	<u>935,644</u>
<b>Industrial Pretreatment:</b>			
Personal services	36,768	38,455	(1,687)
Employee benefits	14,976	14,871	105
Professional & technical services	3,000	-	3,000
Purchased property services	347,200	295,877	51,323
Other purchased services	2,000	-	2,000
Supplies	16,736	5,241	11,495
Capital outlays	10,000	1,826	8,174
Miscellaneous	90,300	84,168	6,132
	<u>520,980</u>	<u>440,438</u>	<u>80,542</u>
<b>Utility Billing and Collection:</b>			
Personal services	346,090	346,749	(659)
Employee benefits	159,149	157,626	1,523
Purchased property services	10,500	10,263	237
Other purchased services	91,200	91,422	(222)
Supplies	73,800	80,639	(6,839)
Capital outlays	17,187	14,168	3,019
Miscellaneous	3,500	2,382	1,118
	<u>701,426</u>	<u>703,249</u>	<u>(1,823)</u>
<b>Organizational Expense:</b>			
Professional & technical services	161,644	44,147	117,497
Other purchased services	108,000	66,298	41,702
Capital outlays	10,000	16,289	(6,289)
Miscellaneous	94,952	74,357	20,595
	<u>374,596</u>	<u>201,091</u>	<u>173,505</u>
<b>Northside Water Treatment Plant:</b>			
Personal services	147,041	124,051	22,990
Employee benefits	79,847	67,838	12,009
Professional & technical services	31,500	20,646	10,854
Purchased property services	587,700	496,514	91,186

# CITY OF MISSION, TEXAS

## UTILITY FUND

### ENTERPRISE FUND

#### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-24

Page 3 of 4

	Budget	Actual	Variance Positive (Negative)
Other purchased services	4,400	4,041	359
Supplies	872,501	830,241	42,260
Capital outlays	2,000	576	1,424
Miscellaneous	25,750	24,750	1,000
	<u>1,750,739</u>	<u>1,568,657</u>	<u>182,082</u>
2006 Refunding Issue:			
Professional & technical services	92,905	57,445	35,460
Capital outlay	2,675,433	1,888,195	787,238
	<u>2,768,338</u>	<u>1,945,640</u>	<u>822,698</u>
2006 A Revenue Bond:			
Professional & technical services	524,523	289,574	234,949
Capital outlay	7,229,902	-	7,229,902
Miscellaneous	798,108	-	798,108
	<u>8,552,533</u>	<u>289,574</u>	<u>8,262,959</u>
2001 Bonds-Sewer Projects:			
Professional & technical services	-	27	(27)
Capital outlays	446,562	18,000	428,562
	<u>446,562</u>	<u>18,027</u>	<u>428,535</u>
TWDB-2004-A & 2004-B Bonds:			
Professional & technical services	1,000	-	1,000
Capital outlays	137,622	134,540	3,082
Miscellaneous	56,360	-	56,360
	<u>194,982</u>	<u>134,540</u>	<u>60,442</u>
TWDB-CWTAP Grant:			
Professional & technical services	24,481	29,594	(5,113)
Purchased property services	2,017,266	666,785	1,350,481
Capital outlays	115,009	-	115,009
	<u>2,156,756</u>	<u>696,379</u>	<u>1,460,377</u>
2003 PPFCO Procurement:			
Capital outlays	5,271	5,337	(66)
	<u>5,271</u>	<u>5,337</u>	<u>(66)</u>
Total Operating Expenses	<u>26,534,308</u>	<u>13,729,786</u>	<u>12,804,522</u>
Nonoperating Expenses:			
Bond interest expense	1,822,751	1,758,025	64,726
Bond fiscal charges	7,000	4,570	2,430
Bond principal	2,398,759	2,398,759	-
Nonoperating Expenses	<u>4,228,510</u>	<u>4,161,354</u>	<u>67,156</u>

**CITY OF MISSION, TEXAS****UTILITY FUND****ENTERPRISE FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2007****EXHIBIT C-24**

Page 4 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transfers:			
Transfers In (Out)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Capital Contributions	2,156,756	5,629,521	3,472,765
Operating and Nonoperating Expenses, and Capital Contributions (Budgetary Basis)	<u>29,606,062</u>	<u>13,261,619</u>	<u>16,344,443</u>
Net Income (Budgetary Basis)	<u>\$ (14,622,545)</u>	3,245,636	<u>\$ 17,868,181</u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(3,895,366)	
Bond principal		2,398,759	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>4,524,641</u>	
		<u>3,028,034</u>	
Net Income (GAAP Basis)		<u>\$ 6,273,670</u>	

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-25**  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues:</b>			
Pro shop sales	\$ 125,000	\$ 94,534	\$ (30,466)
Cart and club rental	200,000	169,707	(30,293)
Pull carts and club rentals	4,000	3,349	(651)
Food and beverage sales	105,000	96,027	(8,973)
Daily green fees	415,000	366,975	(48,025)
Trail fees	72,000	60,861	(11,139)
Juniors' fees	30,000	23,928	(6,072)
Prepaid members	238,000	219,897	(18,103)
Driving range	57,000	42,300	(14,700)
Miscellaneous income	3,000	3,956	956
Operating Revenues	<u>1,249,000</u>	<u>1,081,534</u>	<u>(167,466)</u>
<b>Nonoperating Revenues:</b>			
Interest earned	-	402	402
Gain (loss) on disposal of capital assets	5,000	-	(5,000)
Insurance settlement	-	1,799	1,799
Nonoperating Revenues	<u>5,000</u>	<u>2,201</u>	<u>(2,799)</u>
<b>Total Revenues</b>	<u>1,254,000</u>	<u>1,083,735</u>	<u>(170,265)</u>
<b>Operating Expenses:</b>			
Cost of sales-pro shop	90,000	70,546	19,454
Cost of sales-restaurant	55,315	56,208	(893)
Total Cost of Sales	<u>145,315</u>	<u>126,754</u>	<u>18,561</u>
<b>Golf Course Operation:</b>			
<b>Club House:</b>			
Personal services	232,208	254,457	(22,249)
Employee benefits	88,623	89,191	(568)
Purchased property services	42,750	24,577	18,173
Other purchased services	5,101	4,972	129
Supplies	15,206	14,237	969
Capital outlays	20,850	20,497	353
Miscellaneous	7,150	7,328	(178)
	<u>411,888</u>	<u>415,259</u>	<u>(3,371)</u>
<b>Grounds:</b>			
Personal services	243,721	243,311	410
Employee benefits	122,570	122,331	239
Purchased property services	46,690	51,841	(5,151)
Other purchased services	117	117	-
Supplies	135,176	131,476	3,700
Capital outlays	30,142	30,139	3
Miscellaneous	5,052	5,042	10
	<u>583,468</u>	<u>584,257</u>	<u>(789)</u>

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-25**  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Restaurant:			
Personal services	50,100	49,921	179
Employee benefits	9,155	8,280	875
Capital outlays	8,550	8,428	122
Miscellaneous	185	185	-
	<u>67,990</u>	<u>66,814</u>	<u>1,176</u>
Organizational Expense:			
Other purchased services	5,500	3,008	2,492
Debt service	1,000	-	1,000
Miscellaneous	17,841	16,830	1,011
	<u>24,341</u>	<u>19,838</u>	<u>4,503</u>
Total Golf Course Operation	<u>1,233,002</u>	<u>1,212,922</u>	<u>20,080</u>
Depreciation	-	147,995	(147,995)
Total Operating Expenses	<u>1,233,002</u>	<u>1,360,917</u>	<u>(127,915)</u>
Nonoperating Expenses:			
Bond interest expense	8,325	7,805	520
Capital lease interest expense	3,898	3,945	(47)
Bond and capital lease principal	128,049	128,048	1
Nonoperating Expenses	<u>140,272</u>	<u>139,798</u>	<u>474</u>
Transfers:			
Transfers in (out)	-	-	-
Operating and Nonoperating Expenses, Basis)	<u>1,373,274</u>	<u>1,500,715</u>	<u>(127,441)</u>
Net Change in Net Assets (Budgetary Basis)	<u>\$ (119,274)</u>	<u>(416,980)</u>	<u>\$ (297,706)</u>
Adjustments:			
Bond and Capital Lease principal		128,048	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>59,064</u>	
		<u>187,112</u>	
Net Change in Net Assets (GAAP Basis)		<u>\$ (229,868)</u>	

# CITY OF MISSION, TEXAS

EXHIBIT C-26

SOLID WASTE

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 3,628,000	\$ 3,911,293	\$ 283,293
Brush fees	481,500	460,993	(20,507)
Roll-off fees	6,000	5,486	(514)
Franchise fees	80,000	127,779	47,779
Miscellaneous income	600	1,299	699
Operating Revenues	<u>4,196,100</u>	<u>4,506,850</u>	<u>310,750</u>
Nonoperating Revenues:			
Interest earned	6,000	271	(5,729)
Nonoperating Revenues	<u>6,000</u>	<u>271</u>	<u>(5,729)</u>
Total Revenues	<u>4,202,100</u>	<u>4,507,121</u>	<u>305,021</u>
Operating Expenses:			
Solid waste disposal	3,708,255	4,369,005	(660,750)
Miscellaneous	10,000	-	10,000
Rental-machinery & equipment	7,000	3,000	4,000
Total Operating Expenses	<u>3,725,255</u>	<u>4,372,005</u>	<u>(646,750)</u>
Transfers:			
Transfers in (out)	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Operating and Nonoperating Expenses (Budgetary Basis)	<u>3,875,255</u>	<u>4,372,005</u>	<u>(496,750)</u>
Net Change in Net Assets (GAAP Basis)	<u>\$ 326,845</u>	<u>\$ 135,116</u>	<u>\$ (191,729)</u>

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*CAPITAL ASSETS  
USED IN THE  
OPERATION OF  
GOVERNMENTAL  
FUNDS*

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**CITY OF MISSION, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE**  
As of September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 31,272,593	\$ 30,787,240
Buildings and structures	18,587,688	10,786,707
Improvements other than buildings	5,765,822	5,491,182
Furniture and equipment	16,150,290	14,838,411
Construction in progress	4,191,359	4,684,603
Infrastructure	67,497,544	61,468,193
	<u>\$ 143,465,296</u>	<u>\$ 128,056,336</u>
<b>Total Governmental Funds Capital Assets</b>	<u><u>\$ 143,465,296</u></u>	<u><u>\$ 128,056,336</u></u>
 <b>Investment in Governmental Funds Capital Assets by Source:</b>		
General fund revenues	\$ 82,245,950	\$ 80,537,803
Grants	665,880	665,880
Bond funds	19,890,370	17,565,923
Enterprise funds	1,264	1,264
Special funds	6,738,857	5,861,194
Donations	9,467,009	2,599,678
Developers	24,455,966	20,824,594
	<u>\$ 143,465,296</u>	<u>\$ 128,056,336</u>
<b>Total Governmental Funds Capital Assets</b>	<u><u>\$ 143,465,296</u></u>	<u><u>\$ 128,056,336</u></u>

**CITY OF MISSION, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY**  
For the fiscal year ended September 30, 2008

<u>Function and Activity:</u>	Governmental Funds Capital Assets September 30, 2007	Additions	Deductions	Governmental Funds Capital Assets September 30, 2008
General Government	\$ 7,349,324	\$ 833,294	\$ 41,990	\$ 8,140,628
Public Safety	15,531,943	5,692,508	618,610	20,605,841
Highways and Streets	89,376,693	7,731,286	247,513	96,860,466
Health and Welfare	117,961	-	1,035	116,926
Cultural and Recreational	<u>15,680,414</u>	<u>2,126,564</u>	<u>65,543</u>	<u>17,741,435</u>
Total Governmental Funds Capital Assets	<u>\$ 128,056,335</u>	<u>\$ 16,383,652</u>	<u>\$ 974,691</u>	<u>\$ 143,465,296</u>

**CITY OF MISSION, TEXAS**  
**CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**September 30, 2008**

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 2,558,700	\$ 2,954,146	\$ 495,955	\$ 1,438,366	\$ 36,930	\$ 656,531	\$ 8,140,628
Public Safety	564,497	9,154,494	172,807	10,712,418	1,625	-	20,605,841
Highways and Streets	26,627,898	-	356,146	1,741,857	67,227,002	907,563	96,860,466
Health and Welfare	-	-	-	116,926	-	-	116,926
Cultural and Recreational	1,521,497	6,479,048	4,740,914	2,140,724	231,987	2,627,265	17,741,435
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 31,272,592</b>	<b>\$ 18,587,688</b>	<b>\$ 5,765,822</b>	<b>\$ 16,150,291</b>	<b>\$ 67,497,544</b>	<b>\$ 4,191,359</b>	<b>\$ 143,465,296</b>

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*SUPPLEMENTAL  
SCHEDULES*

**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**Year Ended September 30, 2008**

Operating Revenues	\$ 15,809,629	
Interest Earned by funds Created by the Bond Indenture	<u>529,722</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 16,339,351</u>
Operating Expenses	13,100,512	
Less: Depreciation Expense	<u>(3,895,366)</u>	
Operating Expenses Per Bond Ordinance		<u>9,205,146</u>
Net Revenue Per Bond Ordinance		<u>\$ 7,134,205</u>
Average Annual Debt Service Requirements		<u>\$ 3,053,503</u>
Succeeding Fiscal Year Debt Service Requirement		<u>\$ 3,748,337</u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>234%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>190%</u>



**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS-**  
**RESTRICTED ACCOUNTS**  
**REVENUE BOND COVERAGE SCHEDULE**  
**REQUIRED BY REVENUE BOND ORDINANCE**  
**Year Ended September 30, 2008**

	Revenue Bond Series 1995, 2004, 2006 and 2006A				
	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 232,896	\$ 1,475,605	\$ 4,481	\$ 116,125	\$ 1,829,107
Investments	1,469,032	10,378,531	1,525,700	167,000	13,540,263
Cash and Investments September 30, 2007	<u>\$ 1,701,928</u>	<u>\$ 11,854,136</u>	<u>\$ 1,530,181</u>	<u>\$ 283,125</u>	<u>\$ 15,369,370</u>
Cash Receipts:					
Transfer from					
operating cash	3,771,370	188,158	-	-	3,959,528
Interest received	70,137	372,353	72,722	14,510	529,722
Total Cash Receipts	<u>3,841,507</u>	<u>560,511</u>	<u>72,722</u>	<u>14,510</u>	<u>4,489,250</u>
Total Cash And Investments Available	<u>5,543,435</u>	<u>12,414,647</u>	<u>1,602,903</u>	<u>297,635</u>	<u>19,858,620</u>
Cash Disbursements:					
Principal payments	2,073,759	-	-	-	2,073,759
Interest and fiscal charges	1,770,496	-	-	-	1,770,496
Transfer to					
operating cash	-	87,726	-	-	87,726
Construction costs	-	2,225,158	-	-	2,225,158
Total Cash Disbursements	<u>3,844,255</u>	<u>2,312,884</u>	<u>-</u>	<u>-</u>	<u>6,157,139</u>
Cash and Investments, September 30, 2008	<u>\$ 1,699,180</u>	<u>\$ 10,101,763</u>	<u>\$ 1,602,903</u>	<u>\$ 297,635</u>	<u>\$ 13,701,481</u>
Total Cash and Investments Restricted at September 30, 2008 is Composed of the Following:					
Cash and cash equivalents	\$ 329,033	\$ 2,000,409	\$ 12,733	\$ 97,941	\$ 2,440,116
Investments	1,370,147	8,101,354	1,590,170	199,694	11,261,365
Total	<u>\$ 1,699,180</u>	<u>\$ 10,101,763</u>	<u>\$ 1,602,903</u>	<u>\$ 297,635</u>	<u>\$ 13,701,481</u>

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# STATISTICAL SECTION

This part of the City of Mission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	181
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	
Revenue Capacity	188
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	192
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	197
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	199
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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**City of Mission**  
**Net Assets by Component**  
**Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 9,154,674	\$ 59,147,606	\$ 56,117,203	\$ 67,235,280	\$ 70,919,116	\$ 80,154,508
Restricted	-	-	-	-	651,534	800,978	802,534	1,288,945	2,061,067	3,366,072
Unrestricted	-	-	-	-	3,886,176	3,140,122	9,351,081	4,758,744	6,276,658	7,650,892
<b>Total governmental activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,692,384</b>	<b>\$ 63,088,706</b>	<b>\$ 66,270,818</b>	<b>\$ 73,282,969</b>	<b>\$ 79,256,841</b>	<b>\$ 91,171,472</b>
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 25,787,985	\$ 30,774,825	\$ 43,815,647	\$ 50,914,486	\$ 53,882,018	\$ 59,781,770
Restricted	-	-	-	-	4,035,643	3,827,894	3,634,865	1,993,403	3,673,491	4,611,532
Unrestricted	-	-	-	-	4,660,990	3,683,488	2,852,339	6,319,627	6,735,489	6,311,881
<b>Total business-type activities net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,484,618</b>	<b>\$ 38,286,207</b>	<b>\$ 50,302,851</b>	<b>\$ 59,227,516</b>	<b>\$ 64,290,998</b>	<b>\$ 70,705,183</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 34,942,659	\$ 89,922,431	\$ 99,932,850	\$ 118,149,766	\$ 124,801,134	\$ 139,936,278
Restricted	-	-	-	-	4,687,177	4,628,872	4,437,399	3,282,348	5,734,558	7,977,604
Unrestricted	-	-	-	-	8,547,166	6,823,610	12,203,420	11,078,371	13,012,147	13,962,773
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,177,002</b>	<b>\$ 101,374,913</b>	<b>\$ 116,573,669</b>	<b>\$ 132,510,485</b>	<b>\$ 143,547,839</b>	<b>\$ 161,876,655</b>

(1) Fiscal year 2003 was the first year when the City of Mission implemented GASB 34.

**City of Mission  
Changes in Net Assets  
Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ -	\$ -	\$ -	\$ -	\$ 7,043,021	\$ 6,905,631	\$ 7,109,520	\$ 8,112,283	\$ 7,742,186	\$ 8,100,543
Public Safety	-	-	-	-	9,831,094	10,633,900	12,438,467	13,451,482	14,890,373	16,907,574
Highways and streets	-	-	-	-	1,980,187	3,968,401	4,430,985	5,466,843	5,479,786	6,110,455
Sanitation	-	-	-	-	97,899	-	-	-	-	-
Health and welfare	-	-	-	-	105,738	511,520	522,734	526,449	359,073	334,726
Economic development	-	-	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994
Culture and recreation	-	-	-	-	3,593,377	3,200,156	3,494,941	4,619,038	4,320,014	4,905,126
Interest on long-term debt	-	-	-	-	744,599	837,851	930,755	1,096,972	1,027,984	1,512,067
Total governmental activities expenses	-	-	-	-	23,613,496	26,372,472	29,530,035	34,170,185	34,966,607	40,172,485
<b>Business-type Activities</b>										
Utility system	-	-	-	-	9,602,954	11,056,182	11,434,910	11,362,995	12,225,436	14,665,301
Golf course operations	-	-	-	-	1,381,360	1,276,211	1,282,405	1,285,326	1,319,407	1,276,139
Solid waste operations	-	-	-	-	2,752,986	2,868,909	3,250,388	3,552,159	3,970,782	4,372,005
Total business-type activities expenses	-	-	-	-	13,737,300	15,201,302	15,967,703	16,200,480	17,515,625	20,313,445
Total primary government expenses	\$ -	\$ -	\$ -	\$ -	\$ 37,350,796	\$ 41,573,774	\$ 45,497,738	\$ 50,370,665	\$ 52,482,232	\$ 60,485,930
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ -	\$ 931,665	\$ 1,093,022	\$ 1,217,942	\$ 2,676,159	\$ 2,494,543	2,038,016
Public Safety	-	-	-	-	756,900	976,726	1,048,893	106,521	94,884	98,736
Highways and streets	-	-	-	-	517,402	601,073	607,249	536,943	571,890	593,759
Sanitation	-	-	-	-	83,112	-	-	-	-	-
Health and welfare	-	-	-	-	68,837	213,159	174,673	165,112	308,457	284,437
Culture and recreation	-	-	-	-	503,797	439,014	272,120	148,885	283,201	350,394
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	2,364,963	3,872,830	3,529,449	3,146,796	4,659,478	6,453,451
Capital grants and contributions	-	-	-	-	3,886,256	5,650,496	5,627,239	8,801,715	5,251,523	11,098,136
Total governmental activities program revenues	-	-	-	-	9,112,932	12,846,320	12,477,565	15,582,131	13,663,976	20,916,929
<b>Business-type activities</b>										
Charges for services										
Utility system	-	-	-	-	9,649,391	9,905,636	11,798,496	14,852,124	14,184,351	15,716,066
Golf course operation	-	-	-	-	1,229,252	1,020,308	1,028,222	1,036,110	1,056,872	1,077,578
Solid waste operation	-	-	-	-	2,804,414	3,017,843	3,253,240	3,569,570	3,951,204	4,505,551
Operating grants and contributions	-	-	-	-	221,327	236,991	210,701	214,527	778,236	518,466
Capital grants and contributions	-	-	-	-	2,859,407	5,327,926	11,635,606	5,739,699	2,866,803	5,629,521
Total business-type activities program revenues	-	-	-	-	16,763,791	19,508,704	27,926,265	25,412,030	22,837,466	27,447,182
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ 25,876,723	\$ 32,355,024	\$ 40,403,830	\$ 40,994,161	\$ 36,501,442	\$ 48,364,111

	Fiscal Year									
	1999	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ (14,500,564)	\$ (13,526,152)	\$ (17,052,470)	\$ (18,588,054)	\$ (21,302,634)	\$ (19,255,554)
Business-type activities	-	-	-	-	3,026,491	4,307,402	11,958,562	9,211,550	5,321,841	7,133,738
Total primary government net expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,474,073)</u>	<u>\$ (9,218,750)</u>	<u>\$ (5,093,908)</u>	<u>\$ (9,376,504)</u>	<u>\$ (15,980,793)</u>	<u>\$ (12,121,816)</u>
<b>General Revenue and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,034,814	\$ 9,087,576	\$ 10,324,334	\$ 12,569,230	\$ 13,778,424	16,335,934
Sales taxes	-	-	-	-	5,655,619	6,006,568	6,787,566	7,961,019	8,859,345	9,784,577
Franchise taxes	-	-	-	-	1,560,472	1,692,582	2,013,665	2,028,000	2,069,904	2,248,558
Hotel/motel taxes	-	-	-	-	222,384	249,137	283,886	309,496	358,276	479,950
Alcoholic beverage taxes	-	-	-	-	25,639	27,189	33,608	51,914	59,529	79,084
Shared revenue-tax increment zone	-	-	-	-	-	-	-	1,409,272	421,603	113,973
Unrestricted grants and contributions	-	-	-	-	4,121	8,993	22,130	70,184	-	80,883
Investment earnings	-	-	-	-	133,093	103,604	124,325	280,538	371,301	328,642
Miscellaneous	-	-	-	-	180,973	95,027	495,068	370,546	678,123	718,583
Transfers	-	-	-	-	118,359	1,564,172	150,000	550,000	680,000	1,000,000
Total governmental activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,935,474</u>	<u>18,834,848</u>	<u>20,234,582</u>	<u>25,600,199</u>	<u>27,276,505</u>	<u>31,170,184</u>
Business-type activities										
Investment earnings	-	-	-	-	155,387	157,423	108,774	152,995	317,265	179,189
Miscellaneous	-	-	-	-	21,319	14,435	99,307	110,121	104,376	101,258
Transfers	-	-	-	-	(118,359)	(1,564,172)	(150,000)	(550,000)	(680,000)	(1,000,000)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,347</u>	<u>(1,392,314)</u>	<u>58,081</u>	<u>(286,884)</u>	<u>(258,359)</u>	<u>(719,553)</u>
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,993,821</u>	<u>\$ 17,442,534</u>	<u>\$ 20,292,663</u>	<u>\$ 25,313,315</u>	<u>\$ 27,018,146</u>	<u>\$ 30,450,631</u>
Change in Net Assets										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ 1,434,910	\$ 5,308,696	\$ 3,182,112	\$ 7,012,145	\$ 5,973,871	\$ 11,914,630
Business-type activities	-	-	-	-	3,084,838	2,915,088	12,016,643	8,924,666	5,063,483	6,414,185
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519,748</u>	<u>\$ 8,223,784</u>	<u>\$ 15,198,755</u>	<u>\$ 15,936,811</u>	<u>\$ 11,037,354</u>	<u>\$ 18,328,815</u>

(1) Fiscal year 2003 was the first year when the City of Mission implemented GASB 34.

**City of Mission**  
**Governmental Activities Tax Revenue By Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
1999	5,584,238	4,287,638	1,317,840	44,591	21,184	11,255,491
2000	6,231,041	4,424,065	1,408,278	100,672	24,319	12,188,375
2001	6,904,086	4,826,440	1,790,343	137,525	22,965	13,681,359
2002	7,664,308	5,309,647	1,584,095	163,033	22,808	14,743,891
2003	8,034,814	5,655,619	1,560,472	222,384	25,639	15,498,928
2004	9,087,576	6,006,568	1,692,582	249,137	27,189	17,063,052
2005	10,324,334	6,787,566	2,013,665	283,886	33,608	19,443,059
2006	12,569,230	7,961,019	2,028,000	309,496	51,914	22,919,659
2007	13,778,424	8,859,345	2,069,904	358,276	59,529	25,125,478
2008	16,335,934	9,784,577	2,248,558	479,950	79,084	28,928,103



**City of Mission**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	\$ 291,614	\$1,143,729	\$ 951,720	\$ 662,909	\$ 318,453	\$ 298,568	\$ 232,659	\$ 107,877	\$ 252,164	1,643,102
Unreserved	5,804,924	6,098,829	6,333,540	5,145,120	3,028,383	2,617,788	2,987,048	4,341,125	5,121,470	4,206,593
<b>Total general Fund</b>	<u>\$6,096,538</u>	<u>\$7,242,558</u>	<u>\$ 7,285,260</u>	<u>\$ 5,808,029</u>	<u>\$ 3,346,836<sup>1</sup></u>	<u>\$ 2,916,356</u>	<u>\$ 3,219,707</u>	<u>\$ 4,449,002</u>	<u>\$ 5,373,634</u>	<u>\$5,849,695</u>
<b>All other governmental funds</b>										
Reserved	\$3,542,173	\$6,935,851 <sup>2</sup>	\$ 4,013,641 <sup>2</sup>	\$ 1,512,169	\$ 5,058,264 <sup>2</sup>	\$ 3,087,189 <sup>2</sup>	\$ 3,254,271	\$ 4,572,792	\$ 4,322,710	\$8,976,609
Unreserved, reported in										
Special revenue funds	1,017,621	991,107	1,221,001	850,878	322,100	178,636	324,931	501,387	768,423	936,205
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$4,559,794</u>	<u>\$7,926,958</u>	<u>\$ 5,234,642</u>	<u>\$ 2,363,047</u>	<u>\$ 5,380,364</u>	<u>\$ 3,265,825</u>	<u>\$ 3,579,202</u>	<u>\$ 5,074,179</u>	<u>\$ 5,091,133</u>	<u>\$9,912,814</u>

<sup>1</sup> The reduction in fund balance for these periods was due to various street projects and park improvements not funded from the bonds. Operating revenues were used to fund these projects.

<sup>2</sup> The increase in reserve fund balance in this periods was due to unspent bond proceeds from an issuance during the period for capital projects.

**City of Mission**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 11,255,491	\$12,188,375	\$13,681,359	\$14,743,891	\$15,730,176	\$17,447,440	\$19,450,112	\$22,683,237	\$25,120,622	28,690,115
Licenses and permits	346,717	459,477	503,857	656,295	662,923	867,612	999,942	1,176,810	1,048,873	696,135
Intergovernmental	2,799,629	3,556,341	3,804,126	3,216,051	3,503,489	3,180,900	4,855,473	4,525,130	4,593,260	5,624,673
Charges for services	247,832	299,261	337,812	363,753	437,158	486,941	516,484	785,816	1,126,575	1,131,486
Fines	424,714	496,603	556,007	551,659	723,591	908,040	946,280	1,008,935	928,498	845,877
Investment earnings	609,230	604,012	735,003	296,821	208,349	197,213	224,856	462,951	519,103	570,477
Special assessments	300,410	317,651	336,817	358,786	382,484	437,495	426,252	400,179	472,710	494,579
Miscellaneous	909,655	703,982	793,641	1,840,859	1,423,424	2,305,501	1,860,804	966,855	1,397,770	1,896,000
<b>Total Revenues</b>	<b>16,893,678</b>	<b>18,625,702</b>	<b>20,748,622</b>	<b>22,028,115</b>	<b>23,071,594</b>	<b>25,831,142</b>	<b>29,280,203</b>	<b>32,009,913</b>	<b>35,207,411</b>	<b>39,949,342</b>
<b>Expenditures</b>										
General government	3,999,613	5,347,724	5,091,576	7,646,116	7,285,978	7,535,033	7,658,126	7,543,408	7,509,552	7,906,361
Public safety	5,502,603	5,883,722	6,722,653	7,420,386	8,900,690	10,160,519	12,804,066	12,739,371	15,400,283	16,849,849
Highways and streets	2,479,122	2,329,702	2,931,909	3,763,183	3,198,793	4,354,478	4,031,056	2,495,682	2,689,557	3,547,259
Sanitation	83,875	8,468	145,918	127,451	98,726	-	-	-	-	-
Health and Welfare	146,001	131,763	104,000	85,802	105,738	465,285	497,496	551,362	357,778	343,248
Economic and physical development	-	-	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994
Culture and recreation	1,986,545	2,313,753	2,659,752	2,963,292	3,817,905	3,407,854	3,357,198	3,809,523	4,625,680	4,759,234
Capital projects	3,886,304	2,553,778	4,215,483	2,848,892	2,364,827	3,198,994	1,851,950	3,326,307	951,640	4,174,716
Debt service										
Principal	925,000	1,105,000	960,000	1,045,000	1,085,000	1,065,000	1,340,000	1,640,000	1,479,385	1,803,502
Interest	502,401	491,335	703,338	688,471	697,608	797,036	795,997	944,053	1,160,599	1,230,572
Other charges	1,420	1,448	1,976	2,515	2,512	6,565	8,280	8,930	8,503	8,630
<b>Total expenditures</b>	<b>19,512,884</b>	<b>20,166,693</b>	<b>23,536,605</b>	<b>26,591,108</b>	<b>27,775,358</b>	<b>31,305,777</b>	<b>32,946,802</b>	<b>33,955,754</b>	<b>35,330,168</b>	<b>42,925,365</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,619,206)</b>	<b>(1,540,991)</b>	<b>(2,787,983)</b>	<b>(4,562,993)</b>	<b>(4,703,764)</b>	<b>(5,474,635)</b>	<b>(3,666,599)</b>	<b>(1,945,841)</b>	<b>(122,757)</b>	<b>(2,976,023)</b>

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)										
Transfers in	2,031,186	2,041,083	2,118,640	2,307,824	2,625,956	4,006,959	3,174,927	4,517,001	4,580,409	2,867,662
Transfers out	(1,681,186)	(1,885,667)	(2,018,640)	(2,153,570)	(2,507,597)	(2,442,787)	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)
Refunding bond issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	1,650,000	5,835,000	-	-	5,140,000	1,285,000	4,115,000	4,100,000	-	7,000,000
Long-term debt proceeds	140,000	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	168,426
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow age	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	384,344	-
Sale of capital assets	229,186	63,759	38,370	59,912	1,529	80,448	18,323	20,114	-	105,340
Total other financing sources (uses)	<u>2,369,186</u>	<u>6,054,175</u>	<u>138,370</u>	<u>214,166</u>	<u>5,259,888</u>	<u>2,929,620</u>	<u>4,283,323</u>	<u>4,670,114</u>	<u>1,064,343</u>	<u>8,273,766</u>
Net change in fund balances	<u>\$ (250,020)</u>	<u>\$ 4,513,184</u>	<u>\$ (2,649,613)</u>	<u>\$ (4,348,827)</u>	<u>\$ 556,124</u>	<u>\$ (2,545,015)</u>	<u>\$ 616,724</u>	<u>\$ 2,724,273</u>	<u>\$ 941,586</u>	<u>\$ 5,297,743</u>
Debt service as a percentage of noncapital expenditures	9.14%	9.07%	8.62%	7.31%	7.03%	6.65%	6.90%	8.47%	7.70%	7.85%

**CITY OF MISSION, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Occupancy Tax	Alcoholic Beverage Tax	Total
1999	5,584,238	4,287,638	1,317,840	44,591	21,184	11,255,491
2000	6,231,041	4,424,065	1,408,278	100,672	24,319	12,188,375
2001	6,904,086	4,826,440	1,790,343	137,525	22,965	13,681,359
2002	7,664,308	5,309,647	1,584,095	163,033	22,808	14,743,891
2003	8,215,430	5,706,252	1,560,472	222,383	25,639	15,730,176
2004	9,087,576	6,390,956	1,692,582	249,137	27,189	17,447,440
2005	10,331,387	6,787,566	2,013,665	283,886	33,608	19,450,112
2006	12,332,808	7,961,019	2,028,000	309,496	51,914	22,683,237
2007	13,773,567	8,859,345	2,069,905	358,276	59,529	25,120,622
2008	16,335,934	9,784,577	2,248,558	479,950	79,084	28,928,103

**City of Mission**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Minerals	Other					
1999	308,817,969	662,140,085	26,134,040	85,071,277	207,846,013	874,317,358	0.6200	1,082,163,371	0.81%
2000	414,768,046	663,022,344	25,207,880	110,317,583	224,569,975	988,745,878	0.6200	1,213,315,853	0.81%
2001	451,465,563	784,175,526	28,208,180	109,663,626	267,478,291	1,106,034,604	0.6200	1,373,512,895	0.81%
2002	489,937,634	827,275,941	36,690,590	123,103,407	260,593,116	1,216,414,456	0.6200	1,477,007,572	0.82%
2003	572,280,747	933,981,279	50,835,170	142,787,477	304,326,707	1,395,557,966	0.5500	1,699,884,673	0.82%
2004	665,902,711	1,024,129,078	53,470,880	152,507,379	303,814,908	1,592,195,140	0.5500	1,896,010,048	0.84%
2005	805,549,768	1,141,385,750	55,270,075	190,179,318	347,471,060	1,844,913,851	0.5398	2,192,384,911	0.84%
2006	915,768,153	1,321,705,696	67,538,266	198,703,883	364,403,708	2,139,312,290	0.5589	2,503,715,998	0.85%
2007	997,313,190	1,512,771,351	68,402,940	208,798,984	434,731,656	2,352,554,809	0.5566	2,787,286,465	0.84%
2008	1,201,607,606	1,738,634,339	72,846,855	245,506,472	529,477,247	2,729,118,025	0.5666	3,258,595,272	0.84%

(1) The estimated property value is derived directly from the Levy Roll Tax Totals provided by the Hidalgo County Tax Assessor.

(2) Tax rate per every \$100 valuation of property.

**City of Mission  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	City of Mission			Overlapping Rates				Total Direct & Overlapping Rates	
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County Tax Rate	School District		South Texas College Tax Rate		
					Mission CISD School District Tax Rate	Sharyland School District Tax Rate			La Joya School District Tax Rate
1999	0.4660	0.1540	0.6200	0.4747	1.5000	1.4600	1.5560	0.0918	5.70
2000	0.4743	0.1457	0.6200	0.4467	1.5000	1.4600	1.5560	0.0920	5.67
2001	0.4759	0.1441	0.6200	0.4467	1.5300	1.5400	1.4558	0.0922	5.68
2002	0.4773	0.1427	0.6200	0.5007	1.5300	1.5400	1.5280	0.0897	5.81
2003	0.4247	0.1253	0.5500	0.5195	1.5841	1.5400	1.5699	0.1776	5.94
2004	0.4358	0.1142	0.5500	0.5900	1.5841	1.5550	1.5699	0.1738	6.02
2005	0.4222	0.1176	0.5398	0.5900	1.5691	1.5650	1.6420	0.1647	6.07
2006	0.4344	0.1245	0.5589	0.5900	1.5632	1.5650	1.6420	0.1589	6.08
2007	0.4455	0.1111	0.5566	0.5900	1.4574	1.5451	1.5800	0.1548	5.88
2008	0.4455	0.1111	0.5566	0.5900	1.1800	1.1850	1.2520	0.1540	4.92

Source: Hidalgo County Tax Office and La Joya Tax Office.

1. Overlapping rates are those of the City, County, and school districts that apply to property owners within the City of Mission. Not all overlapping rates apply to all City of Mission property owners (for example the rates for La Joya School District apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the La Joya School District.
2. (Total Tax Rate)-The allocation of operation and debt service is not available at this time for the County, School Districts, and South Texas College.

**City of Mission**  
**Principal Property Tax Payers**  
**September 30, 2008**

Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Sharyland Utilities LP	\$ 36,477,330	1	1.28%	\$ -	-	0.00%
Shary Retail LTD	33,385,206	2	1.17%	-	-	0.00%
Bert Ogden Chevrolet-Mission	22,672,428	3	0.79%	8,294,797	5	0.85%
Halliburton Energy Serv (HS)	13,613,760	4	0.48%	5,546,080	9	0.57%
A.E.P. Texas Central Co.	13,197,100	5	0.46%	-	-	0.00%
BBCW/Moran Sharyland LP	13,148,825	6	0.46%	-	-	0.00%
Wal-Mart Real Estate Business	10,798,424	7	0.38%	12,681,613	1	1.30%
Cook, Vannie Trusts	10,185,086	8	0.36%	-	-	0.00%
Colorado Mission Partnership LTD	10,166,955	9	0.36%	-	-	0.00%
Southwestern Bell Telephone	10,047,460	10	0.35%	11,024,030	2	1.13%
Central Power & Light	-	-	-	6,521,710	6	0.67%
Vanity Fair Intimates, Inc.	-	-	-	10,937,709	3	1.12%
Cinemark USA, Inc.	-	-	-	9,040,855	4	0.92%
Spikes Motor Company, Inc.	-	-	-	6,474,701	7	0.66%
Rio Grande Snack Co.	-	-	-	5,725,468	8	0.58%
H.E.B. Grocery Company	-	-	-	4,641,449	10	0.47%
Total	<u>\$ 173,692,574</u>		<u>6.09%</u>	<u>\$ 80,888,412</u>		<u>8.27%</u>

Source: Hidalgo County Tax Assessor.

**City of Mission**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collection within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1999	5,487,261	5,049,886	92.0%	334,171	5,384,057	98.1%
2000	6,130,892	5,715,957	93.2%	318,704	6,034,661	98.4%
2001	6,857,582	6,319,212	92.1%	347,421	6,666,633	97.2%
2002	7,542,074	6,939,238	92.0%	467,766	7,407,004	98.2%
2003	7,675,727	7,206,507	93.9%	561,514	7,768,021	101.2%
2004	8,757,156	8,227,346	93.9%	478,341	8,705,687	99.4%
2005	9,959,032	9,342,725	93.8%	617,066	9,959,791	100.0%
2006	12,015,190	11,347,253	94.4%	579,009	11,926,262	99.3%
2007	13,241,161	12,684,294	95.8%	655,496	13,339,790	100.7%
2008	15,893,072	15,035,133	94.6%	588,063	15,623,196	98.3%

**City of Mission**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases			
1999	10,600,000	-	-	14,317,000	465,000	-	25,382,000	4.53%	583
2000	15,330,000	-	-	13,472,000	665,000	-	29,467,000	4.78%	649
2001	14,370,000	-	-	12,583,000	475,000	-	27,428,000	3.97%	571
2002	13,325,000	-	-	20,678,000	320,000	-	34,323,000	4.59%	679
2003	17,380,000	-	-	19,429,000	1,530,000	-	38,339,000	4.95%	752
2004	17,400,000	200,000	-	33,363,000	1,470,000	-	52,433,000	6.55%	954
2005	20,225,000	150,000	-	32,232,000	1,615,000	-	54,222,000	6.56%	958
2006	22,735,000	100,000	-	35,050,000	1,295,000	119,372	59,299,372	6.95%	1,018
2007	21,405,000	50,000	284,958	41,944,570	845,000	84,651	64,614,179	7.33%	1,056
2008	26,750,000	-	186,457	39,870,811	430,000	46,603	67,283,871	7.39%	1,030

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.



**City of Mission**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Debt Payable From Business-type Revenues</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
1999	11,065,000	279,722	465,000	10,320,278	1.18%	237.25
2000	15,995,000	343,243	665,000	14,986,757	1.52%	330.05
2001	14,845,000	367,550	475,000	14,002,450	1.27%	291.72
2002	13,645,000	384,335	320,000	12,940,665	1.06%	256.17
2003	18,910,000	503,430	1,530,000	16,876,570	1.21%	330.91
2004	18,870,000	556,088	1,470,000	16,843,912	1.06%	306.62
2005	21,840,000	581,562	1,615,000	19,643,438	1.06%	347.17
2006	24,030,000	732,719	1,295,000	22,002,281	1.03%	377.53
2007	22,250,000	828,010	845,000	20,576,990	0.87%	336.26
2008	27,180,000	989,174	430,000	25,760,826	0.94%	394.44

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**City of Mission**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2008**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 157,725,000	11.11%	\$ 17,523,248
Hidalgo County Drainage District #1	99,950,000	11.11%	11,104,445
Hidalgo County Road District #5	-	61.17%	-
La Joya Independent School District	334,241,958 <sup>(1)</sup>	10.86%	36,298,677
Mission Consolidated Independent School District	168,235,000 <sup>(2)</sup>	93.86%	157,905,371
Sharyland Independent School District	72,129,994 <sup>(3)</sup>	68.70%	49,553,306
South Texas Community College District	84,424,991	9.94%	8,391,844
Subtotal Overlapping Debt			<u>\$280,776,890</u>
City of Mission	\$ 27,180,000	100.00%	<u>\$ 27,180,000</u>
Total Direct and Overlapping Debt			<u><u>\$307,956,890</u></u>

(1) Excludes approximately 79.89% of La Joya ISD's debt funded by either the Instructional Facilities Allotment and/or the Existing Debt Allotment programs of the Texas Education Agency.

(2) Excludes approximately 72.44% of Mission CISD's debt funded by either the Instructional Facilities Allotment and/or the Existing Debt Allotment programs of the Texas Education Agency.

(3) Excludes approximately 23.77% of Sharyland ISD's debt funded by the Existing Debt allotment programs of the Texas Education Agency.

**City of Mission**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$43,715,868	\$49,437,294	\$55,301,730	\$60,820,723	\$69,777,898	\$ 79,609,757	\$ 92,245,693	\$ 106,965,615	\$ 117,604,999	\$ 136,482,301
Total net debt applicable to limit	10,320,278	14,986,757	14,002,450	12,940,665	16,876,570	16,843,912	19,643,438	22,002,281	20,576,990	25,760,826
Legal debt margin	<u>\$33,395,590</u>	<u>\$34,450,537</u>	<u>\$41,299,280</u>	<u>\$47,880,058</u>	<u>\$52,901,328</u>	<u>\$ 62,765,845</u>	<u>\$ 72,602,255</u>	<u>\$ 84,963,334</u>	<u>\$ 97,028,009</u>	<u>\$ 110,721,475</u>
Total net debt applicable to the limit as a percentage of debt limit	23.61%	30.31%	25.32%	21.28%	24.19%	21.16%	21.29%	20.57%	17.50%	18.87%

**Legal Debt Margin Calculation for Fiscal Year**

Assessed value	\$ 1,844,913,851	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025
Add back: exempt real property	\$ -	\$ -	\$ -	\$ -
Total assessed value	<u>\$ 1,844,913,851</u>	<u>\$ 2,139,312,290</u>	<u>\$ 2,352,099,983</u>	<u>\$ 2,729,646,025</u>
Debt limit (5% of total assessed value)	92,245,693	106,965,615	117,604,999	136,482,301
Debt applicable to limit:				
General obligation bonds	21,840,000	24,030,000	22,250,000	26,750,000
Less: Amount set aside for repayment of general obligation debt	(581,562)	(732,719)	(828,010)	(989,174)
Less: Business-type general obligations	<u>(1,615,000)</u>	<u>(1,295,000)</u>	<u>(845,000)</u>	<u>(430,000)</u>
Total net debt applicable to limit	<u>19,643,438</u>	<u>22,002,281</u>	<u>20,576,990</u>	<u>25,330,826</u>
Legal debt margin	<u>\$ 72,602,255</u>	<u>\$ 84,963,334</u>	<u>\$ 97,028,009</u>	<u>\$ 111,151,475</u>

Note: Texas statutes do not prescribe a debt limit; however, by custom a practical economic debt limit of 5% of the assessed valuation is used.

**City of Mission**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Revenue Bonds					Coverage <sup>(4)</sup>
	Charges and Other <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(3)</sup>		
				Principal	Interest	
1999	6,704,271	3,846,329	2,857,942	845,000	722,527	1.82%
2000	8,248,204	4,172,593	4,075,611	889,000	630,379	2.68%
2001	8,637,135	4,916,189	3,720,946	970,000	633,602	2.32%
2002	9,958,967	5,702,737	4,256,230	1,249,000	1,035,683	1.86%
2003	9,832,105	5,702,737	4,129,368	1,314,000	974,627	1.80%
2004	10,182,330	8,298,124	1,884,206	1,131,000	1,682,697	0.67%
2005	12,130,545	8,098,284	4,032,261	1,197,000	1,620,913	1.43%
2006	15,074,316	7,786,843	7,287,473	1,486,000	1,615,995	2.35%
2007	15,000,320	8,016,672	6,983,648	2,073,759	1,406,974	2.01%
2008	16,339,351	9,205,146	7,134,205	2,056,873	1,691,463	1.90%

(1) Total operating revenues including interest earned on funds created by the bond ordinance.

(2) Total operating expenses exclusive of depreciation.

(3) Revenue bonds only. Amounts do not include the general obligation bonds reported in the Utility Fund or debt defeasance transactions.

(4) Per first lien revenue bond covenants, the required coverage is 1.25.

Note: The City does not have special assessment bonds.

**City of Mission**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>MSA<sup>(2)</sup> Personal Income</b>	<b>MSA<sup>(2)</sup> Capita Personal Income</b>	<b>Median Age <sup>(1)</sup></b>	<b>Percentage High School Graduates <sup>(3)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
1999	43,500	559,845,000	12,870	30.30	75.6	12,269	11.20%
2000	45,408	616,459,008	13,576	30.40	77.9	12,481	10.80%
2001	48,000	690,384,000	14,383	30.50	81.2	13,131	10.50%
2002	50,515	747,116,850	14,790	30.50	84.4	13,600	10.70%
2003	51,000	774,384,000	15,184	31.00	88.0	14,038	11.20%
2004	54,934	799,938,672	14,562	31.00	81.7	14,156	9.00%
2005	56,582	826,336,648	14,604	30.50	84.8	14,869	5.20%
2006	58,279	853,605,758	14,647	31.70	93.1	15,341	5.20%
2007	61,193	881,774,748	14,410	32.00	85.3	15,536	5.60%
2008	65,310	910,873,314	13,947	32.70	80.0	15,451	7.30%

(1) Estimated (except for the FY 2000-information was received from the 2000 US Census).

(2) MSA-Metropolitan Statistical Area for Mission-McAllen-Edinburg-(Source: Tracer-Texas Labor Market).

(3) Source: Mission Consolidated School District

(4) Source: Texas LMI Tracer-Labor Market.

**City of Mission  
Principal Employers**

Employer	2008 <sup>(1)</sup>			1999 <sup>(2)</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mission CISD	2,412	1	4.23%	1,786	1	6.71%
Sharyland ISD	1,168	2	2.05%	618	3	2.32%
Mission Hospital	950	3	1.67%	680	2	2.56%
T-Mobile	904	4	1.59%	-	0	0.00%
H.E.B. Grocery	684	5	1.20%	-	0	0.00%
City of Mission	570	6	1.00%	266	6	1.00%
Wal-Mart Super Center	383	7	0.67%	500	4	1.88%
Haliburton Energy Services	200	8	0.35%	-	0	0.00%
Target	165	9	0.29%	-	0	0.00%
The Club at Cimarron	150	10	0.26%	-	0	0.00%
Sharyland Plantation	-		0.00%	300	5	1.13%
Texas Citrus Exchange	-		0.00%	150	10	0.56%
Albertsons	-		0.00%	200	7	0.75%
Frito-Lay Inc.	-		0.00%	160	9	0.60%
Foy's Supermarket	-		0.00%	190	8	0.71%
Total	<u>7,586</u>		<u>13.31%</u>	<u>4,850</u>		<u>18.23%</u>

(1) Source: Mission Economic Development Authority and City of Mission's budget office.

(2) Source: Information not available.

**City of Mission**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

**Full-time Equivalent Employees as of September 30**

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	56	76	58	66	72	74	78	75	76	80
Public Safety										
Police										
Officers	80	86	99	99	100	113	114	116	116	120
Civilians	14	28	28	33	37	41	40	42	44	46
Fire										
Firefighters and Officers (1)	31	31	31	32	35	36	51	63	63	64
Civilians	5	5	6	6	6	3	3	2	6	7
Highways and Streets										
Engineering (2)	-	-	2	2	2	-	-	-	-	-
Streets	17	18	22	26	26	27	27	26	27	30
Health and Welfare										
Health (3)	-	-	-	-	-	9	10	7	7	7
Culture and recreation										
Aquatics	3	3	3	3	3	3	3	11	11	11
Museum	-	-	-	3	3	3	3	2	2	8
Parks and Recreation	28	26	24	27	29	32	34	35	38	44
Library	20	16	18	19	19	25	33	33	36	33
Golf Course	34	34	37	34	31	31	27	25	27	25
Sanitation										
Water distribution	31	40	54	62	65	79	77	78	78	79
Wastewater	10	10	11	11	11	13	12	12	13	13
Community Development	4	4	4	4	4	4	3	3	3	3
<b>Total</b>	<b>333</b>	<b>377</b>	<b>397</b>	<b>427</b>	<b>443</b>	<b>493</b>	<b>515</b>	<b>530</b>	<b>547</b>	<b>570</b>

Source: City of Mission Finance Department-Budget Office.

(1) SAFER Grant allowed City to hire 12 additional FF in 2006.

(2) The City had been contracting outside engineers for a very long time and decided to hire an in-house engineer; however, engineering cost did not decrease and the department was done away with.

(3) The City created a Health Department in FY 2004.

**City of Mission**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Police</b>										
Physical arrests	-	2,892	3,166	2,303	2,977	3,779	3,892	3,943	4,592	4,081
Parking Violation	-	300	243	163	88	118	59	44	96	64
Traffic Violations	-	7,000	6,358	9,240	10,005	14,850	15,118	12,042	13,217	22,473
<b>Fire</b>										
Number of calls answered <sub>(1)</sub>	1,573	1,730	1,628	1,914	1,934	2,118	1,938	1,977	2,159	2,270
Inspections	1,521	1,625	1,406	1,616	830	1,191	884	790	2,945	2,479
<b>Highways and Streets</b>										
Streets resurfacing (miles)	24	24	31	33	41	39	29	20	8,564	6,088
Potholes repaired	10,440	11,709	12,530	12,980	13,046	18,288	15,379	13,006	24,729	10,217
<b>Sanitation</b>										
Refuse collected (tons/day) <sub>(2)</sub>	139	140	140	140	143	145	150	159	193	146
Recyclables collected (tons/day)	0.60	-	-	0.02	0.03	0.03	0.07	0.03	0.05	0.08
<b>Culture and recreation</b>										
<b>Golf Course</b>										
Rounds <sub>(3)</sub>	-	-	-	-	-	57,040	54,588	53,464	54,125	68,173
<b>Recreation</b>										
Programs	10	10	15	15	15	17	17	34	32	32
Parks Maintained	18	18	18	18	22	22	22	24	24	24
<b>Water</b>										
New connections (year)	1,200	1,200	1,250	1,300	1,320	1,321	1,122	1,237	1,202	650
Water mains breaks (year)	90	100	120	140	142	151	486	563	459	603
Average daily consumption (millions of gallons)	7.13	7.40	7.39	8.22	8.06	8.31	10.56	12.56	10.85	12.44
<b>Wastewater</b>										
Average daily sewage treatment	3.78	3.99	4.13	4.52	4.65	4.35	4.60	6.00	6.03	6.06

Sources: Various City departments.

Note: Indicators are not available for the general government function.

(1) Information for years 1996-1998 was not available.

(2) Information for 2006 estimated.

(3) Golf Course did not have the information for years 1996-2003.



**City of Mission**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Function</b>										
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	2	2	2
Patrol Units	53	57	53	60	74	71	80	85	88	94
Fire Protection										
Fire Stations	3	3	3	3	3	4	4	4	4	5
Highways and Streets										
Streets (miles)	-	275	280	280	289	298	306	535	539.52	543.46
Number of Streetlights	-	4,300	4,305	4,395	4,483	4,583	4,673	4,767	2,636	2,679
Culture and recreation										
Parks acreage	215	215	215	215	226	226	226	310	310	419
Parks	11	18	18	18	22	22	22	24	24	24
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	2	2	2	3
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	1	1	1	2	2	2	2	2	2	2
Water mains (miles)	-	125	130	139	152	270	270	410	415.86	422.56
Fire hydrants	-	1,850	1,850	1,870	1,890	1,990	3,000	2,254	2,408	2,444
Number of Service connections	-	16,000	16,000	18,905	19,245	19,931	20,763	21,995	22,902	23,308
Number of Gallons Sold (in millions)	2,113.70	2,463.60	2,501.50	2,736.02	2,614.00	2,647.40	3,387.70	4,172.14	3,425.39	3,906.65
Daily Average Consumption (gallons) <sup>(1)</sup>	-	6.20	6.20	8.20	8.00	8.20	10.60	12.56	10.85	12.44
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	-	112	128	133	140	200	200	315	319.45	323.16
Number of Service connections	-	12,000	16,000	12,085	15,812	16,682	17,683	18,606	18,632	20,510
Storm sewers (miles)	-	75	75	75	75	75	75	110	112.17	114.95
Daily average treatment in gallons <sup>(1)</sup>	-	3.10	3.10	3.40	4.40	4.20	4.60	6.00	6.03	6.06
Maximum daily treatment capacity <sup>(1)</sup>	-	4.60	4.60	4.60	4.90	4.99	5.16	7.00	7.34	8.12

Source: City departments.

(1) Amount is in millions.

Note: No capital asset indicators are available for the general government function.

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*FEDERAL AWARDS  
SECTION*

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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*

Honorable Mayor,  
Members of the City Council,  
and City Manager  
City of Mission, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2008, and have issued our report dated January 29, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Mission Redevelopment Authority, as described in our report on City of Mission's financial statements. The financial statements of Mission Redevelopment Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Mission in a separate letter dated January 29, 2009.

This report is intended solely for the information and use of the City Council, management, federal and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
January 29, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH FEDERAL  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor,  
Members of the City Council,  
and City Manager  
City of Mission, Texas

Compliance

We have audited the compliance of the City of Mission, Texas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. City of Mission, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in the City's internal control over compliance 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
January 29, 2009



CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2008

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

• Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

• Reportable condition(s) identified that are  
not considered to be material weaknesses?  
reported

\_\_\_\_\_ yes      X   none

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

• Material weakness(es) identified?

\_\_\_\_\_ yes      X   no

• Reportable condition(s) identified that are  
not considered to be material weaknesses?  
reported

\_\_\_\_\_ yes      X   none

Type of auditor's report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with section  
510(a) of Circular A-133?

\_\_\_\_\_ yes      X   no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

Community Development Block Grant

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(CONTINUED)*  
For the Year Ended September 30, 2008

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**Section II – Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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<u><b>P R O G R A M</b></u>	<u><b>D E S C R I P T I O N</b></u>
None.	

CITY OF MISSION, TEXAS  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended September 30, 2008

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**Section III - Federal Award Findings and Questioned Costs**

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<u>P ROGRAM</u>	<u>STATUS OF PRIOR YEAR FINDING/</u> <u>NONCOMPLIANCE</u>
None.	

CITY OF MISSION, TEXAS  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2008

<u>P R O G R A M</u>	<u>C O R R E C T I V E   A C T I O N   P L A N</u>
None.	

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2008

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
	<u>Federal Emergency Management Agency</u>			
	Passed Through Texas Department of Public Safety - Division of Emergency Management:			
2008-EM-E8-0013	Emergency Management Assistance	97.042	\$21,112	-
FEMA-3277-DR	FEMA-Hurricane Dean	97.036	\$3,700	-
	Total Pass Through Programs		24,812	-
	Total Federal Emergency Management Agency		24,812	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division Of Emergency Management:			
	Homeland Security Grant Program:			
2006-HGSP-48768	Law Enforcement Terrorism Prevention Program	97.074	29,696	-
2006-HGSP-48768	State Homeland Security Program	97.073	13,736	-
2007-HGSP-48768	State Homeland Security Program	97.073	5,787	-
	Total Pass Through Programs		49,219	-
EMW-2005-FF-01316	Staffing Adequate Fire & Emergency Response (SAFER)	97.083	405,715	-
	Total U.S. Department of Homeland Security		454,934	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	148,668	-
	Bullet Proof Vest Program	16.607	8,475	-
	Total Direct Programs		157,143	-
	Total U.S. Department of Justice		157,143	-
	<u>U.S. Department of Housing and and Urban Development</u>			
	Direct Programs:			
B-06-MC-48-0511	Community Development Block Grant	14.218	262,220	-
B-07-MC-48-0511	Community Development Block Grant	14.218	722,078	9,964
	Total Direct Programs		984,298	9,964
	Total U.S. Department of Housing and Urban Development		984,298	9,964

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2008

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
	<u>Environmental Protection Agency</u>			
	Passed Through Texas Water Development Board:			
G17400/1623/1624	EDAP / CWTAP Grants	66.000	<u>753,999</u>	-
	Total Pass Through Programs		<u>753,999</u>	-
	Total Environmental Protection Agency		<u>753,999</u>	-
	<u>National Highway Traffic Safety Administration</u>			
	Passed Through Texas Department of Transportation:			
588XXF6160	STEP	20.600	46,655	-
588XXF6011	Click It or Ticket Incentive Program	20.609	<u>6,782</u>	-
	Total Pass Through Programs		<u>53,437</u>	-
	Total National Highway Traffic Safety Administration		<u>53,437</u>	-
	TOTAL FEDERAL AWARDS EXPENDED		<u>\$ 2,428,623</u>	<u>\$ 9,964</u>

CITY OF MISSION, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2008

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Mission, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.