

# City of Mission



## Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2010

City of Mission, Texas

# *CITY OF MISSION, TEXAS*

## *Comprehensive Annual Financial Report*

*For Fiscal Year Ended  
September 30, 2010*

*Prepared By:  
Finance Department*

# MISSION CITY COUNCIL



Norberto "Beto" Salinas  
Mayor



Leo Olivarez  
Mayor Pro Tem



Maria Elena Ramirez  
Council Member



Norie Gonzalez Garza  
Council Member



Ruben Plata  
Council Member

CITY OF MISSION, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2010

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# *INTRODUCTORY SECTION*

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Norberto "Beto" Salinas, Mayor  
Leonel Olivarez, Mayor Pro Tem  
Maria Elena Ramirez, Councilwoman

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



February 10, 2011

To the Honorable Mayor,  
Members of the City Council,  
and Citizens of the City of Mission, Texas:

The Comprehensive Annual Financial Report (the CAFR) of the City of Mission, Texas (the City) for the fiscal year ended September 30, 2010, is submitted in accordance with Section 3.14 of the City Charter.

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.

Long Chilton, L.L.P., has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, The Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget (OMB) Circular A-133. Information related to the single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report.

## ***CITY PROFILE AND STRUCTURE***

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 34.21 square miles. The City's population has grown since the 2000 Census from 45,408, to an estimated 2010 population of 72,004, an increase of 58.6%. The City is empowered to levy a property tax on both real and personal property located within its boundaries and it is empowered by state statute to extend its corporate limits by annexation, 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.

### **Budget**

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 requests 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 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 requires the approval of the City Manager, Finance Director, and Department Head. 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.

### **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.

The economic turmoil facing the nation has affected the City's economic development; however, with the help from Mission Economic Development Authority (MEDA), the Mission Economic

Development Corporation (MEDC), the Greater Mission Chamber of Commerce, and the Mission Redevelopment Authority (MRA), the City has continued to bring in residential and commercial development, though at a slower pace.

The City continues to work very closely with the MRA and Hunt Valley Development to promote development along the Anzalduas Highway, which is currently under construction. It is expected that once the area is fully developed, both property and sales tax revenues will increase. For FY 2010, sales tax reflected an increase of 2.74% compared to prior year.

### **Tourism**

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 northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the economy of the City. The City currently has ten hotels that provide lodging to tourists. Hotel/motel occupancy tax receipts reflected a 22% increase compared to prior fiscal year.

### **Employment**

According to the Texas Labor Market Review website, the City’s unemployment rate was 9.4% as of December 2010.

Following is a list of various developments that have created several jobs in the City.

- In the retail sector, Grabiella’s Plaza, a 26,600 sq. ft. 7-unit building created 15 new jobs; and Dollar General also created 20 new jobs for the City of Mission.
- Some new developments on the industrial side have also come about. Colimar International, cotton storage and logistics business, created 20 new jobs and Ultra Cold Storage, a cold produce storage company, created 20 new jobs and is expected to create an additional 30 jobs in FY 2012.
- In the restaurant category, Red Mango-7 jobs; La Marlachita Taco & Grill-5 jobs; Villa del Mar-12 jobs; McDonald’s-65 jobs; plus other smaller restaurants opened for business during FY 2010.
- In the service sector, the Anzalduas International Bridge began operations on December 15, 2009. The \$48 million capital investment project has created 15 jobs. Other business, which created new jobs, include: Gold’s Gym-20 jobs; North American Butterfly Association Visitor’s Center-15 jobs; Khit Chiropractic & Wellness-5 jobs; Little World Day Care-12 jobs; Ranch & Go, Ranch & Golf-10 jobs; Mission Clinic-8 jobs; ABE A/C Refrigeration 4 jobs; DJW Car Wash-3 jobs.

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

### **Fiscal Year 2009-2010 Accomplishments**

- ✓ Extended a Property Tax Freeze for the elderly and the disabled and approved a \$10,000 Tax Exemptions for the elderly and the disabled.
- ✓ Procured over \$2 million in federal, state, and private grants to assist in public safety, public works, and other City departments.
- ✓ Completed the construction of Bentsen Palm Community Park, a 67-acre park on South Inspiration Road. Project was completed in October 2009.
- ✓ Continued the philosophy in CDBG program of focusing solely on the reconstruction of homes and the funding of several public agencies. Twelve new homes were constructed by the CDBG housing program during the year. The city received two additional grants which allowed for 12 home rehabilitations and 35 roof replacements.
- ✓ Texas Department of Transportation (TXDOT) allocated \$22 million in Stimulus Funds for the construction of the Bryan Road Overpass as part of the Anzalduas Highway, which commenced in July 2010.
- ✓ Commenced the expansion of the Boys and Girls Club's new gyms which will be built at the City's CWV and Banworth Parks. Gyms will be providing services to the Southern and Eastern parts of the City.
- ✓ Texas Water Development Board (TWDB) authorized the issuance of an \$8.285 million zero interest loan (ARRA funds) for the expansion of the City's water plants. The City accepted the loan in November 2009 and closed in December 2009. Project construction commenced in April 2010.
- ✓ Continued with the widening of 2 Mile Line between Taylor Road and Conway Avenue. TXDOT has allocated Stimulus Funds for the construction of this project.
- ✓ Continued the alley maintenance and paving program in the City.
- ✓ Continue with the Mission Shary Golf Course irrigation system and club house renovation projects. Both projects commenced in October 2009 and are expected to be completed by December 2010.
- ✓ 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 more efficient municipal government.
- ✓ Commenced the construction of Fire Station No.5 and Police Substation located near the Anzalduas Bridge.

### **Major Initiatives For Fiscal Year 2010-2011**

- Continue applying for federal and state grants that would enable the City to provide additional positions at the Police and Fire Departments to increase the safety of its citizens.
- Continuation of street and drainage improvements to improve infrastructure.
- Complete the Birdwell Park improvements.
- Commence the Northwest Park Improvement Project.

- Complete the Banworth Park and CWV Park improvements.
- Thirteen (13) houses to be constructed and two rehabilitated by the CDBG housing program.
- Complete the construction of Fire Station No. 5/Police Substation located near the Anzalduas International Bridge.
- Complete the replacement of the irrigation system and the club house renovation at the Mission Shary Golf Course.
- 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 through constant promotion of the Golf Course.
- Continue the alley paving program as funds are available.
- Continue to support residential and commercial growth throughout the City in the hope that it will spur economic growth and opportunities for the community.

## **LONG-TERM FINANCIAL PLANNING**

In fiscal year 1999, the City Council passed resolution #963 establishing an unreserved, undesignated fund balance equal to a minimum of three months of operating expenditures for the General Fund. With a year-end Fund Balance of \$8,050,779, the City did not meet this requirement as of September 30, 2010, even though the fund balance increased by \$772,802. Careful long-term financial planning is an on-going goal for the City; therefore, it is the intent of the City Council and management to meet the resolution requirement.

The City's FY 2011 Budget was prepared very conservatively based on the current recession, and includes minimal funds for capital construction projects. The City will continue to apply for federal and state grants and will continue to fund capital needs through the issuance of debt.

The City's Master Plan, which is constantly being reviewed, is used to guide city staff in meeting the future needs and demands of this fast growing community and still maintain the necessary fund balance.

## **AWARDS AND ACKNOWLEDGEMENTS**

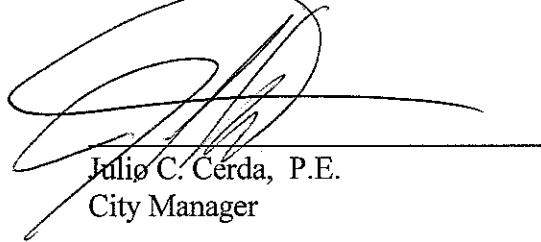
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Mission, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This is the ninth consecutive 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.

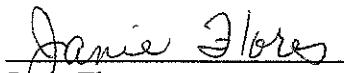
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the Finance Department and other City departments who assisted and contributed to its preparation. Credit should also be given to the Mayor, City Council, MEDC, MRA, and MEDA for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

In conclusion, we would like to thank the City's auditing firm, Long Chilton, L.L.P., for their ongoing efforts, not only in the performance of the City's annual audit, but for their close working relationship in advising the City when questions arise throughout the year. They have been an excellent source of information for preparation of the report.

Respectfully submitted,



Julio C. Cerda, P.E.  
City Manager



Jamie 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, 2009

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



# *CITY OF MISSION, TEXAS*

*List of Principal Officials  
Year Ended September 30, 2010*

## *CITY OFFICIALS*

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

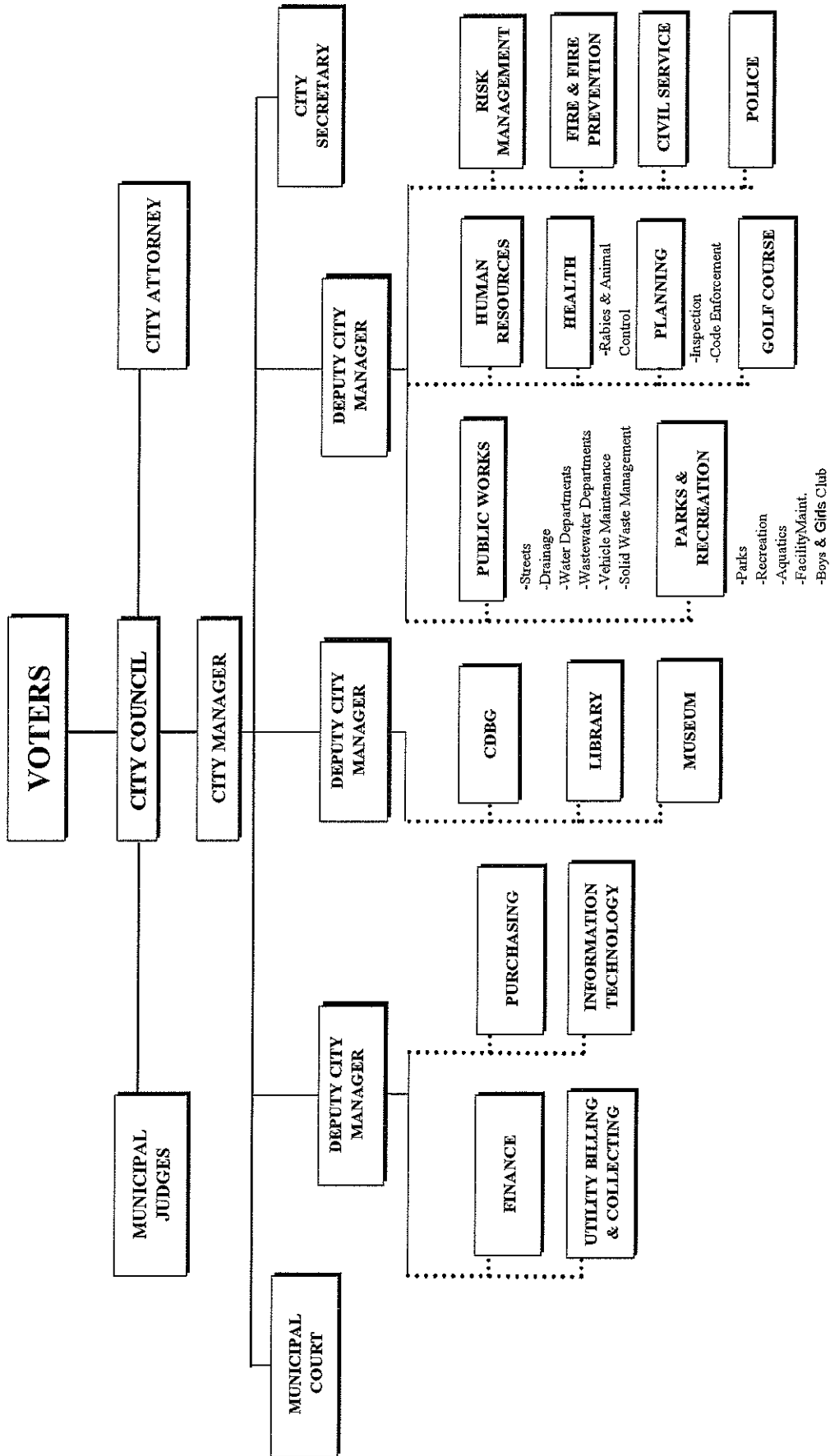
## *CITY ADMINISTRATION*

<i>City Manager</i>	<i>Julio C. 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>Human Resources Director</i>	<i>Noemi Munguia</i>
<i>Library Director</i>	<i>Myra Rocha</i>
<i>Municipal Judge</i>	<i>Jonathan Wehrmeister</i>
<i>Museum Director</i>	<i>Vacant</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>Roberto Salinas</i>
<i>Purchasing Director</i>	<i>Eduardo Belmarez</i>
<i>Risk Management Director</i>	<i>Rosie Salazar</i>

## *OFFICIAL ISSUING REPORT*

*Janie Flores  
Finance Director*

# CITY OF MISSION, TEXAS ORGANIZATIONAL CHART



# *FINANCIAL SECTION*

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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, 2010, 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 67.98 percent, 84.66 percent and 49.22 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, 2010, 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 February 10, 2011 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 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, are 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  
February 10, 2011



# Management's Discussion and Analysis

As management of the City of Mission, we offer the City of Mission's financial statements readers, this narrative overview and analysis of the financial activities of the City of Mission for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that has been furnished in our letter of transmittal, which can be found on pages 3-8 of this report.

## Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$163,695,049 (net assets). Of this amount, \$13,209,373 (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 \$152,612. Governmental activities contributed \$1,603,269 while the Business-type activities had a reduction of \$1,450,657. Total revenues reflect a decrease of 17.37% compared to prior year. Expenses increased by 5.86%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,681,953 a decrease of \$554,489 or 3% compared with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$7,861,173 or 21% of total General Fund expenditures.
- The City of Mission's total debt decreased by \$9,540,821 or 14% during the current fiscal year. The decrease is attributed to the redemption of the Waterworks and Sewer System Revenue Bond, Series 2006A, which was redeemed on June 2, 2010. Proceeds from Series 2006A were used to repay the bond. City also received a zero interest ARRA loan from the Texas Water Development Board on December 30, 2009 in the amount of \$8.285 million; however, only \$1.845 million was released and issued as of 9/30/10. Total principal payments made during FY 2010 were \$11,494,146.

## 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 35-37 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-six 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 and the Debt Service Fund, which are considered major funds. Data from the other twenty-four 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 119 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 38-41 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 operation, and solid waste operation. *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 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 43-47 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 similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 48-49 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 50-98 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 99-113 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 119 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 \$163,695,049 at the close of the most recent fiscal year.

The following table summarizes the City's net assets at September 30, 2010.

City of Mission Net Assets September 30, 2010						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 30,674,858	\$ 26,459,228	\$ 17,942,754	\$ 27,248,949	\$ 48,617,612	\$ 53,708,177
Capital assets	103,200,017	104,880,608	86,834,017	86,424,394	190,034,034	191,305,002
Total assets	133,874,875	131,339,836	104,776,771	113,673,343	238,651,646	245,013,179
Long-term liabilities	34,219,748	35,320,332	30,769,817	38,258,174	64,989,565	73,578,506
Other liabilities	5,247,308	3,214,954	4,719,724	4,793,807	9,967,032	8,008,761
Total liabilities	39,467,056	38,535,286	35,489,541	43,051,981	74,956,597	81,587,267
Net assets						
Invested in capital assets, net of related debt	83,887,342	81,796,368	58,268,682	58,872,531	142,156,024	140,668,899
Restricted	3,438,023	3,176,789	4,891,629	5,054,584	8,329,652	8,231,373
Unrestricted (deficit)	7,082,454	7,831,393	6,126,919	6,694,247	13,209,373	14,525,640
Total net assets	\$ 94,407,819	\$ 92,804,550	\$ 69,287,230	\$ 70,621,362	\$ 163,695,049	\$ 163,425,912

By far the largest portion of the City's net assets (87 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Mission uses these capital assets to provide services to its 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 5% are subject to external restrictions on how they may be used, leaving the remaining balance of 8% as unrestricted net assets to meet the City's ongoing obligations to its 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 \$269,137 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, 2010.

<b>City of Mission</b> <b>Changes in Net Assets</b> <b>September 30, 2010</b>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,919,705	\$ 2,952,904	\$ 21,232,911	\$ 21,939,768	\$ 24,152,616	\$ 24,892,672
Operating grants and contributions	7,271,889	6,389,650	26,525	172,971	7,298,414	6,562,621
Capital grants and contributions	7,701,238	1,962,259	677,685	684,120	8,378,923	2,646,379
General Revenues:						
Property taxes	17,795,460	17,798,280	-	-	17,795,460	17,798,280
Other taxes	12,711,726	12,305,413	-	-	12,711,726	12,305,413
Other	2,575,754	688,901	238,362	231,164	2,814,116	920,065
Total revenues	<u>50,975,772</u>	<u>42,097,407</u>	<u>22,175,483</u>	<u>23,028,023</u>	<u>73,151,255</u>	<u>65,125,430</u>
Expenses:						
General government	14,511,545	7,742,072	-	-	14,511,545	7,742,072
Public safety	19,309,796	18,620,663	-	-	19,309,796	18,620,663
Highways and streets	6,427,413	5,842,871	-	-	6,427,413	5,842,871
Economic development	3,466,582	3,084,465	-	-	3,466,582	3,084,465
Culture and recreation	5,661,309	5,125,473	-	-	5,661,309	5,125,473
Health and welfare	570,197	374,867	-	-	570,197	374,867
Interest on long-term debt	1,525,661	1,730,135	-	-	1,525,661	1,730,135
Utility system	-	-	15,305,547	15,343,466	15,305,547	15,343,466
Golf course operations	-	-	1,288,879	1,388,041	1,288,879	1,388,041
Solid waste operations	-	-	4,931,714	4,780,337	4,931,714	4,780,337
Total expenses	<u>51,472,503</u>	<u>42,520,546</u>	<u>21,526,140</u>	<u>21,511,844</u>	<u>72,998,643</u>	<u>64,032,390</u>
Increases in net assets before transfers	(496,731)	(423,139)	649,343	1,516,179	152,612	1,093,040
Transfers	<u>2,100,000</u>	<u>1,600,000</u>	<u>(2,100,000)</u>	<u>(1,600,000)</u>	<u>-</u>	<u>-</u>
Changes in net assets	1,603,269	1,176,861	(1,450,657)	(83,821)	152,612	1,093,040
Net assets-10/01/09	92,804,550	91,171,472	70,621,362	70,705,183	163,425,912	161,876,655
Prior Period Adjustment	-	456,217	116,525	-	116,525	456,217
Net assets-09/30/10	<u>\$ 94,407,819</u>	<u>\$ 92,804,550</u>	<u>\$ 69,287,230</u>	<u>\$ 70,621,362</u>	<u>\$ 163,695,049</u>	<u>\$ 163,425,912</u>

Total revenues generated from both governmental and business-type activities for this year were \$73,151,255 reflecting an increase of \$8,025,825 or 12.3% compared to last year.

- Capital Grants and Contributions increased by \$5,732,544 compared to prior year. The reason for this increase is attributable to funds received from the Texas Department of Transportation (TxDOT) for right-of-way purchases for the Anzalduas Highway.
- Property taxes and other tax revenues increased by 1.30% compared to the prior year. The City's tax rate decreased from \$0.5666 to \$0.5566 per \$100 valuation for FY 2010 as property values increased by 7% for FY 2010. Much like the rest of the country, the City's economy continues to grow, albeit at a slower pace. The Anzalduas International Bridge, which connects the City of Mission to the City of Reynosa, Nuevo Leon, Mexico, opened in December 2009, is expected to attract commercial and retail development along the

Anzalduas Highway, currently under construction, which will connect the bridge with US Highway 83. As this area develops, the City anticipates significant increases in both sales tax and property tax revenues.

- Charges for services decreased by 3% compared to prior year. The decrease was attributed to a decrease in Utility revenues by 6% compared to prior year. Recorded rainfall in the City was measured at 41.6 inches, substantially the above average, (9.15 inches) as well as experiencing the rain associated with a hurricane that sideswiped the City during the summer, normally the City's biggest water use period.
- Other revenues increased by \$1,894,051 compared to prior year. The Mission Redevelopment Authority, (MRA) reimbursed the City for expenses incurred with the construction of the Fire/Police department substation.

Expenses increased by \$8,966,253 or 14% compared to prior year. Some of the factors that contributed to the overall increase are:

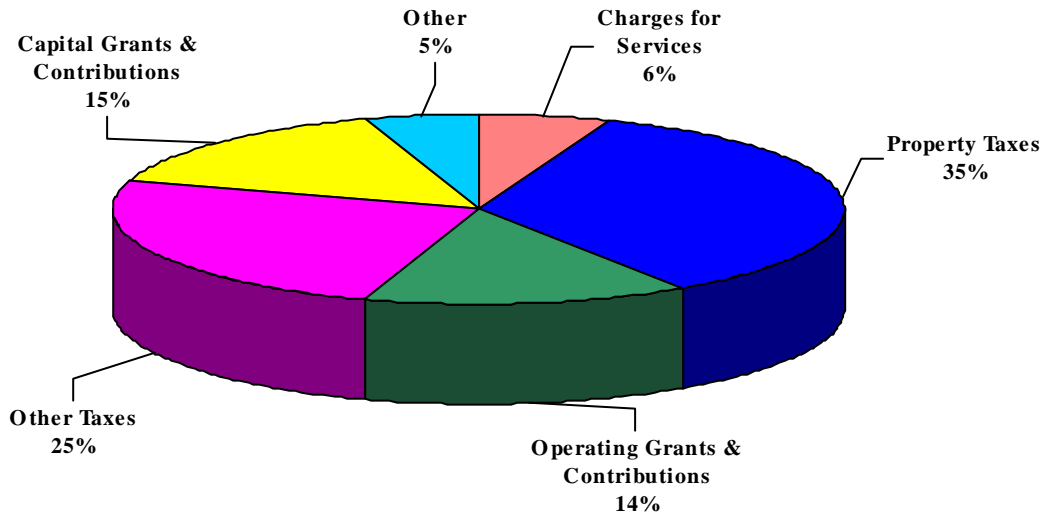
- The City purchased \$6.4 million in Rights-of-Way for TxDOT for the Anzalduas Highway.
- Public Safety expenses increased by 3.7%. The increase in wages is attributed to added personnel, which was hired at the end of FY 2009.
- Highways and streets increased by 10%. The City replaced over \$220,000 of street light bulbs both along US Highway 83 and throughout the City. The City also resurfaced various alleys and streets throughout the City.

**Governmental activities.** Governmental activities increased the City of Mission's net assets by \$1,603,269 thereby accounting for 100% of the total growth in net assets. Total expenses exceeded revenues by \$496,731. Revenues and expenses both reflect an increase of 21% compared to prior year.

Program revenues increased by 58% compared to prior year. The City is starting to see some signs of recovery from the recession. Both sales tax and building permits reflect an increase in revenues compared to prior year.

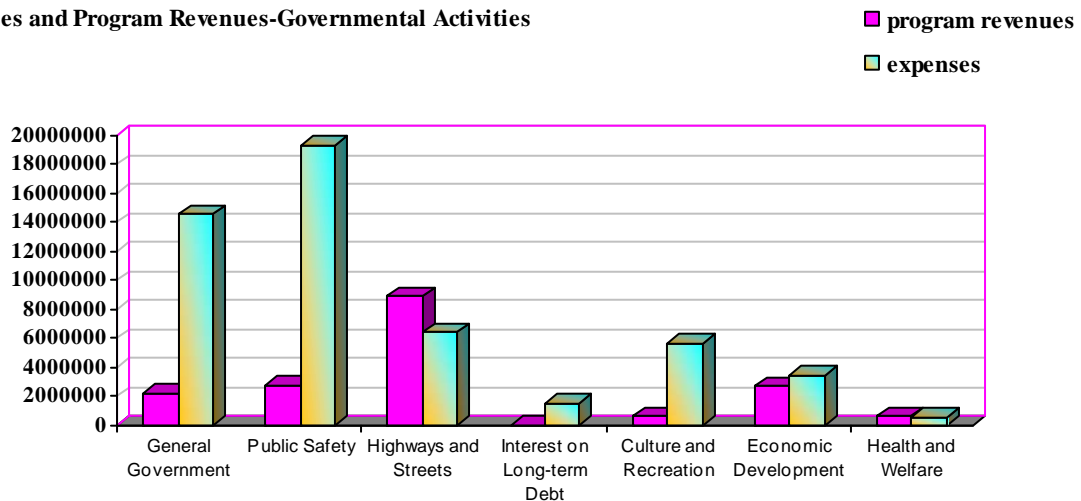
- Capital grants and contributions increased by 292%. The majority of the increase is due to TxDOT's contribution for right-of-way purchases.
- Tax revenues represent 59.8% of all governmental activities revenues. As displayed in the following graph, property taxes are the largest single source of funds comprising 35% of total revenues, while other taxes make up 25% of total revenues. As mentioned on page 23, the City decreased the property tax rate of \$0.5666 to \$0.5566 per \$100 valuation for FY 2010, while property values reflect a 7% increase for FY 2010.

## Revenues by Source-Governmental Activities



The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 65.24% of total expenses for fiscal year 2010.

## Expenses and Program Revenues-Governmental Activities



Expenses for **governmental activities** of the City totaled \$51,472,503 for the year ended September 30, 2010. Expenses increased by 21% compared to fiscal year 2009. As mentioned previously the majority of the increase was a combination of increases in the General government, public safety, and highways and streets activities.

- Another activity that contributes to the increase of the governmental expenses is economic development activity. The City established the Tax Increment Reinvestment Zone

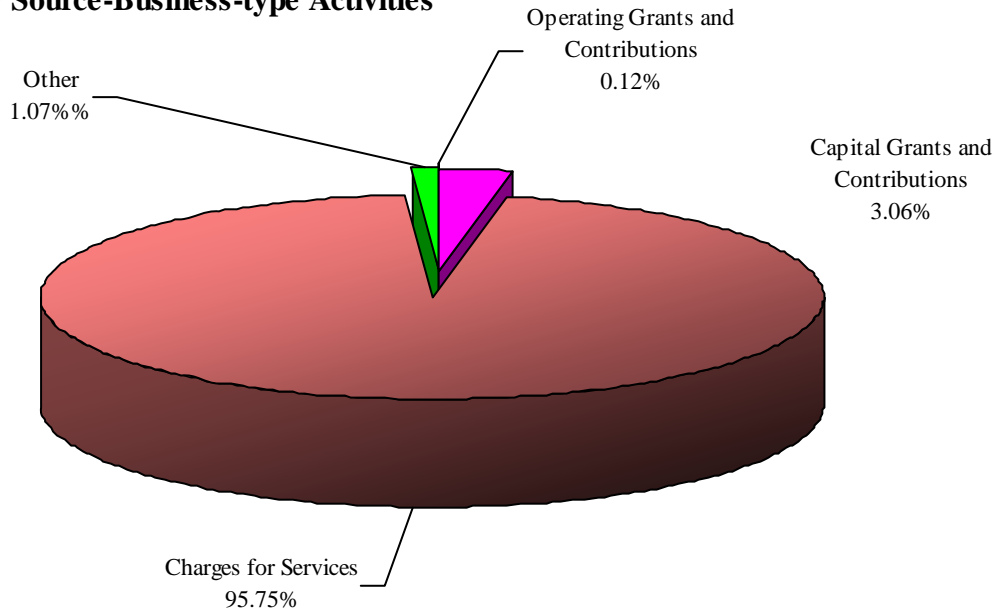
Number One (TIRZ) on September 24, 2001, and since its creation, the City has been contributing property tax collections generated in this zone to the TIRZ. Hidalgo County also participates in the TIRZ and also contributes a portion of the property taxes it collects in the zone to the TIRZ. These contributions are reflected as part of the economic development activity, and they are anticipated to continue increasing as the TIRZ continues to expand due to commercial, industrial, and residential development. Total contributions increased 12% from FY 2009.

- Interest on long-term debt activity decreased by 11% compared to prior year. No general obligations were issued for FY 2010; however, a \$2.9 million certificate of obligation was authorized but unissued as of 9/30/10.

**Business-type activities.** Business-type activities decreased the City of Mission's net assets by \$1,450,657. Revenues reflect a decrease of 3.7% compared to prior year.

- Charges for Services reflect a 3% decrease in comparison to the prior year due to the previously mentioned increased rainfall the city received during the year.

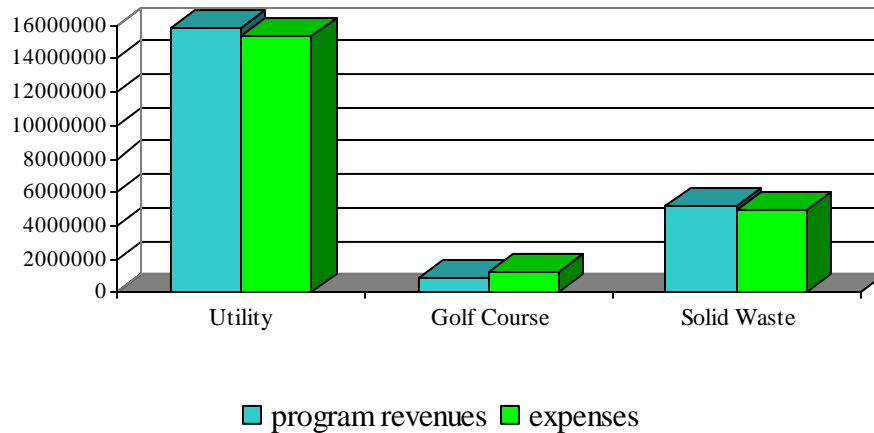
**Revenues by Source-Business-type Activities**



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 \$21,526,140 an increase of \$14,295 compared to prior year.
- The majority of the increase is reflected in the Solid Waste operations, which increased \$151,377 or 3.17% in comparison to prior year.
- The Golf Course operations reflected a decrease of \$99,162 or 7.69% in comparison to prior year. The Golf Course closed portions of the course due to replacement of the irrigation system. The Club House also was remodeled during the year. Both projects were completed in December, 2010.

## 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 page 38) decreased the combined fund balance to \$18,681,953, a decrease of \$554,489 from last year.

### 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, 2010 and 2009.

<b>Revenues &amp; Transfers-In</b>	<b>2010 Amount</b>	<b>% of Total</b>	<b>2009 Amount Restated</b>	<b>Amount of Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Taxes	\$ 31,064,930	54.83%	\$30,319,269	\$ 745,661	2.46%
Licenses and permits	552,496	0.98%	515,229	37,267	7.23%
Intergovernmental	15,305,799	27.01%	5,002,401	10,303,398	205.97%
Charges for services	853,506	1.51%	954,560	(101,054)	-10.59%
Fines and Forfeitures	775,992	1.37%	820,359	(44,367)	-5.41%
Investment Income	41,819	0.07%	132,095	(90,276)	-68.34%
Miscellaneous	1,686,661	2.98%	2,804,625	(1,117,964)	-39.86%
Transfers-in	6,267,545	11.06%	5,593,315	674,230	12.05%
Capital Leases	108,326	0.19%	-	108,326	100.00%
Special Items	-	0.00%	293,295	(293,295)	-100.00%
Bond Proceeds	-	0.00%	13,214,678	(13,214,678)	N/A
<b>Total</b>	<b>\$ 56,657,074</b>	<b>100.00%</b>	<b>\$59,649,826</b>	<b>\$(2,992,752)</b>	<b>-5.02%</b>

**Taxes** – The most significant increase in taxes this year is attributable to sales taxes, which increased 2.74% over last year. Property taxes increased 2%.

**Licenses and permits** – Licenses and permits increased 7.23%, which is an indication of the City's economic recovery.

**Intergovernmental revenues** – The most significant increase in intergovernmental revenues is revenues received from TXDOT for the reimbursement of right-of-ways purchased.

**Miscellaneous** –The Mission Economic Development Corporation (MEDC), a component unit, reimbursed the City approximately \$1 million for various economic development projects which the City undertook during FY 2010. This amount was \$900,000 less than the amount reimbursed by the MEDC for similar activities during the 2009 fiscal year.

**Transfers-In** – Transfers-in include a \$1,048,713 transfer from the City's General Fund to the Capital Projects Fund for the construction of the police/fire substation on the southeast side of the City providing service to the Anzalduas International Bridge. Transfers-in also include a transfer from the enterprise funds into the General Fund in the amount of \$2.1 million, an increase of \$500,000 over the prior year. This transfer is for the ongoing maintenance of streets and alleys damaged by the repair and maintenance to water and sewer lines. The Boys and Girls Club Fund received an additional transfer-in of \$252,200 from the General Fund to pay off outstanding loans. This same amount is reflected in the Transfers Out category.

**Bond Proceeds** –The City issued no obligations for FY 2010.

## **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, 2010 and 2009.

<b>Expenditures &amp; Transfer-Out</b>	<b>2010 Amount</b>	<b>Percent of Total</b>	<b>2009 Amount Restated</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent of Increase (Decrease)</b>
General government	\$ 14,177,581	24.78%	\$ 7,708,433	\$ 6,469,148	83.92%
Public Safety	18,642,783	32.59%	17,265,004	1,377,779	7.98%
Highways and streets	5,327,032	9.31%	3,598,796	1,728,236	48.02%
Health and welfare	566,753	0.99%	373,037	193,716	51.93%
Culture and recreation	4,883,052	8.54%	4,778,975	104,077	2.18%
Economic development	3,466,582	6.06%	3,084,465	382,117	12.39%
Capital projects	2,664,844	4.66%	4,388,605	(1,723,761)	-39.28%
Debt service:					
Principal	2,010,834	3.51%	9,133,765	(7,122,931)	-77.98%
Interest and fiscal charges	1,304,557	2.28%	1,262,520	42,037	3.33%
Transfers-Out and special items	4,167,545	7.28%	4,582,293	(414,748)	-9.05%
<b>Total</b>	<b>\$ 57,211,563</b>	<b>100.00%</b>	<b>\$ 56,175,893</b>	<b>\$ 1,035,670</b>	<b>1.84%</b>

**General government** - The increase of \$6.4 million is attributed to a one-time expenditure for purchase of rights-of-way for the Anzalduas' Highway Project.

**Highways and streets** – The City's goal is to make sure that streets are well maintained at all times. As the City continues to grow and expand through the annexation of additional areas the cost of street improvements will continue to increase. The City spent over \$1.1 million in street improvements plus over \$500,000 in alley resurfacing and replacement of street light bulbs. During the 2010 fiscal year, the City annexed 786.82 acres.

**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 increase as the property in the Zone is developed.

**Capital Projects** –This category will fluctuate depending on the status of the project. No new obligations were issued in FY 2010. Some of the projects undertaken during FY 2010 include the Police/fire substation project and the Birdwell Park project.

## **Fund Balances**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,681,953, a decrease of \$554,489 or 2.9% in comparison to prior year. Of the total fund balance, \$9,079,861 represents unreserved fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of the fund balance is reserved indicating that it is not available for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period (\$4,322,476), or 2) a variety of other restricted purposes (\$5,279,616).

The General Fund is the main operating fund of the City. Due to the strong performance from sales tax as well as keeping expenditures as a whole, under control, the increase to fund balance was \$772,702 or 10.6%. As of September 30, 2010, fund balance increased to \$8,050,779. 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 21.1% of total General Fund expenditures, while total fund balance represents 21.6% of that same amount.

The Debt Service Fund reflects an increase of 29.1% in comparison to prior year, while Other Governmental Funds reflect a decrease of 15.3%.

## **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 \$5,567,700. The Utility Fund and the Solid Waste Fund had unrestricted net assets of \$6,445,772 and \$502,947 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net assets of \$1,381,019.

The Utility Fund unrestricted net assets decreased by \$506,077. Operating revenues decreased by 5.5% compared to prior year. As mention earlier, water sales decreased due to heavier than normal rainfall during the usually high demand summer months. Expenses reflected a slight increase of \$77,400 in comparison to prior year.

The Golf Course Fund borrowed working capital from the Utility Fund to meet its daily operational expenses during the year. Golf Course revenues reflect a decrease of \$185,633 or 17% from prior year. The decrease was a result of having certain sections of the course closed due to the replacement of the irrigation system, and renovation of the club house. Both projects were completed in December 2010. Expenses decreased by 6.7% in comparison to prior year. The Golf Course continues its recovery from the loss of revenue during its expansion from an 18-hole course to a 27-hole course. All the improvements to the Course are expected to attract Golf tournaments and bring in players who currently play at other area golf courses.

## **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.

Total budget savings were \$2,312,012. Expenditures reflect a savings of \$1,561,503 while revenues reflect an increase of \$750,509.

- The most significant positive revenue variances are reflected in taxes, intergovernmental, and miscellaneous revenues. Franchise business taxes and sales taxes were budgeted very conservatively due to the sluggish economy; however, both reflected increases towards the end of the fiscal year. With the State of Texas struggling with its' own set of budget problems, State Highway revenues were not budgeted for FY 2010, consequently, TxDOT right-of-way reimbursements were underestimated. Due to their very nature, miscellaneous revenues are budgeted at a conservative level, since most of the revenues are normally considered one-time revenues.

- Fines and interest revenues reflect the most significant negative variance, due to the continued depressed rates of return offered on investments. Various measures were taken to increase fines and forfeiture collections; however, revenues still came in lower than anticipated. One of the measures implemented was an amnesty program where certain fees were waived if the defendant came in and paid the fines during amnesty week.
- Expenditures came in under budget largely due to several positions left unfilled throughout the year and capital outlay items that were not purchased but encumbered. In addition, departments kept a very close watch on expenditures, keeping in line with the budget. The most significant savings are reflected in the Public Safety departments. The Police Department came in under budget by \$491,324 due to unfilled vacancies and funding over-time related to drug seizure from the Federal Sharing Fund. Fire Department reflects a saving of \$112,775, attributed to expenditure reduction in supplies, travel, salaries and benefits.

## **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, 2010, amounts to \$193,034,034 (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 \$1,729,035 (1.3% increase for governmental activities and a 0.5% increase for business-type activities).

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

- Infrastructure decreased in the governmental activities by \$2,215,152 (net) compared to prior year. The decrease is attributed to an increase in accumulated depreciation which increased by 11.8% in comparison to the prior year.
- Buildings and systems in the business-type activities decreased by \$2,277,546 (net) due to an increase in accumulated depreciation of 11% in comparison to the prior year.
- Improvements other than buildings in the governmental-type activities increased by \$2,946,058 (net) compared to prior year. The increase is attributed to capitalization of the Bentsen Palm Park in the amount of \$3,327,041.
- Construction-In Progress (CIP) for both the governmental activities (net increase of \$1,134,829) and business-type activities (net increase of \$2,748,591) also reflects changes. Among the projects included in the governmental activities CIP are the Mile 2 Road Project, Police/Fire Substation, Catholic War Veterans and Banworth Park Projects, and various street projects, all slated to be completed during FY 2011. The increase in the business-type activities is due to the North Water Treatment Plant Expansion Project and the Golf Course Club House renovation and replacement of the irrigation system.

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

<b>City of Mission Capital Assets Net of Depreciation</b>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and water rights	\$ 32,283,658	\$ 32,230,906	\$ 7,382,602	\$ 7,382,602	\$ 39,666,260	\$ 39,613,508
Buildings and system	13,647,318	14,322,460	72,770,309	75,047,855	86,417,627	89,370,315
Improvements other than buildings	6,492,400	3,546,342	360,839	458,834	6,853,239	4,005,176
Machinery and equipment	6,834,485	6,758,418	1,826,414	1,789,841	8,660,899	8,548,259
Infrastructure	39,538,535	41,753,687	-	-	39,538,535	41,753,687
Construction in progress	7,403,622	6,268,793	4,493,852	1,745,261	11,897,474	8,014,054
Total	<u>\$ 106,200,018</u>	<u>\$ 104,880,606</u>	<u>\$ 86,834,016</u>	<u>\$ 86,424,393</u>	<u>\$ 193,034,034</u>	<u>\$ 191,304,999</u>

Additional information on the City of Mission's capital assets can be found in note 6 on pages 69-70 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Mission had total outstanding long-term debt of \$60,367,564, a decrease of 13.60% compared to prior year. The decrease is due to the redemption of the Waterworks and Sewer System Revenue Bond, Series 2006A in June 2010 in the amount of \$7,457,939. Total principal payments made during the fiscal year were in the amount of \$11,494,146. The Boys and Girls Club notes were also paid off in Fiscal Year 2010. The City also received a zero interest ARRA loan from the Texas Water Development Board on December 30, 2009 in the amount of \$8.285 million; however, only \$1.845 million was released and issued as of 9/30/10.

<b>City of Mission General Obligations, Revenue Bonds, and Other Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Public property financing contractual obligations	\$ -	\$ 80,000	\$ -	\$ 125,000	\$ -	\$ 205,000
Certificate of obligations	22,170,000	23,335,000	-	95,000	22,170,000	23,430,000
Revenue bonds	-	-	16,000,000	22,298,939	16,000,000	22,298,939
Refunding bonds	7,190,000	7,565,000	14,490,000	15,515,000	21,680,000	23,080,000
Tax notes	168,000	240,000	-	-	168,000	240,000
Capital Leases	143,232	81,739	206,332	300,706	349,564	382,445
Bank notes	-	272,001	-	-	-	272,001
Total	<u>\$ 29,671,232</u>	<u>\$ 31,573,740</u>	<u>\$ 30,696,332</u>	<u>\$ 38,334,645</u>	<u>\$ 60,367,564</u>	<u>\$ 69,908,385</u>

Moody's Investors Service rated the City of Mission's bonds issued in October 2010, as "Aa3".

As of September 30, 2010, the City had authorized but unissued debt of \$2.9 million. The proceeds will be used for drainage improvements, machinery and equipment, and various vehicles.

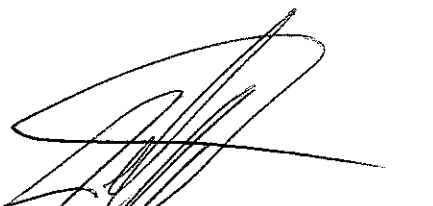
Additional information on the City of Mission's long-term debt can be found in note 9 on pages 71-77 of this report.

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


- The unemployment rate for the City of Mission is currently 9.6%, increasing from 9.3% in prior year. The state and national average unemployment rates are 8.3 percent and 9.3 percent respectively.
- Appraised values used in preparing the 2010-2011 Budget were \$106 million higher than the prior year.
- The 2011 Budget was prepared using an adopted tax rate of \$0.5566 per \$100 valuation. The rate remained the same as prior fiscal year.
- The water and sewer rates remained unchanged in the 2011 Budget.
- The 2011 Budget also reflects an increase in various golf course fees. The new rates and fees will be comparable to rates charged by other municipal golf courses in the area.
- The 2011 General Fund operating budget was prepared using \$6,547,923 as the estimated unreserved fund balance at September 30, 2010. The actual unreserved fund balance for the General Fund was \$7,861,173; nevertheless, \$5,150,000 is the projected fund balance at September 30, 2011. Revenues reflect a 4% decrease while expenditures also reflect a 1% decrease compared to FY 2010 original budget.
- The City is currently analyzing its current financial situation and will implement the necessary measures to increase its fund balance. The City is required, by resolution, to maintain at least three months of operating expenditures in its Unreserved Fund Balance and at September 30, 2009, it did not meet this requirement.

### **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 C. Cerda, P.E.  
City Manager



Janie Flores  
Finance Director

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# *BASIC FINANCIAL STATEMENTS*

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# CITY OF MISSION, TEXAS

EXHIBIT A-1

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,350,498	\$ 1,342,541	\$ 8,693,039	\$ 448,528	\$ 4,275,483
Investments	10,933,997	4,702,757	15,636,754	996,812	1,975,257
Receivables, net	7,161,326	3,006,151	10,167,477	553,738	-
Internal balances	(477,723)	477,723	-	-	-
Due from component unit	1,843,907	-	1,843,907	-	-
Inventory	1,205	257,925	259,130	-	-
Prepaid items	11,243	8,983	20,226	-	-
Deferred charges	573,382	622,821	1,196,203	-	1,038,302
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	34,400	-	34,400	-	-
Restricted assets	240,223	7,523,853	7,764,076	832,007	-
Capital assets:					
Land, water rights, and construction in progress	39,687,279	11,876,455	51,563,734	2,770,195	4,600,402
Other capital assets, net of accumulated depreciatic	66,512,738	74,957,562	141,470,300	-	-
Total Assets	<u>133,874,875</u>	<u>104,776,771</u>	<u>238,651,646</u>	<u>5,601,280</u>	<u>11,889,444</u>
<b>LIABILITIES</b>					
Accounts payable	3,310,677	591,982	3,902,659	62,250	8,544
Customer deposits	-	1,863,512	1,863,512	-	-
Accrued interest payable	156,789	451,018	607,807	41,114	86,577
Other liabilities	473,871	129,065	602,936	-	-
Subdividers deposits	-	1,352,258	1,352,258	-	-
Retainage payable	245,807	203,413	449,220	1,500	324
Accrued payroll	438,572	79,758	518,330	-	-
Due to primary government	-	-	-	20,794	1,823,114
Unearned revenues	621,592	48,718	670,310	-	-
Non-current liabilities:					
Due within one year	3,251,204	2,365,128	5,616,332	349,913	19,367,774
Due in more than one year	30,968,544	28,404,689	59,373,233	6,986,270	873,391
Total Liabilities	<u>39,467,056</u>	<u>35,489,541</u>	<u>74,956,597</u>	<u>7,461,841</u>	<u>22,159,724</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	83,887,342	58,268,682	142,156,024	-	-
Restricted for:					
Debt Service	1,747,350	3,557,377	5,304,727	555,870	1,888,680
Construction	-	304,526	304,526	-	382,827
Perpetual care-expendable	33,382	-	33,382	-	-
Held in trust for scholarships and books	25,343	-	25,343	-	-
Other purposes	1,631,948	1,029,726	2,661,674	-	-
Unrestricted	7,082,454	6,126,919	13,209,373	(2,416,431)	(12,541,787)
Total Net Assets	<u>\$ 94,407,819</u>	<u>\$ 69,287,230</u>	<u>\$ 163,695,049</u>	<u>\$ (1,860,561)</u>	<u>\$ (10,270,280)</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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 14,511,545	\$ 1,625,962	\$ 583,682	\$ 1,000
Public safety	19,309,796	110,007	1,959,100	694,193
Highways and streets	6,427,413	630,054	1,303,679	6,968,637
Health and welfare	570,197	274,502	398,490	-
Culture and recreation	5,661,309	279,180	317,207	37,408
Economic development	3,466,582	-	2,705,690	-
Interest and fiscal charges on long-term debt	1,525,661	-	4,041	-
Total Governmental Activities	<u>51,472,503</u>	<u>2,919,705</u>	<u>7,271,889</u>	<u>7,701,238</u>
Business-type activities:				
Utility	15,305,547	15,140,398	26,525	677,685
Golf Course	1,288,879	905,113	-	-
Solid Waste	4,931,714	5,187,400	-	-
Total Business-type Activities	<u>21,526,140</u>	<u>21,232,911</u>	<u>26,525</u>	<u>677,685</u>
Total Primary Government	<u>\$ 72,998,643</u>	<u>\$ 24,152,616</u>	<u>\$ 7,298,414</u>	<u>\$ 8,378,923</u>
<b>COMPONENT UNITS:</b>				
Mission Economic Development Corporation	\$ 3,462,283	\$ -	\$ 107,204	\$ 3,272
Mission Redevelopment Authority	-	-	-	-
Total Component Units	<u>\$ 3,462,283</u>	<u>\$ -</u>	<u>\$ 107,204</u>	<u>\$ 3,272</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Shared revenue-tax increment zone				
Interest earned				
Miscellaneous				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning - as originally presented				
Prior Period Adjustment				
Net Assets - Beginning - as restated				
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
\$ (12,300,901)	\$ -	\$ (12,300,901)		
(16,546,496)	-	(16,546,496)		
2,474,957	-	2,474,957		
102,795	-	102,795		
(5,027,514)	-	(5,027,514)		
(760,892)	-	(760,892)		
(1,521,620)	-	(1,521,620)		
<u>(33,579,671)</u>	<u>-</u>	<u>(33,579,671)</u>		
-	539,061	539,061		
-	(383,766)	(383,766)		
-	255,686	255,686		
-	410,981	410,981		
<u>\$ (33,579,671)</u>	<u>\$ 410,981</u>	<u>\$ (33,168,690)</u>		
			\$ (3,351,807)	\$ -
			-	(1,146,495)
			<u>\$ (3,351,807)</u>	<u>\$ (1,146,495)</u>
17,795,460	-	17,795,460	-	3,276,457
9,814,665	-	9,814,665	3,271,555	-
2,326,751	-	2,326,751	-	-
490,446	-	490,446	-	-
79,864	-	79,864	-	-
2,013,239	-	2,013,239	-	-
29,131	17,060	46,191	5,251	6,058
533,384	221,302	754,686	-	373
2,100,000	(2,100,000)	-	-	-
35,182,940	(1,861,638)	33,321,302	3,276,806	3,282,888
<u>1,603,269</u>	<u>(1,450,657)</u>	<u>152,612</u>	<u>(75,001)</u>	<u>2,136,393</u>
92,804,550	70,621,362	163,425,912	(1,785,560)	(12,406,673)
-	116,525	116,525	-	-
92,804,550	70,737,887	163,542,437	(1,785,560)	(12,406,673)
<u>\$ 94,407,819</u>	<u>\$ 69,287,230</u>	<u>\$ 163,695,049</u>	<u>\$ (1,860,561)</u>	<u>\$ (10,270,280)</u>

**CITY OF MISSION, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

**EXHIBIT A-3**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,355,437	\$ 782,790	\$ 2,909,885	\$ 7,048,112
Investments	1,500,530	670,500	6,776,056	8,947,086
Receivables:				
Taxes, including interest and penalties	1,642,110	490,308	-	2,132,418
Accounts	1,213,001	-	311,245	1,524,246
Special assessments	-	-	122,823	122,823
Less: allowance for uncollectibles	(1,194,654)	(87,860)	(43,902)	(1,326,416)
Accrued interest receivable	1,505	1,386	1,703	4,594
Due from other governments	4,063,474	-	641,902	4,705,376
Due from other funds	378,048	-	3,913	381,961
Due from component unit	1,843,907	-	-	1,843,907
Inventory	1,205	-	-	1,205
Prepaid items	9841	-	1403	11,244
Restricted assets	82,352	-	157,871	240,223
Long-term receivable	34,400	-	-	34,400
Total Assets	<u>\$ 12,896,756</u>	<u>\$ 1,857,124</u>	<u>\$ 10,882,899</u>	<u>\$ 25,636,779</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,579,146	\$ -	\$ 546,508	\$ 3,125,654
Other liabilities	450,023	-	23,850	473,873
Retainage payable	82,352	-	163,455	245,807
Accrued payroll	408,610	-	29,964	438,574
Due to other funds	126,253	-	339,171	465,424
Unearned revenue	1,233,993	384,308	621,592	2,239,893
Total Liabilities	<u>4,880,377</u>	<u>384,308</u>	<u>1,724,540</u>	<u>6,989,225</u>
<b>FUND BALANCES</b>				
Reserved for encumbrances	144,160	-	4,178,316	4,322,476
Reserved for long-term receivable	34,400	-	-	34,400
Reserved for capital projects	-	-	2,070,679	2,070,679
Reserved for debt service	-	1,472,816	-	1,472,816
Reserved for perpetual care	-	-	33,382	33,382
Reserved for scholarships and books	-	-	25,343	25,343
Reserved for inventory	1,205	-	-	1,205
Reserved for prepaid items	9,841	-	-	9,841
Reserved for other purposes	-	-	1,631,950	1,631,950
Unreserved	7,861,173	-	-	7,861,173
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	1,218,688	1,218,688
Total Fund Balances	<u>8,050,779</u>	<u>1,472,816</u>	<u>9,158,358</u>	<u>18,681,953</u>
Total Liabilities and Fund Balances	<u>\$ 12,931,156</u>	<u>\$ 1,857,124</u>	<u>\$ 10,882,898</u>	<u>\$ 25,671,178</u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS****EXHIBIT A-4****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

Total fund balances - governmental funds balance sheet	\$ 18,681,953
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.	106,200,017
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,618,302
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,710,699
Payables for bond principal which are not due in the current period are not reported in the funds.	(29,528,000)
Payable for bond interest which are not due in the current period are not reported in the funds.	(156,789)
Payables for capital leases which are not due in the current period are not reported in the funds.	(143,232)
Payables for long term liability not due in the current period and not reported in the funds.	(762,227)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,769,581)
Payables for post employment benefits which are not due in the current period are not reported in the funds	(874,650)
Unamortized issuance cost unavailable for current-period expenditures and are deferred in the SNA	838,549
Unamortized premium unavailable for current-period expenditures and are deferred in the SNA	(407,222)
Net assets of governmental activities - statement of net assets	<u>\$ 94,407,819</u>

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, 2010

EXHIBIT A-5

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and special assessments	\$ 26,373,279	\$ 3,677,905	\$ 1,013,746	\$ 31,064,930
Licenses and permits	552,496	-	-	552,496
Intergovernmental	9,558,615	-	5,747,184	15,305,799
Charges for services	541,781	-	311,725	853,506
Fines	775,992	-	-	775,992
Interest	17,690	4,041	20,088	41,819
Miscellaneous	1,475,590	-	164,271	1,639,861
Total Revenues	<u>39,295,443</u>	<u>3,681,946</u>	<u>7,257,014</u>	<u>50,234,403</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,385,731	-	791,850	14,177,581
Public safety	16,331,507	-	2,311,276	18,642,783
Highways and streets	3,619,287	-	1,707,745	5,327,032
Health and welfare	313,944	-	252,809	566,753
Culture and recreation	3,575,050	-	1,308,002	4,883,052
Economic development	-	-	3,466,582	3,466,582
Capital projects	-	-	2,664,844	2,664,844
Debt service:				
Principal	46,833	1,692,000	272,001	2,010,834
Interest and fiscal charges	4,477	1,292,886	7,194	1,304,557
Total Expenditures	<u>37,276,829</u>	<u>2,984,886</u>	<u>12,782,303</u>	<u>53,044,018</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>2,018,614</u>	<u>697,060</u>	<u>(5,525,289)</u>	<u>(2,809,615)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital leases	108,326	-	-	108,326
Sale of capital assets	5,000	-	41,800	46,800
Transfers in	2,262,465	-	4,005,080	6,267,545
Transfers out	(3,621,703)	(364,770)	(181,072)	(4,167,545)
Total Other Financing Sources (uses)	<u>(1,245,912)</u>	<u>(364,770)</u>	<u>3,865,808</u>	<u>2,255,126</u>
Net Change in Fund Balances	772,702	332,290	(1,659,481)	(554,489)
Fund Balances at Beginning of Year	<u>7,278,077</u>	<u>1,140,526</u>	<u>10,817,839</u>	<u>19,236,442</u>
Fund Balances at End of Year	<u>\$ 8,050,779</u>	<u>\$ 1,472,816</u>	<u>\$ 9,158,358</u>	<u>\$ 18,681,953</u>

The accompanying notes are an integral part of this statement.



**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, 2010*

Net change in fund balances - total governmental funds	\$ (554,489)
Amounts reported for governmental activities in the statement of activities ("SOA" are different because:	
Capital outlays are not reported as expenses in the SOA	6,647,068
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,993,813)
The gain or loss on the sale of capital assets is not reported in the funds.	(94,198)
Donation of capital assets increase net assets in the SOA but not in the funds.	760,353
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(34,443)
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the SOA.	-
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,692,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	272,001
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	(61,493)
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(713,506)
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(31,338)
(Increase) decrease in accrued interest from beginning of period to end of period.	75,143
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(264,472)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(95,544)
Change in net assets of governmental activities - statement of activities	<u>\$ 1,603,269</u>

The accompanying notes are an integral part of this statement.

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**CITY OF MISSION, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2010**

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	\$ 1,249,759	\$ 4,490	\$ 88,292	\$ 1,342,541	\$ 302,387
Investments	4,702,757	-	-	4,702,757	1,986,910
Restricted assets:					
Cash and cash equivalents	2,380,492	-	-	2,380,492	-
Investments	5,136,921	-	-	5,136,921	-
Accrued interest	6,441	-	-	6,441	-
Receivables	2,752,913	8,772	1,053,269	3,814,954	105
Less: allowance for uncollectibles	(574,159)	-	(236,593)	(810,752)	-
Accrued interest	1,946	-	-	1,946	579
Due from other funds	-	-	-	-	164,960
Inventories (at cost)	230,296	27,629	-	257,925	-
Prepaid items	8,426	558	-	8,984	-
Total Current Assets	15,895,792	41,449	904,968	16,842,209	2,454,941
Noncurrent Assets:					
Deferred charges	622,820	-	-	622,820	-
Advance of funds receivable	1,206,935	-	-	1,206,935	-
Capital assets:					
Land, water rights, and construction in progress	10,073,403	1,803,052	-	11,876,455	-
Other capital assets, net of accumulated depreciation	73,918,740	1,038,822	-	74,957,562	-
Total Noncurrent Assets	85,821,898	2,841,874	-	88,663,772	-
Total Assets	\$ 101,717,690	\$ 2,883,323	\$ 904,968	\$ 105,505,981	\$ 2,454,941
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 296,125	\$ 9,431	\$ 286,426	\$ 591,982	\$ 3,398
Claims payable	-	-	-	-	181,626
Accrued payroll	64,694	15,064	-	79,758	-
Compensated absences payable	167,480	48,566	-	216,046	-
Due to other funds	26,960	4,536	50,000	81,496	-
Unearned revenue	-	48,718	-	48,718	-
Accrued interest	450,823	195	-	451,018	-
Other liabilities	38,994	24,476	65,595	129,065	-
Subdividers deposits	1,352,258	-	-	1,352,258	-
Retainage payable	203,413	-	-	203,413	-
Customer deposits	1,863,512	-	-	1,863,512	-
Current portion of long-term debt	2,056,000	93,081	-	2,149,081	-
Total Current Liabilities	6,520,259	244,067	402,021	7,166,347	185,024
Other Non-Current Liabilities:					
Long term compensated absences	184,731	42,157	-	226,888	-
Capital lease payable	-	113,252	-	113,252	-
Advance of funds payable	-	1,206,935	-	1,206,935	-
Revenue bonds, net of current portion, discount, and deferred amount on refunding	28,042,159	22,389	-	28,064,548	-
Total Other Non-Current Liabilities	28,226,890	1,384,733	-	29,611,623	-
Total Liabilities	34,747,149	1,628,800	402,021	36,777,970	185,024
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	55,633,140	2,635,542	-	58,268,682	-
Restricted for:					
Debt service	3,557,377	-	-	3,557,377	-
Capital projects	304,526	-	-	304,526	-
Other	1,029,726	-	-	1,029,726	-
Unrestricted	6,445,772	(1,381,019)	502,947	5,567,700	2,269,917
Total Net Assets	\$ 66,970,541	\$ 1,254,523	\$ 502,947	\$ 68,728,011	\$ 2,269,917
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				559,219	
Net Assets of Business-type Activities				\$ 69,287,230	

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, 2010

	Business-type Activities-Enterprise Funds	
	Utility Fund	Golf Course Fund
Operating Revenues:		
Charges for services	\$ 15,247,526	\$ 908,744
Operating Expenses:		
Insurance claim drafts	-	-
Premium payments	-	-
Utility administration	604,474	-
Water distribution	2,464,453	-
Water treatment	1,585,938	-
Wastewater treatment and collection	1,761,534	-
Industrial pretreatment	243,824	-
Utility collection	406,824	-
Organizational expenses	257,028	-
Meter Readers	403,424	-
Northside water treatment plant	1,470,170	-
Depreciation	4,307,744	184,509
Cost of sales	-	75,011
Golf course operation	-	1,004,736
Solid waste disposal	-	-
Total Operating Expenses	13,505,413	1,264,256
Operating Income (Loss)	1,742,113	(355,512)
Non Operating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	(1,000)	-
Interest earned	43,394	16
Other nonoperating revenue	8,251	101,429
Bond interest expense	(1,740,972)	(1,455)
Bond fiscal charges	(6,921)	-
Other interest expense	-	(14,142)
Total Non-Operating Revenues (Expenses)	(1,697,248)	85,848
Net Income (Loss) Before Transfers and Capital Contributions	44,865	(269,664)
Transfers In (Out)	(2,000,000)	-
Capital Contributions	677,685	-
Change in Net Assets	(1,277,450)	(269,664)
Net assets-Beginning of Year	68,247,988	1,524,189
Prior Period Adjustment	-	-
Net Assets - Beginning of Year as Restated	68,247,988	1,524,189
Net Assets-End of Year	\$ 66,970,538	\$ 1,254,525

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 Fund
\$ 5,189,264	\$ 21,345,534	\$ 2,464,695
-	-	2,218,261
-	-	530,564
-	604,474	-
-	2,464,453	-
-	1,585,938	-
-	1,761,534	-
-	243,824	-
-	406,824	-
-	257,028	-
-	403,424	-
-	1,470,170	-
-	4,492,253	-
-	75,011	-
-	1,004,736	-
4,931,714	4,931,714	-
4,931,714	19,701,383	2,748,825
257,550	1,644,151	(284,130)
-	(1,000)	-
176	43,586	5,476
-	109,680	-
-	(1,742,427)	-
-	(6,921)	-
-	(14,142)	-
176	(1,611,224)	5,476
257,726	32,927	(278,654)
(100,000)	(2,100,000)	-
-	677,685	-
157,726	(1,389,388)	(278,654)
228,696		2,548,571
116,525		-
345,221		2,548,571
\$ 502,947		\$ 2,269,917

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.

(61,269)

Change in net assets of business-type activities

\$ (1,450,657)

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**CITY OF MISSION, TEXAS**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT A-9

	Enterprise Funds				Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Totals	Group Health
<b>Cash Flows from Operating Activities:</b>					
<i>Cash Received from Customers</i>	\$ 15,815,099	\$ 897,709	\$ 5,096,271	\$ 21,809,079	\$ -
<i>Cash Received from Interfund Services Used</i>	-	-	-	-	2,456,243
<i>Cash Payments from Interfund Services Used</i>	-	-	-	-	(3,041,975)
<i>Cash Payments to Employees for Services</i>	(3,479,340)	(712,624)	-	(4,191,964)	-
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(5,801,382)	(92,962)	(4,989,751)	(10,884,095)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>6,534,377</u>	<u>92,124</u>	<u>106,520</u>	<u>6,733,020</u>	<u>(585,732)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
<i>Proceeds (payments) from component unit</i>	-	100,000	-	100,000	-
<i>Proceed from Insurance Settlement</i>	8,251	1,429	-	9,680	-
<i>Transfers From (To) Other Funds</i>	(2,000,000)	-	(100,000)	(2,100,000)	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(1,991,749)</u>	<u>101,429</u>	<u>(100,000)</u>	<u>(1,990,320)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
<i>Proceed from Sale of Capital Assets</i>	(1,000)	-	-	(1,000)	-
<i>Principal and Interest Paid</i>	(10,923,077)	(205,150)	-	(11,128,227)	-
<i>Acquisition or Construction of Capital Assets</i>	(4,128,914)	-	-	(4,128,914)	-
<i>Proceed from Issuance of Long-Term Debt</i>	1,845,000	-	-	1,845,000	-
<i>Contributed Capital</i>	-	-	-	-	-
<i>Bond issuance cost</i>	(98,927)	-	-	(98,927)	-
<b>Net Cash Provided (Used) for Capital &amp; Related Financing Activities</b>	<u>(13,306,918)</u>	<u>(205,150)</u>	<u>-</u>	<u>(13,512,068)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>					
<i>Purchase of Investment Securities</i>	(12,419,259)	-	-	(12,419,259)	(1,402,979)
<i>Proceeds from Sale and Maturities of Securities</i>	21,684,995	11,000	-	21,695,995	2,000,097
<i>Interest on Investments</i>	41,445	37	176	41,658	5,591
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>9,307,181</u>	<u>11,037</u>	<u>176</u>	<u>9,318,394</u>	<u>602,710</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>542,891</u>	<u>(561)</u>	<u>6,695</u>	<u>549,026</u>	<u>16,978</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>3,087,361</u>	<u>5,050</u>	<u>81,597</u>	<u>3,174,008</u>	<u>285,408</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 3,630,252</u>	<u>\$ 4,490</u>	<u>\$ 88,292</u>	<u>\$ 3,723,034</u>	<u>\$ 302,386</u>
<b>Reconciliation of Operating Income to Net Cash</b>					
<b>Provided by Operating Activities:</b>					
<b>Operating Income (Loss)</b>	\$ 1,742,113	\$ (355,512)	\$ 257,550	\$ 1,644,151	\$ (284,130)
<b>Adjustments to Reconcile Operating Income to Net Cash</b>					
<b>Provided by Operating Activities:</b>					
<i>Depreciation</i>	4,307,742	184,509	-	4,492,251	-
<b>Change in Assets and Liabilities:</b>					
<i>Decrease (Increase) in Receivables</i>	516,490	(405)	(92,993)	423,092	15,809
<i>Decrease (Increase) in Inventories</i>	(18,559)	(9,475)	-	(28,035)	-
<i>Decrease (Increase) in Prepaid Expenses</i>	(1,776)	-	-	(1,776)	-
<i>Decrease (Increase) in Due from Other Funds</i>	(246,396)	-	-	(246,396)	(164,960)
<i>Decrease (Increase) in Due from Other Governments</i>	-	-	-	-	-
<i>Increase (Decrease) in Accounts Payable</i>	56,346	(180)	(11,629)	44,537	-
<i>Increase (Decrease) in Customer Deposits</i>	42,094	-	-	42,094	-
<i>Increase (Decrease) in Accrued Wages Payable</i>	3,221	(2,437)	-	784	-
<i>Increase (Decrease) in Due to Other Funds</i>	26,196	251,509	(50,000)	227,706	(11,283)
<i>Increase (Decrease) in Other Liabilities</i>	76,485	21,511	3,591	101,587	(141,168)
<i>Increase (Decrease) in Subdividers Deposits Payable</i>	8,992	-	-	8,992	-
<i>Increase (Decrease) in Compensated Absences Payable</i>	21,429	11,933	-	33,362	-
<i>Increase (Decrease) in Deferred Revenue</i>	-	(9,328)	-	(9,328)	-
<b>Total Adjustments</b>	<u>4,792,264</u>	<u>447,636</u>	<u>(151,030)</u>	<u>5,088,869</u>	<u>(301,602)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 6,534,377</u>	<u>\$ 92,124</u>	<u>\$ 106,520</u>	<u>\$ 6,733,020</u>	<u>\$ (585,732)</u>
<b>Non-Cash Capital Financing Activities</b>					
<i>Contributed Capital Assets</i>	\$ 677,685	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2010**

**EXHIBIT A-10**

	Private-purpose Trust Fund Speer Library- Breyfogle
ASSETS	
Cash and cash equivalents	\$ 9
Investments	6,700
Accrued interest receivable	14
Total Assets	<u>\$ 6,723</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET ASSETS	
Held in trust for scholarships and books	<u>\$ 6,723</u>
Total Net Assets	<u>\$ 6,723</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, 2010****EXHIBIT A-11**

	Private-purpose Trust Fund Speer Library- Breyfogle
<b>Additions:</b>	
Investment Income	\$ 15
Total Additions	15
<b>Deductions:</b>	
Scholarship Awards	-
Total Deductions	-
<b>Change in Net Assets</b>	15
Net Assets-Beginning of the Year	6,708
Net Assets-End of the Year	\$ 6,723

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**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 that 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, Texas 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 seven 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, 2010

**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 provision 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, education facilities, commercial and park/open space properties in 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  
901 Business Park Drive Suite 200  
Mission, Texas 78572

*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 the 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 expense 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 operation or capital requirement of a particular function or segment.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**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 accrued. 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. None of the special revenue funds are major.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

Debt Service Fund – Debt Service Funds are used to account for 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 department or agencies of the City, or to other governments, on a cost-reimbursement basis. The Group Health Employee Plan 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 or 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, 2010

**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 *opinion* 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 applications 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 service and producing and delivering goods in connections 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, and U.S. agency obligations.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

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. 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, and "advances to/from other funds" represent 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*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.

*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



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*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.

*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 benefit.

*K. Long-Term Obligations*

In the 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 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*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.

*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, 2010 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE 3 – PROPERTY TAXES (*Continued*)**

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 2010 (2009 levy), was \$0.5566 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,132,418 and sales taxes of \$1,654,635 for a total taxes receivable of \$3,787,053.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

*A. Primary Government*

*Deposits* – At September 30, 2010, the carrying value of the City's deposits was \$18,344,663 and the bank balance was \$19,683,440. Of this bank balance, \$250,000 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 rate 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 Deposits 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

7. Joint pools of political subdivision 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 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, 2010:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 13,742,933	\$ 13,742,933	\$ -
Total	\$ 13,742,933	\$ 13,742,933	\$ -

**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 the other provisions of the Act designed to promote liquidity and safety of principal, the Act required 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 services; 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, 2010

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

The City's investment policies and types of investments are governed by the Public Funds Investment 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, 2010, 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
Texpool	AAA	100%

*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.

As of September 30, 2010, the following was the composition of the City's investment portfolio:

Investment Type	Rating	Exposure
Texpool	AAA	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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

- c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
- 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	\$ 6,540
Carrying amount deposit	11,306,723
Investments	20,780,874
Less: Statement of Fiduciary Net Assets - investments	<u>(6,709)</u>
Cash and Investments Statement of Net Assets	<u>\$ 32,087,428</u>
Cash and cash equivalents	\$ 8,693,039
Investments	15,636,754
Restricted assets	7,764,076
Less: Accrued interest	<u>(6,441)</u>
Cash and Investments Statement of Net Assets	<u>\$ 32,087,428</u>

*B. Component Units*

Mission Economic Development Corporation

*Deposits* – At September 30, 2010, the carrying value of Mission Economic Development Corporation's deposit was \$1,661,934 and the bank balance was \$1,683,255. 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 as of September 30, 2010.

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, 2010

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2010:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 296,812	\$ 296,812	\$ -
Texpool	116,383	116,383	-
Texpool	201,839	201,839	-
	<u>\$ 615,034</u>	<u>\$ 615,034</u>	<u>\$ -</u>

*Credit Risk –*

MEDC's investment policy authorization 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 provision 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.

As of September 30, 2010, 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
Texpool	AAA	48%
Texpool	AAA	19%
Texpool	AAA	33%

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*Concentrations of Credit Risk –*

Portfolio diversification is critically important to MEDC to help mitigate the risk of loss. The following are employed term 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, 2010, the following was the composition of MEDC's investment portfolio:

Texpool	AAA	48%
Texpool	AAA	19%
Texpool	AAA	33%

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

Carrying amount deposit	\$ 1,661,935
Investments	<u>615,034</u>
Cash and Investments Statement of Net Assets	<u>\$ 2,276,969</u>
Cash and cash equivalents	\$ 448,528
Investments	996,812
Restricted Assets	832,007
Less: Accrued Interest	<u>(378)</u>
Cash and Investments Statement of Net Assets	<u>\$ 2,276,969</u>

*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.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

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 required 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 was \$4,275,483 and the bank balance was \$4,282,657. Of the bank balance \$250,000 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the Authority and held in a third party depository.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**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 investments 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, 2010, 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
<b>DEBT SERVICE FUND-</b>					
Money Market Mutual Fund	<u>\$1,975,257</u>	<u>\$1,975,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*Credit Risk –*

Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2010, the Authority's Money Market Fund investment rating was AAA.

*Interest Rate Risk –*

Interest Rate Risk is the risk that changes in interest rates 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 balance at September 30, 2010 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 326,880
General Fund	Utility Fund	1,168
General Fund	Solid Waste Fund	50,000
Utility Fund	Golf Course Fund	1,206,935
Group Health Fund	General Fund	126,253
Group Health Fund	Utility Fund	25,793
Group Health Fund	Golf Course Fund	4,536
Group Health Fund	Non-Major Governmental Funds	8,378
Non-Major Governmental Fund	Non-Major Governmental Funds	3,913
		<u>\$ 1,753,856</u>

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

B. Due to/from the primary government and component unit at September 30, 2010 were as follows:

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - MEDC	\$ 20,793
Primary Government - General Fund	Component Unit - MRA	1,823,114
		<u>\$1,843,907</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

C. Interfund Transfers:

	Transfer In:		
	General	Nonmajor	
Transfer Out:	Fund	Governmental	Total
		Funds	
General Fund	\$ -	\$ 3,621,703	\$ 3,621,703
Utility Fund	2,000,000	-	2,000,000
Solid Waste Fund	100,000	-	100,000
Debt Service Fund	-	364,770	364,770
Nonmajor Governmental Funds	162,465	18,607	181,072
Total Transfer Out	<u>\$ 2,262,465</u>	<u>\$ 4,005,079</u>	<u>\$ 6,267,544</u>

Transfers out from the general to 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, 2010

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010 was as follows:

	Balance at October 1, 2009	Increases	Decreases	Balance at September 30, 2010
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 32,230,906	\$ 74,532	\$ (21,780)	\$ 32,283,658
Construction in progress	6,268,793	4,861,745	(3,726,916)	7,403,622
Total capital assets, not being depreciated	<u>38,499,699</u>	<u>4,936,277</u>	<u>(3,748,696)</u>	<u>39,687,280</u>
Capital assets, being depreciated:				
Buildings	18,571,423	37,257	(75,011)	18,533,669
Improvements other than buildings	6,752,017	3,397,247		10,149,264
Machinery and equipment	18,759,493	1,647,195	(123,750)	20,282,938
Infrastructure	70,427,604	1,156,667	-	71,584,271
Total capital assets, being depreciated	<u>114,510,537</u>	<u>6,238,366</u>	<u>(198,761)</u>	<u>120,550,142</u>
Less accumulated depreciation for:				
Buildings	(4,248,963)	(637,388)	-	(4,886,351)
Improvements other than buildings	(3,205,674)	(451,190)	-	(3,656,864)
Machinery and equipment	(12,001,074)	(1,533,416)	86,037	(13,448,453)
Infrastructure	(28,673,918)	(3,371,818)	-	(32,045,736)
Total accumulated depreciation	<u>(48,129,629)</u>	<u>(5,993,812)</u>	<u>86,037</u>	<u>(54,037,404)</u>
Total capital assets, being depreciated, net	<u>66,380,908</u>	<u>244,554</u>	<u>(112,724)</u>	<u>66,512,738</u>
Governmental Activities Capital Assets, Net	<u>\$ 104,880,607</u>	<u>\$ 5,180,831</u>	<u>\$ (3,861,420)</u>	<u>\$ 106,200,018</u>
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,640,102	\$ -	\$ -	\$ 3,640,102
Water Rights	3,742,500	-	-	3,742,500
Construction in progress	1,745,261	3,655,816	(907,225)	4,493,852
Total assets, not being depreciated	<u>9,127,863</u>	<u>3,655,816</u>	<u>(907,225)</u>	<u>11,876,454</u>
Capital assets, being depreciated:				
Buildings and system	111,980,509	1,800,065	-	113,780,574
Improvements other than buildings	1,804,772	-	-	1,804,772
Furniture and equipment	6,137,692	354,219	(4,236)	6,487,675
Total assets, being depreciated	<u>119,922,973</u>	<u>2,154,284</u>	<u>(4,236)</u>	<u>122,073,021</u>
Less accumulated depreciation for:				
Buildings and system	(36,932,654)	(4,077,611)	-	(41,010,265)
Improvements other than buildings	(1,345,939)	(97,994)	-	(1,443,933)
Furniture and equipment	(4,347,851)	(316,646)	3,236	(4,661,261)
Total accumulated depreciation	<u>(42,626,444)</u>	<u>(4,492,251)</u>	<u>3,236</u>	<u>(47,115,459)</u>
Total capital assets, being depreciated, net	<u>77,296,529</u>	<u>(2,337,967)</u>	<u>(1,000)</u>	<u>74,957,562</u>
Business-type Activities Capital Assets, Net	<u>\$ 86,424,392</u>	<u>\$ 1,317,849</u>	<u>\$ (908,225)</u>	<u>\$ 86,834,016</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

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

**Governmental Activities:**

General government	\$ 204,659
Public safety	1,452,522
Highways and streets, including depreciation of general infrastructure assets	3,548,935
Sanitation	930
Culture and recreation	<u>786,766</u>
Total depreciation expense - governmental activities	<u>\$ 5,993,812</u>

**Business-type Activities:**

Utility	\$ 4,307,742
Golf Course	<u>184,509</u>
Total depreciation expense - business-type activities	<u>\$ 4,492,251</u>

**NOTE 7 – RECEIVABLES**

Receivables at September 30, 2010 were as follows:

	Taxes	Accounts	Special Assessments	Due From Other Governments	Other	Allowance for Uncollectibles	Net Receivables
<b>Governmental Activities:</b>							
General	\$ 1,642,110	\$ 1,210,706	\$ -	\$ 4,063,474	\$ 2,084	\$ (1,194,654)	\$ 5,723,720
Debt Service	490,308	-	-	-	1,386	(87,860)	403,834
Other Governmental	<u>-</u>	<u>311,245</u>	<u>122,823</u>	<u>641,902</u>	<u>1,703</u>	<u>(43,902)</u>	<u>1,033,772</u>
Total Governmental							
Activities	<u>\$ 2,132,418</u>	<u>\$ 1,521,951</u>	<u>\$ 122,823</u>	<u>\$ 4,705,376</u>	<u>\$ 5,173</u>	<u>\$ (1,326,416)</u>	<u>\$ 7,161,326</u>
<b>Business-type Activities:</b>							
Utility	\$ -	\$ 2,752,915	\$ -	\$ -	\$ 1,946	\$ (574,158)	\$ 2,180,703
Golf Course	-	8,772	-	-	-	-	8,772
Solid Waste	<u>-</u>	<u>1,053,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,593)</u>	<u>816,676</u>
Total Business-type							
Activities	<u>\$ -</u>	<u>\$ 3,814,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,946</u>	<u>\$ (810,751)</u>	<u>\$ 3,006,151</u>

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

	Utility Fund	Solid Waste Fund
Gross Operating Revenues	\$ 15,247,526	\$ 5,189,264
Uncollectibles Related to Current Year	<u>(51,641)</u>	<u>(13,730)</u>
Net Operating Revenues	<u>\$ 15,195,885</u>	<u>\$ 5,175,534</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES**

At September 30, 2010 the City had the following other liabilities:

Payable To	Governmental Activities	Business-type Activities	Total
Due to State	\$ 128,171	\$ 66,979	\$ 195,150
Wages & Deductions	313,067	46,593	359,660
Court Deposits/Refunds	4,206	-	4,206
Due to Other	28,427	15,493	43,920
	<u>\$ 473,871</u>	<u>\$ 129,065</u>	<u>\$ 602,936</u>

**NOTE 9 – LONG-TERM DEBT**

*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.

Certificates of Obligation payable at September 30, 2010 are comprised of the following:

Governmental and Business-type activities:

\$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%.	\$ 3,620,000
\$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%.	700,000
\$4,550,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, 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%.	2,935,000
\$4,100,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005A, due in annual installments ranging from \$140,000 to \$325,000 through February 15, 2026, interest at 4.00% to 5.25%.	3,665,000

CITY OF MISSION, TEXAS  
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**NOTE 9 – LONG-TERM DEBT** (*Continued*)

\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007, due in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027, interest at 5.00% to 4.25%. 5,840,000

\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, Series 2009, due in annual installments ranging from \$85,000 to \$415,000 through February 15, 2019, interest at 3.00% to 5.25%. 5,410,000

Total Certificates of Obligations \$ 22,170,000

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,270,000	\$ 955,600	\$ -	\$ -
2012	1,250,000	905,562	-	-
2013	1,030,000	859,856	-	-
2014	1,095,000	817,219	-	-
2015	1,135,000	772,419	-	-
2016-2020	5,790,000	3,138,649	-	-
2021-2025	7,045,000	1,738,610	-	-
2026-2029	3,555,000	276,531	-	-
Total	<u>\$ 22,170,000</u>	<u>\$ 9,464,446</u>	<u>\$ -</u>	<u>\$ -</u>

*General Obligation*

The City issued a General Obligation Bond, which was used to advance refund some of the outstanding principal amounts of the Public Property Finance Contractual Obligations and Certificates of Obligations.

General Obligations payable at September 30, 2010 are comprised of the following:

Governmental activities:

\$7,565,000 Texas General Obligation Refunding Bonds, Series 2009, of which, \$7,565,000 represents general long-term debt due in annual installments ranging from \$230,000 to \$565,000 through February 15, 2026, interest at 3.00% to 5.25%. \$ 7,190,000

Total General Obligations Bond \$ 7,190,000



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – LONG-TERM DEBT** (*Continued*)

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2011	\$ 565,000	\$ 261,040
2012	520,000	244,765
2013	540,000	228,865
2014	435,000	214,240
2015	440,000	201,115
2016-2020	2,340,000	763,500
2021-2025	2,095,000	270,566
2026-2029	255,000	6,694
Total	<u>\$ 7,190,000</u>	<u>\$ 2,190,785</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, 2010 are comprised of the following:

Business-type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System ED AP 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%.	\$ 220,000
\$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%.	704,000
\$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, 2010 through 2027; interest payment starting October 1, 2004 at 3.93% to 5.20%.	12,705,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – LONG-TERM DEBT** *(Continued)*

\$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%.	526,000
\$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%.	14,490,000
\$8,285,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds due in annual installments ranging from \$ 275,000 to \$465,000 from February 15, 2011 through 2030; non-interest bearing. During the year \$ 1,845,000 of the bonds were issued. Authorized but unissued bonds at year end were \$6,440,000.	<u>1,845,000</u>
Total Revenue Bonds Payable	<u>\$ 30,490,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2011	\$ 2,056,000	\$ 1,339,718
2012	1,856,000	1,265,272
2013	1,933,000	1,192,441
2014	2,000,000	1,115,474
2015	2,082,000	1,034,209
2016-2020	8,569,000	3,949,497
2021-2025	8,980,000	1,946,677
2026-2030	3,014,000	116,720
Total	<u>\$ 30,490,000</u>	<u>\$ 11,960,008</u>

The City closed on a commitment during the year from the Drinking Water State Revolving Fund (DWSRF) administered by the Texas Water Development Board which authorized the issuance of \$8,285,000 in revenue bonds. These bonds titled Waterworks and Sewer System Junior Lien Revenue Bonds Taxable Series 2009 are to be used for projects to make water system improvements. The DWSRF funding mechanism allows the City to issue as many bond coupons in installments as needed to fund the authorized projects. In 2010, the City requested to sell coupons *totaling \$1,845,000 to fund costs of the authorized project. The remaining \$6,440,000* will be requested as needed to pay project costs.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*Arbitrage Compliance*

The City of Mission is subject to federal arbitrage regulations and as of September 30, 2010, the City was in compliance with all arbitrage rebate and yield restriction reporting requirements. In addition the City had no accrued liabilities in regards to arbitrage rebate or yield restrictions.

*Prior Year Advance Refunding:*

In 2006, the City of Mission refunded the Waterworks and Sewer System Revenue Bonds Series 2001 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, 2010, the amount of defeased debt outstanding for the 2001 Waterworks and Sewer System Revenue Bond was \$7,570,000.

*Notes Payable:*

The City entered into a loan agreement to purchase the San Jose Cemetery. Note payables at September 30, 2010 consist of the following:

Governmental-type activities:

\$300,000 Tax note payable to First National Bank dated, August 1, 2008, payable in monthly installments of \$6,000, through January 2013; interest at 4.50%.	<u>\$ 168,000</u>
Total Notes Payable	<u><u>\$ 168,000</u></u>

Note payable debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2011	\$ 72,000	\$ 4,445
2012	72,000	2,079
2013	24,000	165
Total	<u><u>\$ 168,000</u></u>	<u><u>\$ 6,689</u></u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2010 was as follows:

	Balance at September 30, 2009	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2010	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ -
Certificates of Obligation	23,335,000	-	1,165,000	22,170,000	1,270,000
General Obligations	7,565,000	-	375,000	7,190,000	565,000
Less: Loss on Refunding	(282,365)	-	(17,200)	(265,166)	-
Plus Issuance Premium	431,549	-	24,327	407,223	-
Total Bonds Payable	31,129,184	-	1,627,127	29,502,057	1,835,000
Notes Payable	512,001	-	344,001	168,000	72,000
Capital Leases	81,735	108,330	46,833	143,232	72,748
Compensated Absences	2,674,037	1,546,922	1,451,378	2,769,582	1,271,456
Governmental Activity					
Long-term Liabilities	<u>\$ 34,396,957</u>	<u>\$ 1,655,252</u>	<u>\$ 3,469,339</u>	<u>\$ 32,582,871</u>	<u>\$ 3,251,204</u>
<b><u>Business-type Activities:</u></b>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
Certificate of Obligations	95,000	-	95,000	-	-
Revenue Bonds	37,813,938	1,845,000	9,168,938	30,490,000	2,056,000
Less: Loss on Refunding	(682,883)	-	(37,940)	(644,943)	-
Plus Issuance Premium	120,862	-	6,715	114,147	-
Total Bonds Payable	37,471,917	1,845,000	9,357,713	29,959,204	2,056,000
Capital Leases	300,706	-	94,373	206,332	93,080
Compensated Absences	409,572	283,449	250,085	442,936	216,048
Business-type Activity					
Long-term Liabilities	<u>\$ 38,182,195</u>	<u>\$ 2,128,449</u>	<u>\$ 9,702,171</u>	<u>\$ 30,608,472</u>	<u>\$ 2,365,128</u>

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

The Utility Fund capitalized \$96,277 of bond interest expense as part of various construction projects for the year-ended September 30, 2010.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

<b>Reconciliation to Statement of Net Assets:</b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Long-term liabilities at September 30, 2010	\$ 32,582,872	\$ 30,608,472
Less: Amounts due within one year	(3,251,204)	(2,365,128)
Plus: Net pension obligations	650,672	108,886
Net post employment obligations	223,977	52,459
Anzalduas Bridge payable	762,227	-
Total liabilities due in more than one year (Exhibit A-1)	<u>\$ 30,968,544</u>	<u>\$ 28,404,689</u>

**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 notes payable at September 30, 2010 for the MEDC is comprised of the following:

<p>\$1,415,000 (Tax-Exempt) Sales Tax Revenue 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%.</p>	\$ 840,000
<p>\$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.</p>	<u>3,605,000</u>
Total	<u>\$ 4,445,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

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

Year Ending September 30,	Principal	Interest
2011	\$ 245,000	\$ 223,624
2012	260,000	210,995
2013	275,000	197,438
2014	290,000	182,939
2015	305,000	167,538
2016-2020	1,780,000	572,211
2021-2025	<u>1,290,000</u>	<u>132,750</u>
Total	<u>\$ 4,445,000</u>	<u>\$ 1,687,495</u>

Sales tax revenue notes payable at September 30, 2010 for the MEDC is comprised of the following:

\$3,000,000 Sales Tax Revenue Note due in semi-annual installments ranging from \$109,259 to \$366,273 including interest at 3.9%. Note matures August 15, 2015. Secured by first priority perfected security interest in sales tax revenues collected pursuant to Section 4B of the Development Corporation Act of 1979. \$ 2,891,184

The annual requirement to retire the sales tax revenue note payable including interest are as follows:

Year Ending September 30,	Principal	Interest
2011	\$ 105,209	\$ 113,310
2012	109,116	109,405
2013	632,835	99,712
2014	658,106	74,441
2015	684,385	48,161
2016-2020	<u>701,533</u>	<u>20,870</u>
Total	<u>\$ 2,891,184</u>	<u>\$ 465,899</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – COMPONENT UNIT – LONG-TERM DEBT PAYABLE (*Continued*)**

The following is a summary of changes in a long-term debt obligations for the MEDC for the year ended September 30, 2010:

	Balance at September 30, 2009	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2010	Amounts Due within One Year
Sales Tax Revenue Bonds	\$ 4,680,000	\$ -	\$ 235,000	\$ 4,445,000	\$ 245,000
Sales Tax Revenue Note	3,000,000	-	108,817	2,891,183	105,209
	<u>\$ 7,680,000</u>	<u>\$ -</u>	<u>\$ 343,817</u>	<u>\$ 7,336,183</u>	<u>\$ 350,209</u>

The above listed bond issues are to be repaid from the ½ cent sales tax levied under the Section 4B referred to in Note 1(A).

*B. Mission Redevelopment Authority*

*Revenue Bonds Payable*

The Mission Redevelopment Authority periodically issues bonds to pay for the costs incurred within the Tax Increment Reinvestment Zone (TIRZ) for infrastructure improvements. These bonds will be repaid from property taxes collected on property within TIRZ.

Bonds payable at September 30, 2010 for the MRA are comprised of the following:

\$8,160,000 Tax Increment Contract Revenue Bonds Series 2005 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%.	\$ 7,360,000
\$10,620,000 Tax Increment Contract Revenue Bonds Series 2009 due in installments saving from \$365,000 to \$790,000 from September 1, 2011 through September 1, 2029; with interest rates ranging from 3.0% to 5.25%	<u>10,190,000</u> <u>\$ 17,550,000</u>

The bonds are payable from and are equally and ratably secured by a lien on the Pledged Revenues which includes the contract tax investment, money on deposit in the Pledged Revenue Fund, the Debt Service Fund, the Project Fund and, the Debt Service Reserve Fund and interest earned on money deposited therein.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – COMPONENT UNIT – LONG-TERM DEBT PAYABLE (*Continued*)**

As of September 30, 2010, the debt service requirements on the bonds outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
2011	\$ 710,000	\$ 831,713	\$ 1,541,713
2012	735,000	805,238	1,540,238
2013	765,000	777,338	1,542,338
2014	795,000	745,813	1,540,813
2015	830,000	711,050	1,541,050
2016-2020	4,760,000	2,965,725	7,725,725
2021-2025	6,015,000	1,704,486	7,719,486
2026-2029	2,940,000	392,950	3,332,950
Total	<u>\$ 17,550,000</u>	<u>\$ 8,934,313</u>	<u>\$ 26,484,313</u>

*Loan Payable*

On October 8, 2009 the Mission Redevelopment Authority executed a loan agreement with Compass Bank in the amount of \$3,000,000. The Authority agrees to pay interest on each advance at the LIBOR rate, calculated at 65% of the London Interbank Offered Rate plus 200 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) two years following the closing date, or (2) an event of default. During the current fiscal year, the Authority received an advance on this loan in the amount of \$550,000. In addition, the Authority made a payment to fully pay off the loan from the 2009 bond proceeds.

Current year activity related to the loan was as follows:

	Balance at October 1, 2009	Increase	Decrease	Balance at September 30, 2010
Loan - Compass Bank	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ -</u>

*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



CITY OF MISSION, TEXAS  
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**NOTE 10 – COMPONENT UNIT – LONG-TERM DEBT PAYABLE (*Continued*)**

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 projects account within the State Highway Trust Fund 927. The project is to be managed and supervised by TXDOT. 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.

\$ 2,691,165

The following is a summary of changes in long-term debt obligations for the MRA for the year ended September 30, 2010:

	Balance at September 30, 2009	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2010	Amounts Due within One Year
Loan Payable	2,848,499	-	157,334	2,691,165	163,391
	<u>\$ 2,848,499</u>	<u>\$ -</u>	<u>\$ 157,334</u>	<u>\$ 2,691,165</u>	<u>\$ 163,391</u>

**NOTE 11 – INTERFUND ADVANCES**

The Utility Fund has advanced funds to the Golf Course Fund over the years for operations of the Golf Course Fund. After significant Course and Club House facility improvements that were completed subsequent to year end, management believes that there will be an increase in revenues as a result of increased usage. Additionally, as a result of various cost savings measures coupled with the increased revenue volume, management believes that they will be able to begin repayment of the Advance in the coming year. The balance of the Advance at September 30, 2010 in the amount of \$1,206,935 is reflected as a long-term Advance Receivable in the Utility Fund and a long term Advance Payable in the Golf Course Fund.

**NOTE 12 – 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:

CITY OF MISSION, TEXAS  
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**NOTE 12 – DEFERRED REVENUE (*Continued*)**

	Unavailable	Unearned	Total Deferred Revenue
Delinquent property taxes	\$ 1,618,302	\$ -	\$ 1,618,302
Park dedication fees	-	478,461	478,461
Grants	-	4,500	4,500
Loan receivable - HOME	-	138,631	138,631
	<u>\$ 1,618,302</u>	<u>\$ 621,592</u>	<u>\$ 2,239,894</u>

Unearned revenues of \$48,718 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 13 – LONG-TERM RECEIVABLE**

Long-Term Notes Receivables at September 30, 2010 for the City of Mission are comprised of the following:

Governmental Activities:

Balance at September 30, 2010

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.

\$ 36,800

Total Long-Term Notes Receivables 36,800

Less:

Current Portion (2,400)

\$ 34,400

**NOTE 14 – RESTRICTED ASSETS**

*A. Primary Government*

Business-Type Activities:

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

CITY OF MISSION, TEXAS  
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**NOTE 14 – RESTRICTED ASSETS *(Continued)***

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, 2010 consist of:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Revenue Bond Reserve Fund	\$ 503,169	\$ 1,129,594	\$ 2,206	\$ 1,634,969
Bond Interest and Sinking	799,275	1,125,339	662	1,925,276
Revenue Bond Extension and Improvement Fund	936	303,591	552	305,078
Subdividers Deposits	405,438	951,730	1,081	1,358,249
Capital Recovery Fund	70,630	954,272	1,765	1,026,667
Water and Sewer Plan Improvements	415,060	672,394	176	1,087,630
Contractor Retainage	185,984	-	-	185,984
	<u>\$ 2,380,492</u>	<u>\$ 5,136,921</u>	<u>\$ 6,441</u>	<u>\$ 7,523,853</u>

**Governmental Activities:**

Restricted assets of governmental funds as of September 30, 2010 consisted of cash and cash equivalents for contractor retainage as follows:

General Fund - Mission Paving Co.	\$ 82,352
Capital Projects Fund - CRC Design Consultants	77,533
Designated Purpose Fund - Mission Paving Co	79,838
	<u>\$ 239,723</u>

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

*B. Component Unit*

Mission Economic Development Corporation

Restricted assets held by Mission Economic Development Corporation at September 30, 2010 consist of the following:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Reserve Fund	\$ 955	\$ 148,000	\$ 194	\$ 149,149
Debt Service Fund	242,268	205,383	184	447,835
Capital Projects	31,683	201,840	-	233,523
Retainage	1,500	-	-	1,500
	<u>\$ 276,406</u>	<u>\$ 555,223</u>	<u>\$ 378</u>	<u>\$ 832,007</u>

Mission Redevelopment Authority

Restricted assets held by Mission Redevelopment Authority at September 30, 2010 consisted of Debt Service Reserves required by the Series 2005 and Series 2009 Tax Increment Contract Bonds in the amount of \$712,156 and \$835,381 respectively. At September 30, 2010, these reserves were fully invested in a money market mutual fund.

**NOTE 15 – PENSION PLAN**

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

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

	Plan Year 2009	Plan Year 2010
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5.0/20	60/5.0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

*Contributions:*

Under the state law governing TMRS, the contributions rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/ (asset) are as follows:

1. Annual Required Contribution (ARC)	\$2,911,833
2. Interest on Net Pension Obligation	25,729
3. Adjustment to the ARC	(22,444)
4. Annual Pension Cost (APC)	<u>2,915,118</u>
5. Contributions Made	(2,523,130)
6. Increase (decrease) in net position obligation	391,988
7. Net Pension Obligation/(Asset), beginning of year	<u>367,569</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 759,557</u></u>

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

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2008	1,911,032	1,911,032	100.00%	-
2009	2,456,599	2,089,030	85.04%	367,569
2010	2,915,119	2,523,130	86.55%	759,557

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized	Amortized	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.5%	7.5%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	Percentage of Covered Payroll
12/31/2009	\$ 30,080,949	\$ 46,106,369	65.2%	\$ 16,025,420	\$ 20,809,760	77.0%

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

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**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, 2010, 2009, and 2008 were \$ 6,272, \$9,168, and \$5,136, respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

CITY OF MISSION, TEXAS  
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**NOTE 16 – PENSION PLAN – EMERGENCY SERVICES PERSONNEL RETIREMENT FUND (*Continued*)**

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, 2010, 2009, and 2008 were \$9,168, \$5,136, and \$5,856, respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

**NOTE 17 – POST RETIREMENT HEALTH CARE BENEFITS**

*A. Post Retirement Health Care Benefits*

*Plan Description*

City of Mission, Texas Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the City of Mission. The plan covers health insurance benefits. Eligible City retirees and their dependents may continue health care coverage through the City for up to 24 months after retirement from the City. The City pays 100% of the employee's premiums and the employee pays 100% of the dependent coverage.

*Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums and health claims for fiscal year 2009 were \$8,652 for retirees, of which the City contributed \$7,185 to the plan and the retirees contributed \$1,467 for dependent coverage.

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.



CITY OF MISSION, TEXAS  
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**NOTE 17 – POST RETIREMENT HEALTH CARE BENEFITS** *(Continued)*

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan.

Annual required contribution	\$ 151,562
Interest on net OPEB obligation	5,378
Adjustment to annual required contribution	(7,777)
Annual OPEB cost (expense)	149,163
Contributions made	<u>(7,185)</u>
Increase in net OPEB Obligation	141,978
Net OPEB obligation - beginning of year	<u>134,458</u>
Net OPEB obligation - end of year	<u>\$ 276,436</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 151,506	11.30%	\$ 134,458
9/30/2010	149,163	4.80%	276,436

*Funded Status and Funding Progress*

As of July 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$868,410, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$868,410. The covered payroll (annual payroll of active employees covered by the plan) was \$21,444,146 and the ratio of the UAAL to the covered payroll was 4.05%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**NOTE 17 – POST RETIREMENT HEALTH CARE BENEFITS** *(Continued)*

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return given the fact that the City doesn't have a dedicated trust fund for paying the post-retirement benefits and an annual healthcare cost trend rate of that begins at 10 percent initially, and assumes a smooth decline in year-to-year increases with an ultimate trend rate of 5 percent first achieved in 2015.

*B. Supplemental Death Benefits*

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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), retired employees are insured for \$7,500, this coverage is an "other post employment benefit", or OPEB.

The City offers supplemental death benefits to:	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. 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 pre-fund retiree life insurance during employees' entire careers.

The City's contributions to the TMRS SBDF for the years ended 2010, 2009 and 2008 were \$32,734, \$33,648, and \$39,653 respectively, which equaled the required contributions each year.

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**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.

**NOTE 19 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2010, the City had several active construction projects. The projects include drainage improvements, renovation of parks, construction of infrastructure, and wastewater treatment facilities.

*A. Primary Government*

Project	Spent to Date	Remaining Commitment	Financing Sources
Police/Fire Substation Building	1,725,940	282,774	Operating Funds
CVW Park Improv./Pool Projects	84,896	1,608,119	Operating Funds
Bannworth Park Improvements	36,788	2,570,197	Operating Funds
2010 Street Overlay Improvements	832,041	36,879	Operating Funds
TDRA-City Streets Improvements	969,081	169,507	TDRA Grant
Water Treatment Plant #2 Expansion	2,260,290	5,483,060	2009 Revenue Bond
Bryan Rd. Overpass Waterline Improv.	782,275	57,885	2006 Refunding Bond
Bryan Rd. Overpass Sewerline Improv.	117,325	37,640	2006 Refinancing Bond
	<u>\$ 6,808,636</u>	<u>\$ 10,246,060</u>	

*B. Component Unit*

Mission Economic Development Corporation

At September 30, 2010, MEDC had the following remaining contractual commitments in construction and improvement projects:

Project	Spent to Date	Remaining Commitment	Financing Sources
Shary Municipal Golf Course:			
Replacement of Irrigation System	\$ 1,350,390	\$ -	Loan Proceeds
New Building Phase II Improvements	1,237,599	2,418	Loan Proceeds
	<u>\$ 2,587,989</u>	<u>\$ 2,418</u>	

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**NOTE 20 – OPERATING LEASE COMMITMENTS**

The City leases office equipment under operating leases. Total costs for such leases were \$40,934 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

<u>September 30,</u>		
2011	\$	44,164
2012		27,239
2013		12,415
2014		1,108
2015 and beyond		<u>-</u>
Total	\$	<u><u>84,926</u></u>

**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, 2010 as stated below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery & Equipment	\$ 268,569	\$ 367,088
Less: Accumulated Depreciation	<u>(47,041)</u>	<u>(109,233)</u>
Total	<u><u>\$ 221,528</u></u>	<u><u>\$ 257,855</u></u>
<u>September 30,</u>		
2011	\$ 76,240	\$ 102,267
2012	46,868	102,267
2013	24,930	15,053
	-	-
	<u>-</u>	<u>-</u>
Total minimum lease payments	\$ 148,038	\$ 219,587
Less: amount representing interest	<u>(4,807)</u>	<u>(13,256)</u>
Present value of minimum lease payments	<u><u>\$ 143,231</u></u>	<u><u>\$ 206,331</u></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. There have been no reductions in insurance coverage from the previous year; no negative statements or jury awards have exceeded insurance coverage in any of the past three years. The City established a limited risk management program for workers' compensations and health insurance in a previous year.

CITY OF MISSION, TEXAS  
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**NOTE 22 – RISK MANAGEMENT (*Continued*)**

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 report in the General Fund. As of September 30, 2010, 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. Health 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.

The following is a reconciliation of the claims liability:

	2010	2009
Unpaid claims, beginning of fiscal year	\$ 325,218	\$ 80,674
Incurred claims (including IBNRs) and adjustments	2,219,728	2,369,522
Claim payments	<u>(2,363,320)</u>	<u>(2,124,978)</u>
Unpaid Claims, end of Fiscal Year	<u>\$ 181,626</u>	<u>\$ 325,218</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.

**NOTE 24 – CONDUIT DEBT OBLIGATIONS**

Mission Economic Redevelopment 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:

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

	Balance at <u>September 30, 2010</u>
\$41,750,000 Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2006 dated December 1, 2006.	\$ 41,750,000
\$67,000,000 Solid Waste Disposal Revenue Bond (Waste Management Inc, Project) Series 2008 dated August 1, 2008.	67,000,000
\$24,000,000 Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI Texas Corporation Project) Series 2007 dated March 1, 2007.	24,000,000
\$56,800,000 Solid Waste Disposal Revenue Bonds (Allied Waste North America, Inc. Project) Series 2007A 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	5,590,000
\$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.	8,438,103
\$1,341,250 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009A dated February 1, 2009	1,406,411
\$1,702,000 Industrial Development Revenue Bonds (4 over, Inc. Project) Series 2009B dated March 10, 2009.	<u>1,094,049</u>
	<u>\$ 262,278,563</u>

CITY OF MISSION, TEXAS  
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**NOTE 24 – CONDUIT DEBT OBLIGATIONS (*Continued*)**

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 payments 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 the conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2010, MEDC did not receive any 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, 2010, MEDC received a net \$105,885 in annual fees (net of \$105,885 in advisor and local access fees).

**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, 2010 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,

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**NOTE 26 – TAX INCREMENT REINVESTMENT ZONE *(Continued)***

2010, 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.

Effective October 1, 2008 the City elected to transfer only the amounts of the tax increment which has been collected for the Tax Increment Reinvestment Zone 1. Hidalgo County also elected, to transfer to the Zone only the amount of the tax increment actually collected each year. For the current year the amounts transferred were \$1,705,690 and \$1,760,892 from the County and City respectively.

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

During the year ended September 30, 2010 completed projects totaling \$470,495 were transferred to the City of McAllen, Texas 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 \$4,600,402. They consist of the engineering and design of the Anzalduas Bridge Phase 2 project. At September 30, 2010, the MRA owed the City \$1,823,114 in reimbursements for project costs incurred by the City.

**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 operate the Anzalduas International Crossing ("Anzalduas Bridge") linking United States, south of the City of Mission, Texas and the westernmost part 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 agreements also provide 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.



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NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE 28 – INTEREST IN INTERNATIONAL TOLL BRIDGE *(Continued)***

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. The City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge as well as the City of Mission from its share of net revenues of the Anzalduas Bridge. Commencement of operations was December 15, 2009.

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 sufficient excess revenues as defined in the Interlocal Agreement are available, the debt service costs related to Series 2007B Bonds as noted above are being advanced to 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 September 30, 2010, the amount advanced since the inception for the City of Mission is \$762,227 and is reflected as part of Non-current liabilities due in more than one year in the Statement of Net Assets. See also Note 9.

**NOTE 29 – 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, 2010 the City had expenditures exceeding budgets in the General Fund as follows:

Function	Excess
Organization	\$ 41,685
Fleet Maintenance	\$ 30,805
Total	\$ 72,490

These expenditures were funded by cost savings in other departments.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE 29 – COMPLIANCE AND ACCOUNTABILITY (*Continued*)**

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

The 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

**NOTE 30 – Prior Period Adjustment**

Beginning net assets of the Solid Waste Enterprise Fund and of the Business Activities has been restated to properly recognize waste disposal expenses in the proper period in the amount of \$116,525.

**NOTE 31 – SUBSEQUENT EVENTS**

A. Mission Economic Development Corporation

Subsequent to year end, Mission Economic Development Corporation issued Sales Tax Revenue Refunding Bonds, Series 2010 in the aggregate principal amount of \$4,380,000. The proceeds of these refunding bonds are to be used to refund the \$1,415,000 (Tax-Exempt) Sales Tax Revenue Serial Bonds Series 1995 and the \$5,180,000 Subordinate Lien Sales Tax Revenue Bonds Series 1999.

Subsequent to year end, Mission Economic Development Corporation approved the issuance of Series 2011A and Series 2011B (Taxable Series) Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds for the Dallas Clean Energy McCommas Bluff, LLC Project in an aggregate principal amount not to exceed \$55,000,000.

B. City of Mission

On October 12, 2010, The City closed on the Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2010 in the amount of \$2,930,000. The proceeds will be used for drainage projects on Stewart Road, First Street, and Citriana Road. Proceeds will also be used for purchase of machinery and equipment, Fire truck, and other vehicles.

On December 1, 2010, The City changed Depository Banks from First National Bank to BBVA Compass Bank.

C. Mission Redevelopment Authority

On January 1, 2011, the Mission Redevelopment Authority changed from a Houston based administrator to a local based administrator.

*REQUIRED  
SUPPLEMENTARY  
INFORMATION*

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**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**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	\$ 13,250,000	\$ 13,250,000	\$ 13,105,671	\$ (144,329)
Delinquent ad valorem taxes	500,000	500,000	654,477	154,477
Interest and penalties on taxes	375,000	375,000	391,851	16,851
Net ad valorem tax revenue	14,125,000	14,125,000	14,151,999	26,999
Sales tax	6,500,000	6,500,000	6,543,110	43,110
Sales tax-tax abatement	3,250,000	3,250,000	3,271,555	21,555
Franchise business tax	1,900,000	1,900,000	2,097,434	197,434
Telecommunication access fee	200,000	200,000	229,317	29,317
Mixed drink tax	80,000	80,000	79,864	(136)
Total Taxes	26,055,000	26,055,000	26,373,279	318,279
Licenses and Permits:				
Occupational licenses	46,300	46,300	44,878	(1,422)
Moving and building permits	209,000	209,000	262,278	53,278
Health permits	21,000	21,000	28,040	7,040
Electrical permits	64,000	64,000	78,315	14,315
Mechanical permits	32,200	32,200	38,015	5,815
Plumbing permits	60,000	60,000	71,244	11,244
Alarm permits	8,000	8,000	9,687	1,687
Miscellaneous	17,000	17,000	20,039	3,039
Total Licenses and Permits	457,500	457,500	552,496	94,996
Intergovernmental:				
MCISD and SISD Dare Program	532,000	532,000	653,967	121,967
G.R.E.A.T Program	-	97,000	85,416	(11,584)
Reimb. - TXDOT/ROW	-	6,050,000	6,438,699	388,699
County contribution-rural fires	50,000	50,000	56,550	6,550
County restitution reimbursement	1,000	1,000	145	(855)
Overhead-MRA	132,000	132,000	190,125	58,125
TIRZ Reimbursement	1,500,000	2,201,483	1,823,114	(378,369)
FEMA reimbursement	-	53,480	74,592	21,112
LEOSE Peace Officer	8,625	8,625	9,157	532
State Highway Revenues	-	-	106,755	106,755
FBI overtime	32,000	32,000	20,799	(11,201)
Task Force	147,000	147,000	44,052	(102,948)
Peace Officers Fire Prev.	871	871	773	(98)
DEA Overtime Task Force	32,000	32,000	34,527	2,527
Hidalgo County-library	-	19,944	19,944	-
Total Intergovernmental	2,435,496	9,357,403	9,558,615	201,212
Charges for Services:				
Birth certificate service	2,500	2,500	1,118	(1,382)
Inspection fee-2%	35,000	35,000	26,299	(8,701)
Construction material testing fee	40,000	40,000	20,990	(19,010)
Fire inspection fee	20,000	20,000	22,418	2,418
Judicial Fee-City	4,500	4,500	4,026	(474)

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
Page 2 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Corporation court fines tax	43,400	43,400	40,297	(3,103)
Library Reservations Fee	-	-	20	20
Lot cleaning	20,000	20,000	79,536	59,536
Lot cleaning-admin. Fee	25,000	25,000	51,913	26,913
Lease-service center complex	6,000	6,000	6,500	500
Library copies	16,000	16,000	28,787	12,787
Rent-City buildings	3,000	3,000	5,500	2,500
Library rentals	150	150	155	5
Cemetery charges	17,000	17,000	28,125	11,125
Vital statistics	100,000	100,000	133,994	33,994
Burial transit permit	1,000	1,000	1,320	320
Animal Control & Shelter Fee	5,000	5,000	61	(4,939)
Zoning and subdivision fees	25,000	25,000	27,444	2,444
Plans and specifications	500	500	320	(180)
5% Credit Card Fee	3,000	3,000	4,033	1,033
Food manager/handler ID fee	4,500	4,500	6,560	2,060
Fire Academy Fees	11,200	11,200	560	(10,640)
Fire Dept. Training Fees	-	7,835	7,240	(595)
Arrest fees-M.P.D.	40,000	40,000	36,180	(3,820)
Police Dept. service charges	12,500	12,500	8,385	(4,115)
Total Charges for Services	435,250	443,085	541,781	98,696
Fines:				
Corporation court fines	670,000	670,000	640,865	(29,135)
Warrant execution fee	135,000	135,000	116,171	(18,829)
Library fines	15,000	15,000	18,956	3,956
Total Fines	820,000	820,000	775,992	(44,008)
Interest:				
Interest earned on investments	75,000	75,000	15,285	(59,715)
Interest earned on demand deposits	5,000	5,000	2,405	(2,595)
Total Interest	80,000	80,000	17,690	(62,310)
Miscellaneous:				
Reimb.-TX Citrus Fiesta	44,000	44,000	45,158	1,158
Child safety fees	12,000	12,000	14,853	2,853
Library donations/memorial	-	1,198	1,299	101
Insurance settlement	80,000	80,000	96,057	16,057
Miscellaneous income	125,000	125,000	260,723	135,723
Coke machine & vending machines	3,500	3,500	4,926	1,426
Street signs reimbursement	-	-	1,875	1,875
Subdividers reimb.-streets	10,000	10,000	708	(9,292)
Universal service fund rebate	-	30,145	30,144	(1)
Reimbursement-MEDA	-	-	17,426	17,426
Oil lease	5,000	5,000	2,421	(2,579)
Reimbursement-MEDC	1,000,000	1,000,000	1,000,000	-
Contribution and donations	1,000	1,000	-	(1,000)
Total Miscellaneous	1,280,500	1,311,843	1,475,590	163,747
Total Revenues	31,563,746	38,524,831	39,295,443	770,612

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**

Page 3 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,600	2,500	2,400	100
Employee benefits	1,600	1,500	1,440	60
Other purchased services	17,615	19,117	18,021	1,096
Supplies	1,700	1,533	1,031	502
Miscellaneous	800	487	287	200
	<u>24,315</u>	<u>25,137</u>	<u>23,179</u>	<u>1,958</u>
Executive Administration:				
Personal services	428,926	449,157	449,554	(398)
Employee benefits	165,217	171,125	166,720	4,404
Other purchased services	16,375	22,075	21,678	397
Supplies	4,250	3,000	2,452	548
Miscellaneous	1,750	3,000	2,882	118
	<u>616,518</u>	<u>648,357</u>	<u>643,286</u>	<u>5,069</u>
Finance Department:				
Personal services	385,530	387,610	388,630	(1,020)
Employee benefits	112,520	112,295	109,532	2,763
Purchased property services	6,600	8,525	4,031	4,494
Other purchased services	13,900	12,564	9,491	3,073
Capital outlays	-	12,718	-	12,718
Supplies	7,750	7,750	4,385	3,365
Miscellaneous	1,310	1,310	1,104	206
	<u>527,610</u>	<u>542,772</u>	<u>517,173</u>	<u>25,599</u>
Municipal Court:				
Personal services	416,904	416,904	413,985	2,919
Employee benefits	136,378	136,378	130,779	5,599
Professional & technical services	15,950	15,950	14,028	1,922
Purchased property services	2,320	2,320	-	2,320
Other purchased services	4,282	4,282	3,751	531
Supplies	6,500	6,500	6,186	314
Miscellaneous	25,743	25,743	17,108	8,635
	<u>608,077</u>	<u>608,077</u>	<u>585,837</u>	<u>22,240</u>
Planning:				
Personal services	590,126	573,364	561,457	11,907
Employee benefits	178,231	179,851	168,073	11,778
Purchased property services	6,500	6,500	6,341	159
Other purchased services	29,600	29,600	21,614	7,986
Supplies	22,500	17,642	17,195	447
Miscellaneous	21,600	16,600	10,186	6,414
	<u>848,557</u>	<u>823,557</u>	<u>784,866</u>	<u>38,691</u>
Facilities Maintenance:				
Personal services	342,669	342,669	317,338	25,331
Employee benefits	123,086	118,086	106,261	11,825

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Purchased property services	66,000	200,730	143,662	57,068
Other purchased services	5,130	5,130	4,066	1,064
Supplies	151,650	163,532	132,215	31,317
Capital outlays	-	20,465	20,465	-
Miscellaneous	17,000	17,018	13,253	3,765
	<u>705,535</u>	<u>867,630</u>	<u>737,260</u>	<u>130,370</u>
Fleet Maintenance:				
Professional & technical services	705,000	705,000	726,050	(21,050)
Miscellaneous	30,000	30,000	39,755	(9,755)
	<u>735,000</u>	<u>735,000</u>	<u>765,805</u>	<u>(30,805)</u>
Organizational Expense:				
Professional & technical services	1,072,000	1,084,647	844,218	240,429
Purchased property services	167,200	166,663	126,850	39,813
Other purchased services	124,100	124,637	113,059	11,578
Supplies	11,250	10,880	10,666	214
Capital outlays	-	1,295	1,295	-
Miscellaneous	689,700	6,438,775	6,772,494	(333,719)
	<u>2,064,250</u>	<u>7,826,897</u>	<u>7,868,582</u>	<u>(41,685)</u>
Purchasing:				
Personal services	115,157	94,657	92,055	2,602
Employee benefits	32,435	32,435	26,991	5,444
Purchased property services	2,750	2,750	1,906	844
Other purchased services	13,400	23,300	24,618	(1,318)
Supplies	1,450	1,550	1,149	401
Miscellaneous	858	858	671	187
	<u>166,050</u>	<u>155,550</u>	<u>147,390</u>	<u>8,160</u>
City Secretary:				
Personal services	197,619	199,329	198,361	968
Employee benefits	61,140	61,515	59,895	1,620
Professional & technical services	10,200	10,200	10,200	-
Purchased property services	1,315	1,315	1,202	113
Other purchased services	8,800	9,100	7,149	1,951
Supplies	1,400	1,150	1,043	107
Miscellaneous	4,531	2,396	2,311	85
	<u>285,005</u>	<u>285,005</u>	<u>280,161</u>	<u>4,844</u>
Risk Management:				
Personal services	118,183	118,183	116,265	1,918
Employee benefits	38,050	38,050	36,642	1,408
Professional & technical services	3,000	3,000	2,912	88
Purchased property services	1,950	1,950	1,747	203
Other purchased services	270,700	209,180	198,497	10,683
Supplies	14,000	14,150	12,981	1,169
Miscellaneous	500	350	178	172
	<u>446,383</u>	<u>384,863</u>	<u>369,222</u>	<u>15,641</u>



**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Elections:</b>				
Employee benefits	615	615	32	583
Professional & technical services	10,000	10,995	10,994	1
Purchased property services	8,776	8,776	7,324	1,452
Other purchased services	3,950	3,455	2,591	864
Supplies	2,650	2,150	1,827	323
Miscellaneous	100	100	-	100
	<u>26,091</u>	<u>26,091</u>	<u>22,768</u>	<u>3,323</u>
<b>Civil Service:</b>				
Personal services	79,433	79,433	79,704	(271)
Employee benefits	24,209	24,209	23,909	300
Professional & technical services	60,000	69,800	57,670	12,130
Other purchased services	6,200	6,400	6,232	168
Supplies	12,000	17,577	14,038	3,539
	<u>181,842</u>	<u>197,419</u>	<u>181,553</u>	<u>15,866</u>
<b>Human Resources:</b>				
Personal services	97,815	124,015	119,640	4,375
Employee benefits	25,919	33,919	32,684	1,235
Professional & technical services	19,000	15,540	13,958	1,582
Purchased property services	1,500	9,250	9,204	46
Other purchased services	7,975	5,457	3,979	1,478
Supplies	2,452	7,263	5,837	1,426
Capital outlays	-	25,058	21,087	3,971
Miscellaneous	1,195	2,312	1,466	846
	<u>155,856</u>	<u>222,814</u>	<u>207,855</u>	<u>14,959</u>
<b>Information Technology:</b>				
Personal services	138,400	145,400	145,820	(420)
Employee benefits	47,252	49,222	47,610	1,612
Purchased property services	68,700	65,730	53,918	11,812
Other purchased services	2,237	2,137	1,879	258
Supplies	1,720	1,720	1,449	271
Miscellaneous	7,020	1,120	118	1,002
	<u>265,329</u>	<u>265,329</u>	<u>250,794</u>	<u>14,535</u>
<b>Total General Government</b>	<u>7,656,418</u>	<u>13,614,498</u>	<u>13,385,731</u>	<u>228,767</u>
<b>Public Safety:</b>				
<b>Police Department:</b>				
Personal services	8,222,217	8,408,143	8,078,450	329,693
Employee benefits	2,532,420	2,416,786	2,358,956	57,829
Professional & technical services	20,800	60,800	54,623	6,177
Purchased property services	323,500	362,269	351,072	11,197
Other purchased services	163,800	174,302	158,768	15,534
Supplies	477,200	450,506	385,609	64,897
Capital outlays	11,000	127,383	127,382	1
Miscellaneous	14,200	21,200	15,204	5,996
	<u>11,765,137</u>	<u>12,021,389</u>	<u>11,530,064</u>	<u>491,324</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Department:				
Personal services	2,962,827	3,031,827	3,012,743	19,083
Employee benefits	898,720	893,170	844,267	48,902
Professional & technical services	500	500	-	500
Purchased property services	129,767	150,082	143,446	6,636
Other purchased services	84,650	91,485	73,918	17,567
Supplies	203,500	173,415	155,617	17,798
Capital outlays	-	65,003	64,203	800
Miscellaneous	18,100	14,229	12,740	1,489
	<u>4,298,064</u>	<u>4,419,711</u>	<u>4,306,934</u>	<u>112,775</u>
Fire Prevention Bureau:				
Personal services	366,042	366,042	361,070	4,972
Employee benefits	107,374	107,374	99,672	7,702
Professional & technical services	500	500	-	500
Purchased property services	4,855	6,872	6,871	1
Other purchased services	22,750	20,733	14,640	6,093
Supplies	16,900	16,085	11,263	4,822
Capital outlays	-	815	814	1
Miscellaneous	825	825	179	646
	<u>519,246</u>	<u>519,246</u>	<u>494,509</u>	<u>24,737</u>
Total Public Safety	<u>16,582,447</u>	<u>16,960,346</u>	<u>16,331,507</u>	<u>628,839</u>
Highways and Streets:				
Street Department:				
Personal services	808,707	799,707	798,231	1,476
Employee benefits	357,893	310,893	304,638	6,255
Professional & technical services	100,000	40,205	24,005	16,200
Purchased property services	1,102,500	1,060,295	1,005,462	54,833
Other purchased services	11,500	9,563	9,213	350
Supplies	306,050	467,646	458,205	9,441
Capital outlays	560,000	1,048,269	1,002,367	45,902
Miscellaneous	650	17,187	17,166	21
	<u>3,247,300</u>	<u>3,753,765</u>	<u>3,619,287</u>	<u>134,478</u>
Total Highways and Streets	<u>3,247,300</u>	<u>3,753,765</u>	<u>3,619,287</u>	<u>134,478</u>
Health and Welfare:				
Health regulations and inspections:				
Personal services	199,000	199,000	204,321	(5,321)
Employee benefits	63,329	66,789	67,349	(560)
Purchased property services	100	2,169	1,974	195
Other purchased services	9,900	9,900	6,499	3,401
Supplies	27,800	27,325	25,214	2,111
Capital outlays	-	8,000	7,395	605
Miscellaneous	1,357	1,632	1,192	440
	<u>301,486</u>	<u>314,815</u>	<u>313,944</u>	<u>871</u>
Total Health and Welfare	<u>301,486</u>	<u>314,815</u>	<u>313,944</u>	<u>871</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT B-1**  
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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Culture and Recreation:</b>				
<b>Mission Historical Museum:</b>				
Personal services	163,361	166,561	167,717	(1,156)
Employee benefits	41,614	45,664	43,756	1,908
Purchased property services	3,000	3,300	2,380	920
Other purchased services	19,100	13,350	11,008	2,342
Supplies	4,593	2,793	1,924	869
Miscellaneous	750	750	438	312
	<u>232,418</u>	<u>232,418</u>	<u>227,223</u>	<u>5,195</u>
<b>Parks and Recreation Administration:</b>				
Personal services	138,448	138,448	134,855	3,593
Employee benefits	46,540	46,540	45,075	1,465
Purchased property services	30,100	28,195	27,553	642
Other purchased services	3,050	4,955	2,792	2,163
Supplies	2,900	2,900	2,322	578
Miscellaneous	100	100	49	51
	<u>221,138</u>	<u>221,138</u>	<u>212,646</u>	<u>8,492</u>
<b>Parks:</b>				
Personal services	850,461	858,621	832,239	26,382
Employee benefits	313,940	314,790	287,784	27,006
Purchased property services	422,200	425,520	389,943	35,577
Other purchased services	13,789	13,939	11,192	2,747
Supplies	135,863	134,319	130,079	4,240
Capital outlays	-	980	980	-
Miscellaneous	19,000	8,064	6,161	1,903
	<u>1,755,253</u>	<u>1,756,233</u>	<u>1,658,378</u>	<u>97,855</u>
<b>Recreation:</b>				
Personal services	219,507	219,507	181,045	38,462
Employee benefits	49,810	49,810	44,369	5,441
Other purchased services	2,000	2,000	271	1,729
Supplies	5,500	5,500	2,429	3,071
Miscellaneous	6,000	6,000	5,571	429
	<u>282,817</u>	<u>282,817</u>	<u>233,685</u>	<u>49,132</u>
<b>Library:</b>				
Personal services	780,000	783,010	731,253	51,756
Employee benefits	202,752	203,377	185,980	17,397
Purchased property services	112,405	116,382	104,944	11,438
Other purchased services	66,700	66,200	62,183	4,017
Supplies	44,900	61,469	55,098	6,371
Capital outlays	-	21,458	16,605	4,853
Miscellaneous	82,000	90,816	87,055	3,761
	<u>1,288,757</u>	<u>1,342,712</u>	<u>1,243,118</u>	<u>99,593</u>
<b>Total Culture and Recreation</b>	<u>3,780,383</u>	<u>3,835,318</u>	<u>3,575,050</u>	<u>260,268</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Debt Service:				
Principal retirement	40,000	62,000	46,833	15,167
Interest	4,000	6,000	4,477	1,523
	<u>44,000</u>	<u>68,000</u>	<u>51,310</u>	<u>16,690</u>
 Total Debt Service	 <u>44,000</u>	 <u>68,000</u>	 <u>51,310</u>	 <u>16,690</u>
 Total Expenditures	 <u>31,612,034</u>	 <u>38,546,742</u>	 <u>37,276,829</u>	 <u>1,269,913</u>
 Excess (Deficiency) of Revenue Over (Under) Expenditures	 <u>(48,288)</u>	 <u>(21,911)</u>	 <u>2,018,614</u>	 <u>2,040,525</u>
Other Financing Sources (Uses):				
Sale of capital assets	10,000	10,000	5,000	(5,000)
Other financing sources	-	111,900	108,326	(3,574)
Transfers in	2,250,000	2,274,000	2,262,465	(11,535)
Transfers out	(2,642,386)	(3,913,299)	(3,621,703)	291,596
Total Other Financing Sources (Uses)	<u>(382,386)</u>	<u>(1,517,399)</u>	<u>(1,245,912)</u>	<u>271,487</u>
 Net Change in Fund Balance	 (430,674)	 (1,539,310)	 772,702	 2,312,012
 Fund Balance at Beginning of Year	 <u>7,278,077</u>	 <u>7,278,077</u>	 <u>7,278,077</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 6,847,403</u>	 <u>\$ 5,738,767</u>	 <u>\$ 8,050,779</u>	 <u>\$ 2,312,012</u>

CITY OF MISSION, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll ( c )	Percentage Covered Payroll ((b-a)/c)
2007	\$ 23,566,636	\$ 37,666,505	62.6%	\$ 14,099,869	\$ 17,605,586	80.1%
2008	25,957,903	40,934,040	63.4%	14,976,137	19,468,044	76.9%
2009	30,080,949	46,106,369	65.2%	16,025,420	20,809,760	77.0%

CITY OF MISSION, TEXAS  
HEALTH CARE PLAN  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date July 1,	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)
2008	\$ -	\$ 989,421	0.00%	\$ 989,421	\$ 19,624,191	5.04%
2010	\$ -	\$ 868,410	0.00%	\$ 868,410	\$ 21,444,146	4.05%

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2010

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	\$ 4,828,989
*Capital Project Funds	\$ 8,827,415

\* 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, 2010

At September 30, 2010, Community Development, Recreation Fund, Police State Sharing Fund, Police Federal Sharing Fund, Designated Purpose Fund, and Drainage Assessment Fund (all Special Revenue Funds), had outstanding encumbrances of \$379,670; \$857; \$850; \$260,797; \$508,664; and \$36,500 respectively. Capital Projects Fund, 2005A Certificates of Obligation and 2009 Certificate of Obligation Fund (all Capital Projects Funds) had outstanding encumbrances of \$521,496 and \$4,178,316, respectively.

During the year ended September 30, 2010, expenditures in the following General Fund departments exceeded appropriations by \$72,490.

Department	General Fund Excess of Expenditure Over Appropriations
Fleet Maintenance	\$ 30,805
Organization	41,685
	<u>\$ 72,490</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)	\$ 39,295,443
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>\$ 39,295,443</u>



CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2010

**Budget to GAAP Reconciliation (Continued)**

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 37,276,829
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>\$ 37,276,829</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.

Community Development Block Grant (CDBG): To account for federal funds granted to the City for the sole purpose of improving the health and welfare of the community.

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.

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

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

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.

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.

Boys and Girls Club Fund: To account for all program revenues and expenditures related to activities being offered to boys and girls with ages ranging from 5 to 12 years old. The City of Mission has undertaken the Boys and Girls Club of Mission and has converted it to a department of the City.

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**

Capital Projects Fund: To account for the construction of capital projects not funded through debt obligations.

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.

2009 Certificates of Obligations: To account for various park improvements, including two new gyms for the Boys and Girls Club Department.

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

**EXHIBIT C-1**

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,699,257	\$ 1,176,707	\$ 33,921	\$ 2,909,885
Investments	1,461,940	5,314,116	-	6,776,056
Receivables:				
Accounts	311,245	-	-	311,245
Special assessments	122,823	-	-	122,823
Less: allowance for uncollectibles	(43,902)	-	-	(43,902)
Accrued interest receivable	942	760	-	1,702
Due from other governments	641,902	-	-	641,902
Due from other funds	759	3,154	-	3,913
Prepaid items	1,403	-	-	1,403
Restricted assets	80,338	77,533	-	157,871
Total Assets	<u>\$ 4,276,707</u>	<u>\$ 6,572,270</u>	<u>\$ 33,921</u>	<u>\$ 10,882,898</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 306,311	\$ 239,658	\$ 539	\$ 546,508
Other liabilities	23,850	-	-	23,850
Retainage payable	79,838	83,617	-	163,455
Accrued payroll	29,964	-	-	29,964
Due to other funds	339,171	-	-	339,171
Unearned revenue	621,592	-	-	621,592
Total Liabilities	<u>1,400,726</u>	<u>323,275</u>	<u>539</u>	<u>1,724,540</u>
<b>FUND BALANCES</b>				
Reserved for encumbrances	-	4,178,316	-	4,178,316
Reserved for capital projects	-	2,070,679	-	2,070,679
Reserved for perpetual care	-	-	33,382	33,382
Reserved for scholarships and books	25,343	-	-	25,343
Reserved for other purposes	1,631,950	-	-	1,631,950
Unreserved, reported in nonmajor:				
Special revenue funds	1,218,688	-	-	1,218,688
Total Fund Balances	<u>2,875,981</u>	<u>6,248,995</u>	<u>33,382</u>	<u>9,158,358</u>
Total Liabilities and Fund Balances	<u>\$ 4,276,707</u>	<u>\$ 6,572,270</u>	<u>\$ 33,921</u>	<u>\$ 10,882,898</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, 2010

	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	\$ 1,013,746	\$ -	\$ -	\$ 1,013,746
Intergovernmental	5,747,184	-	-	5,747,184
Charges for services	311,725	-	-	311,725
Interest	5,593	14,447	48	20,088
Miscellaneous	164,271	-	-	164,271
Total Revenues	<u>7,242,519</u>	<u>14,447</u>	<u>48</u>	<u>7,257,014</u>
<b>EXPENDITURES</b>				
Current:				
General government	778,500	-	13,350	791,850
Public safety	2,311,276	-	-	2,311,276
Highways and streets	1,707,745	-	-	1,707,745
Culture and recreation	1,308,002	-	-	1,308,002
Health and welfare	252,809	-	-	252,809
Economic development	3,466,582	-	-	3,466,582
Capital projects	-	2,664,844	-	2,664,844
Debt service:				
Principal	272,001	-	-	272,001
Interest and fiscal charges	7,194	-	-	7,194
Total Expenditures	<u>10,104,109</u>	<u>2,664,844</u>	<u>13,350</u>	<u>12,782,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,861,590)</u>	<u>(2,650,397)</u>	<u>(13,302)</u>	<u>(5,525,289)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	41,800	-	-	41,800
Transfers in	2,956,367	1,048,713	-	4,005,080
Transfers out	(181,072)	-	-	(181,072)
Total Other Financing Sources (Uses)	<u>2,817,095</u>	<u>1,048,713</u>	<u>-</u>	<u>3,865,808</u>
Net Change in Fund Balances	(44,495)	(1,601,684)	(13,302)	(1,659,481)
Fund Balance at Beginning of Year	<u>2,920,476</u>	<u>7,850,679</u>	<u>46,684</u>	<u>10,817,839</u>
Fund Balances at End of Year	<u>\$ 2,875,981</u>	<u>\$ 6,248,995</u>	<u>\$ 33,382</u>	<u>\$ 9,158,358</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2010**

	CDBG	Aquatics Fund	Parks and Recreation Fund	Police Department Special Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 680	\$ -	\$ 78,698	\$ 215
Investments	-	-	-	321,612
Receivables:				
Accounts	161	-	935	-
Special assessments	-	-	-	-
Less: allowance for uncollectibles	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governments	7,376	119,008	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets	-	-	-	-
Total Assets	<u>\$ 8,217</u>	<u>\$ 119,008</u>	<u>\$ 79,633</u>	<u>\$ 321,827</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,406	\$ 7,920	\$ 1,275	\$ -
Other liabilities	1,480	1,477	-	8,946
Retainage payable	-	-	-	-
Accrued payroll	3,244	3,091	-	1,903
Due to other funds	2,087	96,520	-	366
Unearned revenue	-	-	-	-
Total Liabilities	<u>8,217</u>	<u>109,008</u>	<u>1,275</u>	<u>11,215</u>
<b>FUND BALANCES</b>				
Reserved for scholarships and books	-	-	-	-
Reserved for other purposes	-	-	-	310,612
Unreserved, reported in nonmajor:				
Special revenue funds	-	10,000	78,358	-
Total Fund Balances	<u>-</u>	<u>10,000</u>	<u>78,358</u>	<u>310,612</u>
Total Liabilities and Fund Balances	<u>\$ 8,217</u>	<u>\$ 119,008</u>	<u>\$ 79,633</u>	<u>\$ 321,827</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
\$ 125,727	\$ 170,551	\$ -	\$ 297,852	\$ 1,445	\$ 7,960
850,088	-	-	-	-	8,000
324	-	-	-	-	-
-	-	-	122,823	-	-
-	-	-	(43,902)	-	-
302	-	-	-	-	16
-	-	473,018	-	-	-
-	-	759	-	-	-
1,403	-	-	-	-	-
-	-	79,838	-	-	-
<u>\$ 977,844</u>	<u>\$ 170,551</u>	<u>\$ 553,615</u>	<u>\$ 376,773</u>	<u>\$ 1,445</u>	<u>\$ 15,976</u>
\$ 4,806	\$ 42	\$ 208,548	\$ -	\$ -	\$ -
-	-	9,269	-	-	-
-	-	79,838	-	-	-
-	-	12,959	-	-	-
-	-	238,501	-	-	-
-	-	4,500	-	-	-
<u>4,806</u>	<u>42</u>	<u>553,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
973,038	170,509	-	-	1,445	-
-	-	-	376,773	-	15,976
<u>973,038</u>	<u>170,509</u>	<u>-</u>	<u>376,773</u>	<u>1,445</u>	<u>15,976</u>
<u>\$ 977,844</u>	<u>\$ 170,551</u>	<u>\$ 553,615</u>	<u>\$ 376,773</u>	<u>\$ 1,445</u>	<u>\$ 15,976</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2010**

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Park Dedication Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 293	\$ 397,023	\$ 176,346	\$ 303,109
Investments	25,000	-	-	175,000
Receivables:				
Accounts	-	157,153	-	-
Special assessments	-	-	-	-
Less: allowance for uncollectibles	-	-	-	-
Accrued interest receivable	50	-	-	352
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets	-	-	-	-
Total Assets	<u>\$ 25,343</u>	<u>\$ 554,176</u>	<u>\$ 176,346</u>	<u>\$ 478,461</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 68,750	\$ -	\$ -
Other liabilities	-	-	-	-
Retainage payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	478,461
Total Liabilities	<u>-</u>	<u>68,750</u>	<u>-</u>	<u>478,461</u>
<b>FUND BALANCES</b>				
Reserved for scholarships and books	25,343	-	-	-
Reserved for other purposes	-	-	176,346	-
Unreserved, reported in nonmajor:				
Special revenue funds	-	485,426	-	-
Total Fund Balances	<u>25,343</u>	<u>485,426</u>	<u>176,346</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 25,343</u>	<u>\$ 554,176</u>	<u>\$ 176,346</u>	<u>\$ 478,461</u>

## EXHIBIT C-3

Page 2 of 2

Juvenile Case Manager Fund	Capital Asset Replacement Fund	Boys & Girls Club Fund	HOME Fund	Tax Increment Reinvestment Zone Fund	Total Nonmajor Special Revune Funds (See Exhibit C-1)
\$ 47,962	\$ 15,026	\$ 71,730	\$ -	\$ 4,640	\$ 1,699,257
8,000	-	74,240	-	-	1,461,940
-	-	14,041	138,631	-	311,245
-	-	-	-	-	122,823
-	-	-	-	-	(43,902)
16	-	206	-	-	942
-	-	42,500	-	-	641,902
-	-	-	-	-	759
-	-	-	-	-	1,403
-	-	500	-	-	80,338
<u>\$ 55,978</u>	<u>\$ 15,026</u>	<u>\$ 203,217</u>	<u>\$ 138,631</u>	<u>\$ 4,640</u>	<u>\$ 4,276,707</u>
\$ -	\$ -	\$ 13,564	\$ -	\$ -	\$ 306,311
278	-	2,400	-	-	23,850
-	-	-	-	-	79,838
548	-	8,219	-	-	29,964
464	-	1,233	-	-	339,171
-	-	-	138,631	-	621,592
<u>1,290</u>	<u>-</u>	<u>25,416</u>	<u>138,631</u>	<u>-</u>	<u>1,400,726</u>
-	-	-	-	-	25,343
-	-	-	-	-	1,631,950
54,688	15,026	177,801	-	4,640	1,218,688
<u>54,688</u>	<u>15,026</u>	<u>177,801</u>	<u>-</u>	<u>4,640</u>	<u>2,875,981</u>
<u>\$ 55,978</u>	<u>\$ 15,026</u>	<u>\$ 203,217</u>	<u>\$ 138,631</u>	<u>\$ 4,640</u>	<u>\$ 4,276,707</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, 2010**

	<b>CDBG</b>	<b>Aquatics Fund</b>	<b>Parks and Recreation Fund</b>	<b>Police Department Special Fund</b>
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	778,407	119,008	-	41,036
Charges for services	-	45,627	66,641	-
Interest	-	-	224	746
Miscellaneous	-	-	15,939	-
Total Revenues	<u>778,407</u>	<u>164,635</u>	<u>82,804</u>	<u>41,782</u>
<b>EXPENDITURES</b>				
Current:				
General government	729,364	-	-	-
Public safety	-	-	-	351,767
Highways and streets	-	-	-	-
Culture and recreation	-	283,643	126,438	-
Health and welfare	40,000	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>769,364</u>	<u>283,643</u>	<u>126,438</u>	<u>351,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,043</u>	<u>(119,008)</u>	<u>(43,634)</u>	<u>(309,985)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	41,800
Transfers in	-	119,008	-	-
Transfers out	(9,043)	-	-	-
Total Other Financing Sources (Uses)	<u>(9,043)</u>	<u>119,008</u>	<u>-</u>	<u>41,800</u>
Net Change in Fund Balances	-	-	(43,634)	(268,185)
Fund Balance at Beginning of Year	-	10,000	121,992	578,797
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 78,358</u>	<u>\$ 310,612</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 523,299	\$ -	\$ -
695,615	-	2,330,853	-	-	-
-	29,401	-	-	-	8,615
1,809	353	-	637	1	24
-	-	6,000	9,348	4,832	-
<u>697,424</u>	<u>29,754</u>	<u>2,336,853</u>	<u>533,284</u>	<u>4,833</u>	<u>8,639</u>
-	23,832	-	-	-	4,588
533,835	-	1,199,784	-	-	-
-	-	1,301,096	406,649	-	-
-	-	67,431	-	3,711	-
-	-	212,809	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>533,835</u>	<u>23,832</u>	<u>2,781,120</u>	<u>406,649</u>	<u>3,711</u>	<u>4,588</u>
<u>163,589</u>	<u>5,922</u>	<u>(444,267)</u>	<u>126,635</u>	<u>1,122</u>	<u>4,051</u>
-	-	-	-	-	-
-	-	444,267	-	-	-
(9,564)	(12,465)	-	(150,000)	-	-
<u>(9,564)</u>	<u>(12,465)</u>	<u>444,267</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>
154,025	(6,543)	-	(23,365)	1,122	4,051
<u>819,013</u>	<u>177,052</u>	<u>-</u>	<u>400,138</u>	<u>323</u>	<u>11,925</u>
<u>\$ 973,038</u>	<u>\$ 170,509</u>	<u>\$ -</u>	<u>\$ 376,773</u>	<u>\$ 1,445</u>	<u>\$ 15,976</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, 2010**

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
<b>REVENUES</b>			
Taxes and special assessments	\$ -	\$ 490,447	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	21,800
Interest	56	667	507
Miscellaneous	-	-	-
Total Revenues	<u>56</u>	<u>491,114</u>	<u>22,307</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	4,337
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	298,257	-
Health and welfare	-	-	-
Economic development	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>-</u>	<u>298,257</u>	<u>4,337</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	<u>56</u>	<u>192,857</u>	<u>17,970</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	56	192,857	17,970
Fund Balance at Beginning of Year	<u>25,287</u>	<u>292,569</u>	<u>158,376</u>
Fund Balances at End of Year	<u>\$ 25,343</u>	<u>\$ 485,426</u>	<u>\$ 176,346</u>



## EXHIBIT C-4

Page 2 of 2

Park Dedication Fund	Juvenile Case Manager Fund	Capital Asset Replacement Fund	Boys & Girls Club Fund	Tax Increment Reinvestment Zone fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,013,746
-	-	-	76,575	1,705,690	5,747,184
11,085	32,321	-	96,235	-	311,725
-	81	33	450	5	5,593
-	-	-	128,152	-	164,271
11,085	32,402	33	301,412	1,705,695	7,242,519
-	16,379	-	-	-	778,500
-	-	225,890	-	-	2,311,276
-	-	-	-	-	1,707,745
11,085	-	-	517,437	-	1,308,002
-	-	-	-	-	252,809
-	-	-	-	3,466,582	3,466,582
-	-	-	272,001	-	272,001
-	-	-	7,194	-	7,194
11,085	16,379	225,890	796,632	3,466,582	10,104,109
-	16,023	(225,857)	(495,220)	(1,760,887)	(2,861,590)
-	-	-	-	-	41,800
-	-	80,000	552,200	1,760,892	2,956,367
-	-	-	-	-	(181,072)
-	-	80,000	552,200	1,760,892	2,817,095
-	16,023	(145,857)	56,980	5	(44,495)
-	38,665	160,883	120,821	4,635	2,920,476
\$ -	\$ 54,688	\$ 15,026	\$ 177,801	\$ 4,640	\$ 2,875,981

**CITY OF MISSION, TEXAS**  
**COMMUNITY DEVELOPMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-5**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,339,615	\$ 778,407	\$ (561,208)
Total Intergovernmental	<u>1,339,615</u>	<u>778,407</u>	<u>(561,208)</u>
Total Revenues	<u>1,339,615</u>	<u>778,407</u>	<u>(561,208)</u>
Expenditures:			
Current:			
General Government:			
General administration	219,454	192,216	27,238
Housing rehabilitation	<u>1,065,257</u>	<u>537,148</u>	<u>528,109</u>
Total General Government	<u>1,284,711</u>	<u>729,364</u>	<u>555,347</u>
Health and Welfare:			
Other social services	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Health and Welfare	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Expenditures	<u>1,324,711</u>	<u>769,364</u>	<u>555,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,904</u>	<u>9,043</u>	<u>(5,861)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(14,904)</u>	<u>(9,043)</u>	<u>5,861</u>
Total Other Financing Sources (Uses)	<u>(14,904)</u>	<u>(9,043)</u>	<u>5,861</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

EXHIBIT C-6

## AQUATICS FUND

### SPECIAL REVENUE FUND

#### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 177,385	\$ 119,008	\$ (58,377)
Total Intergovernmental	177,385	119,008	(58,377)
Charges for Service:			
Aquatics	35,000	45,627	10,627
Total Charges for Services	35,000	45,627	10,627
Total Revenues	212,385	164,635	(47,750)
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	203,610	161,020	42,590
Employee benefits	49,611	32,385	17,226
Purchased property services	60,000	36,512	23,488
Other purchased services	13,500	5,153	8,347
Supplies	62,400	48,308	14,092
Miscellaneous	650	265	385
Total Culture and Recreation	389,771	283,643	106,128
Total Expenditures	389,771	283,643	106,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,386)	(119,008)	58,378
Other Financing Sources (Uses):			
Transfers in	177,386	119,008	(58,378)
Total Other Financing Sources (Uses)	177,386	119,008	(58,378)
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, 2010**

**EXHIBIT C-7**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	2,000	132	(1,869)
Interest earned on demand deposits	<u>\$ 2,000</u>	<u>\$ 92</u>	<u>\$ (1,908)</u>
Total Interest	<u>4,000</u>	<u>224</u>	<u>(3,777)</u>
Miscellaneous:			
Fees and charges	80,000	66,641	(13,359)
Fundraising	20,000	15,449	(4,551)
Sponsorship and donations	-	490	490
Total Miscellaneous	<u>100,000</u>	<u>82,580</u>	<u>(17,420)</u>
Total Revenues	<u>104,000</u>	<u>82,804</u>	<u>(21,197)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Employee benefits	600	336	264
Professional & technical services	75,000	70,989	4,011
Other purchased services	35,000	33,497	1,503
Supplies	36,600	18,609	17,991
Miscellaneous	9,200	3,007	6,193
Total Culture and Recreation	<u>156,400</u>	<u>126,438</u>	<u>29,962</u>
Total Expenditures	<u>156,400</u>	<u>126,438</u>	<u>29,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(52,400)</u>	<u>(43,634)</u>	<u>8,765</u>
Net Change in Fund Balance	(52,400)	(43,634)	8,765
Fund Balance at Beginning of Year	<u>121,992</u>	<u>121,992</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 69,592</u>	<u>\$ 78,358</u>	<u>\$ 8,765</u>

**CITY OF MISSION, TEXAS**  
**POLICE DEPARTMENT SPECIAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-8**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State Seizures:			
State seizures	\$ 37,593	\$ 41,036	\$ 3,442
Total State Seizures	<u>37,593</u>	<u>41,036</u>	<u>3,442</u>
Interest:			
Interest earned on investments	500	667	167
Interest earned on demand deposits	<u>300</u>	<u>79</u>	<u>(221)</u>
Total Interest	<u>800</u>	<u>746</u>	<u>(54)</u>
Total Revenues	<u>38,393</u>	<u>41,782</u>	<u>3,388</u>
Expenditures:			
Current:			
Public Safety:			
State Seizures:			
Personal services	68,200	64,351	3,849
Employee benefits	17,135	15,682	1,453
Professional & technical services	-	7,836	(7,836)
Purchased property services	7,840	5,840	2,000
Other purchased services	6,689	6,683	6
Supplies	10,479	6,251	4,228
Capital outlays	506,398	245,124	261,274
Miscellaneous	-	-	-
Total Public Safety	<u>616,741</u>	<u>351,767</u>	<u>264,974</u>
Total Expenditures	<u>616,741</u>	<u>351,767</u>	<u>264,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(578,348)</u>	<u>(309,985)</u>	<u>268,362</u>
Other Financing Sources (Uses):			
Sale of capital assets	-	41,800	41,800
Total Other Financing Sources (Uses)	<u>-</u>	<u>41,800</u>	<u>41,800</u>
Net Change in Fund Balance	(578,348)	(268,185)	310,162
Fund Balance at Beginning of Year	<u>578,797</u>	<u>578,797</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 449</u>	<u>\$ 310,612</u>	<u>\$ 310,162</u>

**CITY OF MISSION, TEXAS**  
**POLICE FEDERAL SHARING FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-9**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ 621,914	\$ 695,615	\$ 73,701
Total Intergovernmental	621,914	695,615	73,701
Interest:			
Interest earned on investments	1,000	1,144	144
Interest earned on demand deposits	300	665	365
Total Interest	1,300	1,809	509
Total Revenues	623,214	697,424	74,210
Expenditures:			
Current:			
Public Safety:			
Personal services	289,543	250,000	39,543
Employee benefits	12,581	-	12,581
Professional & technical services	25,330	25,006	324
Purchased property services	26,000	22,882	3,118
Other purchased services	25,600	23,421	2,179
Supplies	32,670	21,990	10,680
Capital outlays	454,507	190,586	263,921
Miscellaneous	5,923	(50)	5,973
Total Public Safety	872,154	533,835	338,319
Total Expenditures	872,154	533,835	338,319
Excess (Deficiency) of Revenues Over (Under) Expenditures	(248,940)	163,589	412,529
Other Financing Sources (Uses):			
Transfers out	(9,780)	(9,564)	216
Total Other Financing Sources (Uses)	(9,780)	(9,564)	216
Net Change in Fund Balance	(258,720)	154,025	412,745
Fund Balance at Beginning of Year	819,013	819,013	-
Fund Balance at End of Year	\$ 560,293	\$ 973,038	\$ 412,745

**CITY OF MISSION, TEXAS**  
**MUNICIPAL COURT TECHNOLOGY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-10**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Court technology fees	\$ 33,000	\$ 29,401	\$ (3,598)
Total Charges for Services	33,000	29,401	(3,598)
Interest:			
Interest earned on investments	1,500	241	(1,260)
Interest earned on demand deposits	300	112	(188)
Total Interest	1,800	353	(1,448)
Total Revenues	34,800	29,754	(5,046)
Expenditures:			
Current:			
General Government:			
Purchased property services	6,700	4,892	1,808
Supplies	500	-	500
Capital outlays	30,000	18,458	11,542
Miscellaneous	10,000	482	9,518
Total General Government	47,200	23,832	23,368
Total Expenditures	47,200	23,832	23,368
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,400)	5,922	18,322
Other Financing Sources (Uses):			
Transfer Out	(24,000)	(12,465)	11,535
Total Other Financing Sources (Uses)	(24,000)	(12,465)	11,535
Net Change in Fund Balance	(36,400)	(6,543)	29,857
Fund Balance at Beginning of Year	177,052	177,052	-
Fund Balance at End of Year	\$ 140,652	\$ 170,509	\$ 29,857

**CITY OF MISSION, TEXAS**  
**DESIGNATED PURPOSE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-11**  
Page 1 of 4

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Intergovernmental:</b>			
Bullet Proof Vest Grant	\$ 9,780	\$ 9,565	\$ (215)
Urban County Grant-B&G Club	37,000	41,762	4,762
SAFER EMW-2005-FF-01316	204,003	164,541	(39,462)
TDRA Disaster Recovery Grant	1,886,739	969,081	(917,658)
Tabacco Compliance Grant	5,000	5,000	-
OVAG Grant# 0802439	44,351	48,126	3,775
Lone Star Library Grant	21,669	21,669	-
Energy Efficiency Grant	629,500	332,015	(297,485)
State CDBG Disaster Recovery	209,638	50,268	(159,370)
2007 SHSP/LETPP	15,740	10,085	(5,655)
LRGDVC-SSBG	153,497	153,497	-
2008 SHSP/SHSP-LEAP	45,459	10,600	(34,859)
Target Community Grant	3,000	3,000	-
2009 SHSP Grant	66,828	66,827	(1)
2009 Edward Byrne Memorial Grant	66,180	66,132	(48)
U.S. Marshals Task Force	11,000	7,381	(3,619)
Border Initiative Grant	330,000	255,423	(74,577)
Edward Byrne Memorial Justice Grant	37,418	37,380	(38)
Tx. Dept of Transportation-Step Grant	88,898	81,501	(7,397)
Total Intergovernmental	<u>3,865,700</u>	<u>2,333,853</u>	<u>(1,531,847)</u>
<b>Miscellaneous:</b>			
Wal-mart Child ID Program	4,000	3,000	(1,000)
Total Miscellaneous	<u>4,000</u>	<u>3,000</u>	<u>(1,000)</u>
<b>Total Revenues</b>	<u>3,869,700</u>	<u>2,336,853</u>	<u>(1,532,847)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Safety:</b>			
Tabacco Compliance Grant:			
Personal services	5,000	5,000	-
	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>SAFER EMW-2005-FF-013:</b>			
Personal services	503,432	448,934	54,498
Employee benefits	155,571	141,266	14,305
	<u>659,003</u>	<u>590,200</u>	<u>68,803</u>
<b>Wal-mart Child ID Program:</b>			
Supplies	1,000	-	1,000
	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Bullet Proof Vest Grant:</b>			
Capital outlays	19,560	19,129	431
	<u>19,560</u>	<u>19,129</u>	<u>431</u>



**CITY OF MISSION, TEXAS**  
**DESIGNATED PURPOSE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-11**  
Page 2 of 4

	Budget	Actual	Variance Positive (Negative)
OVAG Grant# 0802439			
Personal services	29,887	32,852	(2,965)
Employee benefits	11,284	12,138	(854)
Other purchased services	830	967	(137)
Supplies	1,500	1,486	14
Miscellaneous	850	683	167
	<u>44,351</u>	<u>48,126</u>	<u>(3,775)</u>
Wal-mart Safe Neighborhood Program:			
Capital outlays	2,000	2,000	-
	<u>2,000</u>	<u>2,000</u>	<u>-</u>
TXDOT-Step Grant:			
Personal services	68,740	64,162	4,578
Employee benefits	16,449	15,212	1,237
Other purchased services	2,709	1,195	1,514
Supplies	1,000	932	68
	<u>88,898</u>	<u>81,501</u>	<u>7,397</u>
Edward Byrne Memorial Justice Grant:			
Capital outlays	37,418	37,380	38
	<u>37,418</u>	<u>37,380</u>	<u>38</u>
2007 SHSP/LETPP:			
Capital outlays	15,740	10,085	5,655
	<u>15,740</u>	<u>10,085</u>	<u>5,655</u>
2009 SHSP Grant:			
Capital outlays	66,828	66,827	1
	<u>66,828</u>	<u>66,827</u>	<u>1</u>
2009 Edward Byrne Memorial Grant:			
Capital outlays	66,180	66,132	48
	<u>66,180</u>	<u>66,132</u>	<u>48</u>
2008 SHSP/SHSP-LEAP Grant:			
Capital outlays	45,459	10,600	34,859
	<u>45,459</u>	<u>10,600</u>	<u>34,859</u>
U.S. Marshals-Task Force:			
Motor vehicle fuel	6,000	2,996	3,004
Capital outlays	5,000	4,385	615
	<u>11,000</u>	<u>7,381</u>	<u>3,619</u>
Border Initiative Grant:			
Personal services	34,770	8,645	26,125
Employee benefits	10,230	3,695	6,535

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2010*

**EXHIBIT C-11**  
Page 3 of 4

	Budget	Actual	Variance Positive (Negative)
Supplies	3,110	-	3,110
Capital outlays	281,890	243,083	38,807
	330,000	255,423	74,577
 Total Public Safety	 1,392,437	 1,199,784	 192,653
 Health and Welfare:			
LRGVDC -SSBG Grant:			
Personal services	22,318	17,514	4,804
Employee benefits	7,494	5,664	1,830
Capital outlays	39,291	39,248	43
Miscellaneous	99,298	100,115	(817)
	168,401	162,541	5,860
 State CDBG Disaster Recovery Grant:			
Assistance to others	209,638	50,268	159,370
	209,638	50,268	159,370
 Total Health and Welfare	 378,039	 212,809	 165,230
 Highways and Streets:			
Energy Efficiency Grant:			
Supplies	212,350	212,096	254
Capital outlays	417,150	119,919	297,231
	629,500	332,015	297,485
 TDRA Disaster Recovery Grant:			
Professional and technical services	194,217	-	194,217
Capital outlays	1,692,522	969,081	723,441
	1,886,739	969,081	917,658
 Total Highways and Streets	 2,516,239	 1,301,096	 1,215,143
 Culture and Recreation:			
Target Community Grant-Library:			
Other Purchased Services	300	300	-
Supplies	1,200	1,200	-
Miscellaneous	1,500	1,500	-
	3,000	3,000	-
 Wal-Mart Grant Library:			
Supplies	1,000	1,000	-
	1,000	1,000	-
 Loan Star Libraries Grant:			
Capital outlays	21,669	21,669	-
	21,669	21,669	-

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2010*

**EXHIBIT C-11**  
Page 4 of 4

	Budget	Actual	Variance Positive (Negative)
Urban County Grant-Boys & Girls Club:			
Personal services	19,000	23,417	(4,417)
Employee benefits	3,000	3,345	(345)
Supplies	6,239	6,239	-
Capital outlays	8,761	8,761	-
	<u>37,000</u>	<u>41,762</u>	<u>(4,762)</u>
 Total Culture and Recreation	 <u>62,669</u>	 <u>67,431</u>	 <u>(4,762)</u>
  Total Expenditures	  <u>4,349,384</u>	  <u>2,781,120</u>	  <u>1,568,264</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(479,684)</u>	 <u>(444,267)</u>	 <u>35,417</u>
Other Financing Sources (Uses)			
Transfers in	<u>479,684</u>	<u>444,267</u>	<u>35,417</u>
Total Other Financing Sources (Uses)	<u>479,684</u>	<u>444,267</u>	<u>(35,417)</u>
 Net Change in Fund Balance	 -	 -	 -
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

# CITY OF MISSION, TEXAS

EXHIBIT C-12

DRAINAGE ASSESSMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 540,000	\$ 523,299	\$ (16,701)
Total Assessments	540,000	523,299	(16,701)
Interest:			
Interest earned on investments	5,000	386	(4,614)
Interest earned on demand deposits	500	251	(249)
Total Interest	5,500	637	(4,863)
Miscellaneous:			
Drainage reimb.-subdividers	3,000	9,348	6,348
Total Miscellaneous	3,000	9,348	6,348
Total Revenues	548,500	533,284	(15,216)
Expenditures:			
Current:			
Highways and Streets:			
Professional and technical services	-	109,500	(109,500)
Other purchased services	-	417	(417)
Capital outlays	440,000	292,607	147,393
Supplies	5,000	4,125	875
Total Highways and Streets	445,000	406,649	38,351
Total Expenditures	445,000	406,649	38,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	103,500	126,635	23,135
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-
Net Change in Fund Balance	(46,500)	(23,365)	23,135
Fund Balance at Beginning of Year	400,138	400,138	-
Fund Balance at End of Year	\$ 353,638	\$ 376,773	\$ 23,135

**CITY OF MISSION, TEXAS****EXHIBIT C-13***MISSION JR. GOLF TRUST**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2010*

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest:			
Interest earned on demand deposits	\$ -	\$ 1	\$ 1
Total Interest	-	1	1
Miscellaneous:			
Contribution and donations	3,000	4,832	1,832
Total Miscellaneous	3,000	4,832	1,832
Total Revenues	3,000	4,833	1,833
Expenditures:			
Current:			
Culture and Recreation:			
Other purchased services	3,000	3,711	(711)
Total Culture and Recreation	3,000	3,711	(711)
Total Expenditures	3,000	3,711	(711)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,122	1,122
Fund Balance at Beginning of Year	323	323	-
Fund Balance at End of Year	\$ 323	\$ 1,445	\$ 1,122

**CITY OF MISSION, TEXAS**  
**RECORDS PRESERVATION FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-14**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 8,500	\$ 8,615	\$ 115
Total Charges for Service	8,500	8,615	115
Interest:			
Interest earned on demand deposits	-	8	8
Interest earned on Investments	-	16	16
Total Interest	-	24	24
Total Revenues	8,500	8,639	139
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,000	1,000	-
Supplies	6,000	3,588	2,412
Capital outlays	2,000	-	2,000
Total Record Preservation	9,000	4,588	4,412
Total Expenditures	9,000	4,588	4,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	4,051	4,551
Fund Balance at Beginning of Year	11,925	11,925	-
Fund Balance at End of Year	\$ 11,425	\$ 15,976	\$ 4,551

**CITY OF MISSION, TEXAS**  
**SPEER MEMORIAL LIBRARY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-15**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ 200	\$ 50	\$ (150)
Interest earned on demand deposits	20	6	\$ (14)
Total Interest	<u>220</u>	<u>56</u>	<u>(164)</u>
 Total Revenues	 <u>220</u>	 <u>56</u>	 <u>(164)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Miscellaneous	-	-	-
Capital outlays	<u>-</u>	<u>-</u>	<u>-</u>
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 220	 56	 (164)
 Fund Balance at Beginning of Year	 <u>25,287</u>	 <u>25,287</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 25,507</u>	 <u>\$ 25,343</u>	 <u>\$ (164)</u>

**CITY OF MISSION, TEXAS**  
**HOTEL/MOTEL TAX FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-16**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 515,000	\$ 486,025	\$ (28,975)
Penalties and interest-hotel occupancy tax	-	4,422	4,422
Total Taxes	515,000	490,447	(24,553)
Interest:			
Interest earned on demand deposits	1,000	224	(776)
Interest Earned on Investments	1,000	443	(557)
Total Interest	2,000	667	(1,333)
Total Revenues	517,000	491,114	(25,886)
Expenditures:			
Current:			
General Government:			
Tourist Promotion & Adverstising:			
Miscellaneous	320,000	275,000	45,000
Other Purchased Services	30,000	3,257	26,743
	350,000	278,257	71,743
Historical Org. and Site:			
Miscellaneous	60,000	20,000	40,000
	60,000	20,000	40,000
Total Culture and Recreation	410,000	298,257	111,743
Total Expenditures	410,000	298,257	111,743
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,000	192,857	85,857
Fund Balance at Beginning of Year	292,569	292,569	-
Fund Balance at End of Year	\$ 399,569	\$ 485,426	\$ 85,857



**CITY OF MISSION, TEXAS**  
**MUNICIPAL COURT BLDG SECURITY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-17**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 25,000	\$ 21,800	\$ (3,200)
Total Charges for Services	25,000	21,800	(3,200)
Interest:			
Interest earned on investments	500	411	(89)
Interest earned on demand deposits	450	96	(354)
Total Interest	950	507	(443)
Total Revenues	25,950	22,307	(3,643)
Expenditures:			
Current:			
Purchased property services	5,000	-	5,000
Other purchased services	6,065	4,337	1,728
Supplies	500	-	500
Capital outlays	10,000	-	10,000
Total Expenditures	21,565	4,337	17,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,385	17,970	13,585
Fund Balance at Beginning of Year	158,376	158,376	-
Fund Balance at End of Year	\$ 162,761	\$ 176,346	\$ 13,585

**CITY OF MISSION, TEXAS****EXHIBIT C-18***PARK DEDICATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2010*

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Park dedication fee	\$ 13,925	\$ 11,085	\$ (2,840)
Total Charges for Services	13,925	11,085	(2,840)
Total Revenues	13,925	11,085	(2,840)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	-	-	-
Zone 2-Northeast:			
Capital outlays	-	-	-
Zone 3-Southwest:			
Capital outlays	13,925	11,085	2,840
Zone 4-Southeast:			
Capital outlays	-	-	-
Zone 5 -Central:			
Capital outlays	-	-	-
Total Culture and Recreation	13,925	11,085	2,840
Total Expenditures	13,925	11,085	2,840
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, 2010**

**EXHIBIT C-19**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 35,000	\$ 32,321	\$ (2,679)
Total Charges for Services	<u>35,000</u>	<u>32,321</u>	<u>(2,679)</u>
Interest:			
Interest earned on investments	50	42	(8)
Interest earned on demand deposits	<u>100</u>	<u>39</u>	<u>(61)</u>
Total Interest	<u>150</u>	<u>81</u>	<u>(69)</u>
Total Revenues	<u>35,150</u>	<u>32,402</u>	<u>(2,748)</u>
Expenditures:			
Current:			
Personal services	21,200	10,961	10,239
Employee benefits	<u>7,948</u>	<u>5,418</u>	<u>2,530</u>
Total Expenditures	<u>29,148</u>	<u>16,379</u>	<u>12,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,002	16,023	10,021
Fund Balance at Beginning of Year	<u>38,665</u>	<u>38,665</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 44,667</u>	<u>\$ 54,688</u>	<u>\$ 10,021</u>

**CITY OF MISSION, TEXAS**  
**CAPITAL ASSET REPLACEMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-20**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest:			
Interest on investment	\$ 100	\$ -	\$ (100)
Interest earned on demand deposits	100	33	(67)
Total Interest	200	33	(167)
Total Revenues	200	33	(167)
Expenditures:			
Current:			
Capital outlays	240,000	225,890	14,110
Total Expenditures	240,000	225,890	14,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(239,800)	(225,857)	13,943
Other Financing Sources (Uses):			
Transfers in	80,000	80,000	-
Total Other Financing Sources (Uses)	80,000	80,000	-
Net Change in Fund Balance	(159,800)	(145,857)	13,943
Fund Balance at Beginning of Year	160,883	160,883	-
Fund Balance at End of Year	\$ 1,083	\$ 15,026	\$ 13,943

**CITY OF MISSION, TEXAS**  
**BOYS AND GIRLS CLUB FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-21**

Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Program fees	\$ 102,560	\$ 96,235	\$ (6,325)
Grants	74,130	76,575	2,445
Contributions	6,100	3,927	(2,173)
Fundraising	52,500	44,354	(8,146)
Membership dues and fees	25,450	8,637	(16,813)
Concession	21,000	10,376	(10,624)
Miscellaneous	46,000	60,858	14,858
Total Operating Revenues	327,740	300,962	(26,778)
Interest:			
Interest earned on investments	500	343	(157)
Interest earned on demand deposit	500	107	(393)
Total Interest	1,000	450	(550)
Total Revenues	328,740	301,412	(27,328)
Expenditures:			
Programs:			
Administration:			
Personal services	395,634	296,336	99,298
Employee benefits	83,151	52,020	31,131
Purchased property services	45,109	43,059	2,050
Other purchased services	8,465	4,174	4,291
Supplies	30,950	15,574	15,376
Capital outlays	500	-	500
Miscellaneous	56,450	46,024	10,426
	620,259	457,187	163,072
Little League:			
Professional & technical services	15,500	14,205	1,295
Supplies	19,100	15,126	3,974
Miscellaneous	5,230	4,639	591
	39,830	33,970	5,860
Basketball:			
Professional & technical services	3,528	3,528	-
Supplies	2,882	2,856	26
	6,410	6,384	26
Football:			
Professional & technical services	4,550	4,423	127
Supplies	10,200	9,295	905
Miscellaneous	100	-	100
	14,850	13,718	1,132

**CITY OF MISSION, TEXAS**  
**BOYS AND GIRLS CLUB FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-21**  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other programs:			
Professional & technical services	853	742	111
Other purchased services	900	812	88
Supplies	5,735	2,540	3,195
Miscellaneous	2,357	2,084	273
	<u>9,845</u>	<u>6,178</u>	<u>3,667</u>
Total Programs	<u>691,194</u>	<u>517,437</u>	<u>173,757</u>
Debt Service:			
Principal retirement	266,200	272,001	(5,801)
Interest	13,500	7,194	6,306
	<u>279,700</u>	<u>279,195</u>	<u>505</u>
Total Debt Service	<u>279,700</u>	<u>279,195</u>	<u>505</u>
Total Expenditures	<u>970,894</u>	<u>796,632</u>	<u>174,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(642,154)	(495,220)	146,934
Other Financing Source(Uses):			
Transfers in (out)	552,200	552,200	-
Total Other Financing Sources (Uses)	<u>552,200</u>	<u>552,200</u>	<u>-</u>
Net Change in Fund Balance	(89,954)	56,980	146,934
Fund Balance at Beginning of Year	<u>120,821</u>	<u>120,821</u>	<u>-</u>
Fund Balance at End of Year	<u>30,867</u>	<u>177,801</u>	<u>146,934</u>

**CITY OF MISSION, TEXAS**  
**TAX INCREMENT REINVESTMENT ZONE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-22**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,500,000	\$ 1,705,690	\$ 205,690
Total Intergovernmental:	<u>1,500,000</u>	<u>1,705,690</u>	<u>205,690</u>
Interest:			
Interest earned on demand deposits	<u>200</u>	<u>5</u>	<u>(195)</u>
Total Interest	<u>200</u>	<u>5</u>	<u>(195)</u>
Total Revenues	<u>1,500,200</u>	<u>1,705,695</u>	<u>205,495</u>
Expenditures:			
Current:			
Economic Development	<u>3,800,000</u>	<u>3,466,582</u>	<u>333,418</u>
	<u>3,800,000</u>	<u>3,466,582</u>	<u>333,418</u>
Total Expenditures	<u>3,800,000</u>	<u>3,466,582</u>	<u>333,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,299,800)	(1,760,887)	538,913
Other Financing Sources (Uses):			
Transfers in	<u>2,300,000</u>	<u>1,760,892</u>	<u>(539,108)</u>
Total Other Financing Sources (Uses)	<u>2,300,000</u>	<u>1,760,892</u>	<u>(539,108)</u>
Net Change in Fund Balance	200	5	(195)
Fund Balance at Beginning of Year	<u>4,635</u>	<u>4,635</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,835</u>	<u>\$ 4,640</u>	<u>\$ (195)</u>

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**CITY OF MISSION, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-23**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 3,400,000	\$ 3,424,165	\$ 24,165
Delinquent ad valorem taxes	134,000	155,028	21,028
Interest & penalties on taxes	100,000	98,712	(1,288)
Total Taxes	<u>3,634,000</u>	<u>3,677,905</u>	<u>43,905</u>
Interest:			
Interest earned on investments	20,000	2,979	(17,021)
Interest earned on demand deposits	4,000	1,062	(2,938)
Total Interest	<u>24,000</u>	<u>4,041</u>	<u>(19,959)</u>
Total Revenues	<u>3,658,000</u>	<u>3,681,946</u>	<u>23,946</u>
Expenditures:			
Current:			
Debt Service:			
Principal retirement	1,692,000	1,692,000	-
Interest and fiscal agent charges	1,526,377	1,292,886	233,491
Total Debt Service	<u>3,218,377</u>	<u>2,984,886</u>	<u>233,491</u>
Total Expenditures	<u>3,218,377</u>	<u>2,984,886</u>	<u>233,491</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>439,623</u>	<u>697,060</u>	<u>257,437</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(700,000)	(364,770)	335,230
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(364,770)</u>	<u>335,230</u>
Net Change in Fund Balance	(260,377)	332,290	592,667
Fund Balance at Beginning of Year	<u>1,140,526</u>	<u>1,140,526</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 880,149</u>	<u>\$ 1,472,816</u>	<u>\$ 592,667</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2010**

**EXHIBIT C-24**

	Capital Projects Fund	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 757,956	\$ 2,954	\$ 25,732	\$ 390,065	\$ 1,176,707
Investments	-	-	606,530	4,707,586	5,314,116
Accrued interest receivable	-	-	-	760	760
Due from other funds	-	-	3,154	-	3,154
Restricted assets	77,533	-	-	-	77,533
Total Assets	<u>\$ 835,489</u>	<u>\$ 2,954</u>	<u>\$ 635,416</u>	<u>\$ 5,098,411</u>	<u>\$ 6,572,270</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 190,683	\$ 1,800	\$ -	\$ 47,175	\$ 239,658
Retainage payable	77,533	-	-	6,084	83,617
Total Liabilities	<u>268,216</u>	<u>1,800</u>	<u>-</u>	<u>53,259</u>	<u>323,275</u>
<b>FUND BALANCES</b>					
Reserved for encumbrances	-	-	-	4,178,316	4,178,316
Reserved for capital projects	567,273	1,154	635,416	866,836	2,070,679
Total Fund Balances	<u>567,273</u>	<u>1,154</u>	<u>635,416</u>	<u>5,045,152</u>	<u>6,248,995</u>
Total Liabilities and Fund Balances	<u>\$ 835,489</u>	<u>\$ 2,954</u>	<u>\$ 635,416</u>	<u>\$ 5,098,411</u>	<u>\$ 6,572,270</u>

**CITY OF MISSION, TEXAS****EXHIBIT C-25**

*COMBINING STATEMENT OF REVENUES, EXPENDITURE  
AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010*

	Capital Projects Fund	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:					
Interest	\$ 323	\$ 144	\$ 1,241	\$ 12,739	\$ 14,447
Total Revenues	<u>323</u>	<u>144</u>	<u>1,241</u>	<u>12,739</u>	<u>14,447</u>
Expenditures:					
Current:					
Capital projects	1,823,114	310,071	61,612	470,047	2,664,844
Total Expenditures	<u>1,823,114</u>	<u>310,071</u>	<u>61,612</u>	<u>470,047</u>	<u>2,664,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,822,791)</u>	<u>(309,927)</u>	<u>(60,371)</u>	<u>(457,308)</u>	<u>(2,650,397)</u>
Other Financing Sources (Uses):					
Transfers In	1,048,713	-	-	-	1,048,713
Total Other Financing Sources (Uses)	<u>1,048,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,048,713</u>
Net Change in Fund Balance	(774,078)	(309,927)	(60,371)	(457,308)	(1,601,684)
Fund Balance at Beginning of Year	<u>1,341,351</u>	<u>311,081</u>	<u>695,787</u>	<u>5,502,460</u>	<u>7,850,679</u>
Fund Balance at End of Year	<u>\$ 567,273</u>	<u>\$ 1,154</u>	<u>\$ 635,416</u>	<u>\$ 5,045,152</u>	<u>\$ 6,248,995</u>

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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, 2010

EXHIBIT C-26

Page 1 of 4

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Water sales, net of adjustment	\$ 10,250,000	\$ 9,303,735	\$ (946,266)
Connection fee	100,000	122,432	22,432
Reconnect fee	100,000	91,320	(8,680)
W/W system cap. recovery fee	-	70,077	70,077
Sewage service	5,800,000	5,366,936	(433,064)
Wastewater assessment	50,000	60,809	10,808
Service charge	70,000	65,173	(4,827)
Industrial sewer surcharge	70,000	48,667	(21,333)
Waterline and sewer line	10,000	1,443	(8,557)
5% credit card fee	5,000	11,252	6,252
Miscellaneous income	20,000	105,682	85,682
Operating Revenues	16,475,000	15,247,526	(1,227,476)
Nonoperating Revenues:			
Interest earned	260,000	43,394	(216,607)
Gain (loss) on disposal of capital assets	-	(1,000)	(1,000)
Insurance settlement	-	8,251	8,251
Nonoperating Revenues	260,000	50,645	(209,356)
Total Revenues	16,735,000	15,298,171	(1,436,832)
Operating Expenses:			
Utility Administration:			
Personal services	411,987	413,930	(1,944)
Employee benefits	127,248	136,247	(9,000)
Purchased property services	31,600	28,699	2,901
Other purchased services	21,050	14,838	6,212
Supplies	12,000	9,728	2,272
Miscellaneous	2,500	1,032	1,468
	606,385	604,474	1,909
Water Distribution:			
Personal services	950,068	928,971	21,097
Employee benefits	334,774	350,616	(15,842)
Professional & technical services	5,100	800	4,300
Purchased property services	570,000	456,463	113,537
Other purchased services	38,000	24,838	13,162
Supplies	1,040,218	633,109	407,109
Capital outlays	565,677	455,243	110,434
Miscellaneous	86,650	69,656	16,994
	3,590,487	2,919,696	670,791
Water Treatment:			
Personal services	365,292	363,392	1,900
Employee benefits	129,339	129,568	(229)

**CITY OF MISSION, TEXAS****UTILITY FUND****ENTERPRISE FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2010****EXHIBIT C-26**

Page 2 of 4

	Budget	Actual	Variance Positive (Negative)
Professional & technical services	87,567	73,897	13,670
Purchased property services	312,620	271,338	41,282
Other purchased services	20,000	15,197	4,803
Supplies	803,341	678,514	124,827
Capital outlays	45,000	36,283	8,717
Miscellaneous	127,052	54,032	73,020
	<u>1,890,211</u>	<u>1,622,221</u>	<u>267,990</u>
<b>Wastewater Treatment and Collection:</b>			
Personal services	355,272	332,687	22,585
Employee benefits	119,545	117,288	2,257
Professional & technical services	45,000	44,390	610
Purchased property services	839,000	806,502	32,498
Other purchased services	9,150	7,000	2,150
Supplies	246,868	184,768	62,100
Capital outlays	43,697	20,800	22,897
Miscellaneous	284,167	268,899	15,268
	<u>1,942,699</u>	<u>1,782,334</u>	<u>160,365</u>
<b>Industrial Pretreatment:</b>			
Personal services	41,437	41,113	324
Employee benefits	12,564	13,847	(1,283)
Professional & technical services	1,000	-	1,000
Purchased property services	195,000	118,560	76,440
Other purchased services	1,000	499	501
Supplies	14,100	7,397	6,703
Miscellaneous	118,000	62,407	55,593
	<u>383,101</u>	<u>243,823</u>	<u>139,278</u>
<b>Utility Billing and Collection:</b>			
Personal services	206,385	206,138	247
Employee benefits	63,439	69,149	(5,710)
Purchased property services	22,400	9,283	13,117
Other purchased services	105,840	105,627	213
Supplies	16,085	14,121	1,964
Capital outlays	12,800	800	12,000
Miscellaneous	3,000	2,506	494
	<u>429,949</u>	<u>407,624</u>	<u>22,325</u>
<b>Organizational Expense:</b>			
Professional & technical services	212,379	114,190	98,189
Other purchased services	70,552	64,581	5,971
Miscellaneous	76,500	78,257	(1,757)
	<u>359,431</u>	<u>257,028</u>	<u>102,403</u>



**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-26**  
Page 3 of 4

	Budget	Actual	Variance Positive (Negative)
Meter Readers:			
Personal services	235,860	237,259	(1,399)
Employee benefits	83,465	87,700	(4,235)
Purchased property services	4,337	1,490	2,846
Other purchased services	5,030	3,936	1,094
Supplies	86,448	73,040	13,408
Capital outlays	84,300	82,415	1,885
	<u>499,440</u>	<u>485,840</u>	<u>13,599</u>
Northside Water Treatment Plant:			
Personal services	164,713	155,794	8,919
Employee benefits	63,424	60,789	2,635
Professional & technical services	46,702	19,141	27,562
Purchased property services	453,360	373,170	80,190
Other purchased services	4,200	4,181	19
Supplies	986,790	816,524	170,266
Capital outlays	20,953	20,029	924
Miscellaneous	68,250	40,571	27,679
	<u>1,808,392</u>	<u>1,490,199</u>	<u>318,194</u>
2006 Refunding Issue			
Professional & technical services	32,926	8,403	24,523
Capital outlays	526,300	526,300	-
	<u>559,226</u>	<u>534,703</u>	<u>24,523</u>
2006 A Revenue Bond			
Professional & technical services	159,994	158,941	1,053
Capital outlays	7,753,559	296,176	7,457,383
Miscellaneous	394,768	-	394,768
	<u>8,308,321</u>	<u>455,117</u>	<u>7,853,204</u>
2009 Jr Lien Revenue Bond:			
Professional & technical services	49,000	29,206	19,794
Capital outlays	7,743,350	2,260,290	5,483,060
	<u>7,792,350</u>	<u>2,289,496</u>	<u>5,502,854</u>
2001 Bonds-Sewer Projects:			
Professional & technical services	142,571	116,702	25,869
Capital outlays	285,992	117,325	168,667
	<u>428,563</u>	<u>234,027</u>	<u>194,536</u>
Total Operating Expenses	<u>28,598,555</u>	<u>13,326,582</u>	<u>15,271,971</u>

**CITY OF MISSION, TEXAS***UTILITY FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2010***EXHIBIT C-26**

Page 4 of 4

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Nonoperating Expenses:			
Bond interest expense	1,627,936	1,740,971	(113,035)
Bond fiscal charges	9,000	6,921	2,079
Bond principal	2,297,316	9,293,939	(6,996,623)
Nonoperating Expenses	<u>3,934,252</u>	<u>11,041,831</u>	<u>(7,107,579)</u>
Transfers:			
Transfers In (Out)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Capital Contributions	<u>7,792,350</u>	<u>677,685</u>	<u>(7,114,665)</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>26,740,457</u>	<u>25,690,728</u>	<u>1,049,727</u>
Net Income (Budgetary Basis)	<u>\$ (10,005,457)</u>	<u>(10,392,557)</u>	<u>\$ (387,105)</u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(4,307,742)	
Bond principal		9,293,939	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>4,128,913</u>	
		<u>9,115,110</u>	
Net Income (GAAP Basis)		<u>\$ (1,277,447)</u>	

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-27**  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Pro shop sales	\$ 85,000	\$ 44,622	\$ (40,378)
Cart and club rental	175,000	135,296	(39,704)
Pull carts and club rentals	3,500	924	(2,576)
Food and beverage sales	95,000	64,894	(30,106)
Daily green fees	400,000	294,738	(105,262)
Trail fees	65,000	68,330	3,330
Juniors' fees	27,000	27,877	877
Prepaid members	225,000	237,048	12,048
Driving range	45,000	31,384	(13,616)
Miscellaneous income	2,000	3,631	1,631
Operating Revenues	<u>1,122,500</u>	<u>908,744</u>	<u>(213,756)</u>
Nonoperating Revenues:			
Interest earned	-	16	16
MEDC	100,000	100,000	-
Gain (loss) on disposal of capital assets	8,000	-	(8,000)
Insurance settlement	-	1,429	1,429
Nonoperating Revenues	<u>108,000</u>	<u>101,445</u>	<u>(6,555)</u>
Total Revenues	<u>1,230,500</u>	<u>1,010,189</u>	<u>(220,311)</u>
Operating Expenses:			
Cost of sales-pro shop	78,250	34,485	43,765
Cost of sales-restaurant	60,000	40,526	19,474
Total Cost of Sales	<u>138,250</u>	<u>75,011</u>	<u>63,239</u>
Golf Course Operation:			
Club House:			
Personal services	247,922	235,934	11,988
Employee benefits	73,222	67,647	5,575
Professional & technical services	1,500	1,500	-
Purchased property services	48,250	49,344	(1,094)
Other purchased services	5,250	4,734	516
Supplies	29,449	18,101	11,348
Capital outlays	2,000	-	2,000
Miscellaneous	6,500	5,847	653
	<u>414,093</u>	<u>383,107</u>	<u>30,986</u>
Grounds:			
Personal services	292,607	306,902	(14,295)
Employee benefits	108,015	105,553	2,462
Purchased property services	49,500	25,090	24,410
Other purchased services	1,000	733	267
Supplies	136,200	105,397	30,803
Miscellaneous	1,500	160	1,340
	<u>588,822</u>	<u>543,835</u>	<u>44,987</u>

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-27**  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Restaurant:			
Personal services	54,564	51,793	2,771
Employee benefits	9,707	8,110	1,597
Supplies	1,000	534	466
Miscellaneous	500	-	500
	<u>65,771</u>	<u>60,437</u>	<u>5,334</u>
Organizational Expense:			
Other purchased services	5,500	3,226	2,274
Miscellaneous	20,000	14,131	5,869
	<u>25,500</u>	<u>17,357</u>	<u>8,143</u>
Total Golf Course Operation	<u>1,232,436</u>	<u>1,079,747</u>	<u>152,689</u>
Depreciation	-	184,509	(184,509)
Total Operating Expenses	<u>1,232,436</u>	<u>1,264,256</u>	<u>(31,820)</u>
Nonoperating Expenses:			
Bond interest expense	1,544	1,455	89
Capital lease interest expense	15,000	14,142	858
Bond and capital lease principal	189,374	189,373	1
Nonoperating Expenses	<u>205,918</u>	<u>204,970</u>	<u>948</u>
Transfers:			
Transfers in (out)	-	-	-
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>1,438,354</u>	<u>1,469,226</u>	<u>(30,872)</u>
Net Income (Budgetary Basis)	<u>\$ (207,854)</u>	<u>(459,037)</u>	<u>\$ (189,439)</u>
Adjustments:			
Bond and capital lease principal		189,373	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>-</u>	
		<u>189,373</u>	
Net Income (GAAP Basis)		<u>\$ (269,664)</u>	

**CITY OF MISSION, TEXAS****EXHIBIT C-28****SOLID WASTE****ENTERPRISE FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 4,175,000	\$ 4,555,329	\$ 380,329
Brush fees	481,500	521,221	39,721
Roll-off fees	5,000	4,634	(366)
Franchise fees	105,000	106,216	1,216
Miscellaneous income	1,000	1,864	864
Operating Revenues	<u>4,767,500</u>	<u>5,189,264</u>	<u>421,764</u>
Nonoperating Revenues:			
Interest earned	-	176	176
Nonoperating Revenues	<u>-</u>	<u>176</u>	<u>176</u>
Total Revenues	<u>4,767,500</u>	<u>5,189,440</u>	<u>421,940</u>
Operating Expenses:			
Solid waste disposal	4,634,186	4,926,564	(292,378)
Miscellaneous	-	-	-
Rental-machinery & equipment	7,000	5,150	1,850
Supplies	-	-	-
	<u>4,641,186</u>	<u>4,931,714</u>	<u>(290,528)</u>
Total Operating Expenses	<u>4,641,186</u>	<u>4,931,714</u>	<u>(290,528)</u>
Transfers:			
Transfers in (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>4,741,186</u>	<u>5,031,714</u>	<u>(290,528)</u>
Net Income (GAAP Basis)	<u>\$ 26,314</u>	<u>\$ 157,726</u>	<u>\$ 131,412</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Governmental Funds Capital Assets:		
Land	\$ 32,283,658	\$ 32,230,906
Buildings and structures	18,496,412	18,571,423
Improvements other than buildings	10,243,956	6,752,016
Furniture and equipment	20,286,042	18,759,493
Construction in progress	7,403,622	6,268,793
Infrastructure	<u>71,523,732</u>	<u>70,427,605</u>
Total Governmental Funds Capital Assets	<u>\$160,237,422</u>	<u>\$153,010,236</u>
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 88,042,930	\$ 83,380,240
Grants	2,880,926	1,247,201
Bond funds	24,251,442	25,068,591
Enterprise funds	1,264	1,264
Special funds	8,770,220	7,687,439
Donations	10,229,775	10,093,190
Developers	<u>26,060,865</u>	<u>25,532,312</u>
Total Governmental Funds Capital Assets	<u>\$160,237,422</u>	<u>\$153,010,236</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, 2010

<u>Function and Activity:</u>	<u>Governmental Funds Capital Assets September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2010</u>
General Government	\$ 8,245,786	\$ 83,905	\$ 23,388	\$ 8,306,303
Public Safety	22,462,150	3,350,797	138,728	25,674,219
Highways and Streets	102,529,572	3,332,408	28,039	105,833,941
Health and Welfare	117,783	23,698	-	141,482
Cultural and Recreational	<u>19,654,945</u>	<u>656,919</u>	<u>30,387</u>	<u>20,281,477</u>
Total Governmental Funds Capital Assets	<u>\$ 153,010,236</u>	<u>\$ 7,447,727</u>	<u>\$ 220,542</u>	<u>\$ 160,237,422</u>

CITY OF MISSION, TEXAS  
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
September 30, 2010

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 3,119,202	\$ 3,098,031	\$ 533,135	\$ 1,519,005	\$ 36,930	\$ -	\$ 8,306,303
Public Safety	702,867	8,921,908	182,169	13,837,572	1,625	2,028,078	25,674,219
Highways and Streets	26,940,092	-	354,916	2,491,243	71,313,730	4,733,961	105,833,942
Health and Welfare	-	-	-	141,481	-	-	141,481
Cultural and Recreational	1,521,497	6,476,472	9,173,736	2,296,742	171,447	641,583	20,281,477
Total Governmental Funds							
Capital Assets	\$32,283,658	\$18,496,411	\$10,243,956	\$20,286,043	\$71,523,732	\$ 7,403,622	\$ 160,237,422

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# *SUPPLEMENTARY SCHEDULES*

CITY OF MISSION, TEXAS  
UTILITY FUND  
SCHEDULE OF REVENUE BOND COVERAGE  
Year Ended September 30, 2010

Operating Revenues	\$ 15,247,526	
Interest Earned by funds Created by the Bond Indenture	<u>24,481</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 15,272,007</u>
Operating Expenses	13,505,413	
Less: Depreciation Expense	<u>(4,307,744)</u>	
Operating Expenses Per Bond Ordinance		<u>9,197,669</u>
Net Revenue Per Bond Ordinance		<u>\$ 6,074,338</u>
Average Annual Debt Service Requirements		<u>\$ 2,618,570</u>
Succeeding Fiscal Year Debt Service Requirement		<u>\$ 3,395,718</u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>232%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>179%</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, 2010

	Revenue Bond Series 1995, 2004, 2006 and 2009				
	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 488,800	\$ 1,114,988	\$ 463	\$ 914	\$ 1,605,165
Investments	1,564,294	8,337,925	1,628,270	302,942	11,833,431
Cash and Investments September 30, 2009	<u>\$2,053,094</u>	<u>\$ 9,452,913</u>	<u>\$1,628,733</u>	<u>\$ 303,856</u>	<u>\$13,438,596</u>
Cash Receipts:					
Transfer from operating cash	3,491,389	1,000	-	-	3,492,389
Transfer from construction accts	7,169,582	-	-	-	7,169,582
Transfer from other I&S accounts	3,540	-	-	-	3,540
Bond Proceeds	-	-	-	-	-
Interest received	3,057	16,723	4,030	671	24,481
Total Cash Receipts	<u>10,667,568</u>	<u>17,723</u>	<u>4,030</u>	<u>671</u>	<u>10,689,992</u>
Total Cash And Investments Available	<u>12,720,662</u>	<u>9,470,636</u>	<u>1,632,763</u>	<u>304,527</u>	<u>24,128,588</u>
Cash Disbursements:					
Principal payments	9,168,939	-	-	-	9,168,939
Interest and fiscal charges	1,627,108	-	-	-	1,627,108
Transfer to operating cash	-	1,841	-	-	1,841
Transfer to other I&S accounts	-	7,169,582	-	-	7,169,582
Construction costs	-	1,211,760	-	-	1,211,760
Total Cash Disbursements	<u>10,796,047</u>	<u>8,383,183</u>	<u>-</u>	<u>-</u>	<u>19,179,230</u>
Cash and Investments, September 30, 2010	<u>\$1,924,615</u>	<u>\$ 1,087,453</u>	<u>\$1,632,763</u>	<u>\$ 304,527</u>	<u>\$ 4,949,358</u>
Total Cash and Investments Restricted at September 30, 2010 is Composed of the Following:					
Cash and cash equivalents	\$ 799,276	\$ 415,059	\$ 503,169	\$ 936	\$ 1,718,440
Investments	1,125,339	672,394	1,129,594	303,591	3,230,918
Total	<u>\$1,924,615</u>	<u>\$ 1,087,453</u>	<u>\$1,632,763</u>	<u>\$ 304,527</u>	<u>\$ 4,949,358</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	179
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	
Revenue Capacity	186
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	190
Schedules presented in this section provide 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	195
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	197
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									
	2001	2002	2003 <sup>(1)</sup>	2004	2005	2006	2007	2008	2009	2010
<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	\$ 81,796,368	\$ 83,887,342
Restricted	-	-	651,534	800,978	802,534	1,288,945	2,061,067	3,366,072	3,176,789	3,438,023
Unrestricted	-	-	3,886,176	3,140,122	9,351,081	4,758,744	6,276,658	8,107,109	7,831,393	7,082,454
Total governmental activities net assets	\$ -	\$ -	\$ 13,692,384	\$ 63,088,706	\$ 66,270,818	\$ 73,282,969	\$ 79,256,841	\$ 91,627,689	\$ 92,804,550	\$ 94,407,819
<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	\$ 58,872,531	\$ 58,268,682
Restricted	-	-	4,035,643	3,827,894	3,634,865	1,993,403	3,673,491	4,611,532	5,054,584	4,891,629
Unrestricted	-	-	4,660,990	3,683,488	2,852,339	6,319,627	6,735,489	6,311,881	6,694,247	6,126,919
Total business-type activities net assets	\$ -	\$ -	\$ 34,484,618	\$ 38,286,207	\$ 50,302,851	\$ 59,227,516	\$ 64,290,998	\$ 70,705,183	\$ 70,621,362	\$ 69,287,230
<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	\$ 140,668,899	\$ 142,156,024
Restricted	-	-	4,687,177	4,628,872	4,437,399	3,282,348	5,734,558	7,977,604	8,231,373	8,329,652
Unrestricted	-	-	8,547,166	6,823,610	12,203,420	11,078,371	13,012,147	14,418,990	14,525,640	13,209,373
	\$ -	\$ -	\$ 48,177,002	\$ 101,374,913	\$ 116,573,669	\$ 132,510,485	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049

(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									
	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>										
Governmental Activities										
General Government	\$ -	\$ -	\$ 7,043,021	\$ 6,905,631	\$ 7,109,520	\$ 8,112,283	\$ 7,742,186	\$ 8,100,542	\$ 7,742,072	\$ 14,511,545
Public Safety	-	-	9,831,094	10,633,900	12,438,467	13,451,482	14,890,373	16,907,573	20,240,072	19,309,796
Highways and streets	-	-	1,980,187	3,968,401	4,430,985	5,466,843	5,479,786	5,654,237	4,223,462	6,427,413
Sanitation	-	-	97,899	-	-	-	-	-	-	-
Health and welfare	-	-	105,738	511,520	522,734	526,449	359,073	334,726	374,867	570,197
Economic development	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582
Culture and recreation	-	-	3,593,377	3,200,156	3,494,941	4,619,038	4,320,014	4,905,126	5,125,473	5,661,309
Interest on long-term debt	-	-	744,599	837,851	930,755	1,096,972	1,027,984	1,512,067	1,730,135	1,525,661
Total governmental activities expenses	-	-	23,613,496	26,372,472	29,530,035	34,170,185	34,966,607	39,716,265	42,520,546	51,472,503
Business-type Activities										
Utility system	-	-	9,602,954	11,056,182	11,434,910	11,362,995	12,225,436	14,665,301	15,343,467	15,305,547
Golf course operations	-	-	1,381,360	1,276,211	1,282,405	1,285,326	1,319,407	1,276,139	1,388,041	1,288,879
Solid waste operations	-	-	2,752,986	2,868,909	3,250,388	3,552,159	3,970,782	4,372,005	4,780,337	4,931,714
Total business-type activities expenses	-	-	13,737,300	15,201,302	15,967,703	16,200,480	17,515,625	20,313,445	21,511,845	21,526,140
Total primary government expenses	\$ -	\$ -	\$ 37,350,796	\$ 41,573,774	\$ 45,497,738	\$ 50,370,665	\$ 52,482,232	\$ 60,029,710	\$ 64,032,391	\$ 72,998,643
<b>Program Revenues</b>										
Governmental Activities										
Charges for services	\$ -	\$ -	\$ 931,665	\$ 1,093,022	\$ 1,217,942	\$ 2,676,159	\$ 2,494,543	\$ 2,038,016	\$ 1,658,320	\$ 1,625,962
General government	-	-	736,900	976,726	1,048,893	106,521	94,884	98,736	121,003	110,007
Public Safety	-	-	517,402	601,073	607,249	536,943	571,890	593,759	565,910	630,054
Highways and streets	-	-	83,112	-	-	-	-	-	-	-
Sanitation	-	-	68,837	213,159	174,673	165,112	308,457	284,437	256,293	274,502
Health and welfare	-	-	503,797	439,014	272,120	148,885	283,201	350,394	351,378	279,180
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	2,364,963	3,872,830	3,529,449	3,146,796	4,659,478	6,453,451	6,389,650	7,271,889
Capital grants and contributions	-	-	3,886,256	5,650,496	5,627,239	8,801,715	5,251,523	11,098,136	1,962,259	7,701,238
Total governmental activities program revenues	-	-	9,112,932	12,846,320	12,477,565	15,582,131	13,663,976	20,916,929	11,304,813	17,892,832
Business-type activities										
Charges for services	-	-	-	-	-	-	-	-	-	-
Utility system	-	-	9,649,391	9,905,636	11,798,496	14,852,124	14,184,351	15,716,066	16,114,327	15,140,398
Golf course operation	-	-	1,229,252	1,020,308	1,028,222	1,036,110	1,056,872	1,077,578	1,047,543	905,113
Solid waste operation	-	-	2,804,414	3,017,843	3,253,240	3,569,570	3,951,204	4,505,551	4,777,898	5,187,400
Operating grants and contributions	-	-	221,327	236,991	210,701	214,527	778,236	518,466	172,971	26,525
Capital grants and contributions	-	-	2,859,407	5,327,926	11,635,606	5,739,699	2,866,803	5,629,521	684,120	677,685
Total business-type activities program revenues	-	-	16,763,791	19,508,704	27,926,265	25,412,030	22,837,466	27,447,182	22,796,859	21,937,121
Total primary government program revenues	\$ -	\$ -	\$ 25,876,723	\$ 32,355,024	\$ 40,403,830	\$ 40,994,161	\$ 36,501,442	\$ 48,364,111	\$ 34,101,672	\$ 39,829,953

	Fiscal Year									
	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ (14,500,564)	\$ (13,526,152)	\$ (17,052,470)	\$ (18,588,054)	\$ (21,302,634)	\$ (18,799,336)	\$ (31,215,733)	\$ (33,579,671)
Business-type activities	-	-	3,026,491	4,307,402	11,958,562	9,211,550	5,321,841	7,133,738	1,285,014	410,981
Total primary government net expense	\$ -	\$ -	\$ (11,474,073)	\$ (9,218,750)	\$ (5,093,908)	\$ (9,376,504)	\$ (15,980,793)	\$ (11,665,598)	\$ (29,930,719)	\$ (33,168,690)
<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	\$ 16,355,934	\$ 17,798,280	\$ 17,795,460
Sales taxes	-	-	5,655,619	6,006,568	6,787,566	7,961,019	8,859,345	9,784,575	9,552,728	9,814,665
Franchise taxes	-	-	1,560,472	1,692,582	2,013,665	2,028,000	2,069,904	2,248,558	2,265,859	2,326,751
Hotel/motel taxes	-	-	222,384	249,137	283,886	309,496	358,276	479,950	400,690	490,446
Alcoholic beverage taxes	-	-	25,639	27,189	33,608	51,914	59,529	79,084	86,136	79,864
Shared revenue-tax increment zone	-	-	-	-	-	1,409,272	421,603	113,975	137,427	2,013,239
Unrestricted grants and contributions	-	-	4,121	8,993	22,130	70,184	-	80,883	1,002	-
Investment earnings	-	-	133,093	103,604	124,325	280,538	371,301	328,642	110,515	29,131
Miscellaneous	-	-	180,973	95,027	495,068	370,546	678,123	718,583	636,427	533,384
Special item	-	-	-	-	-	-	-	-	(196,470)	-
Transfers	-	-	118,359	1,564,172	150,000	550,000	680,000	1,000,000	1,600,000	2,100,000
Total governmental activities	-	-	15,935,474	18,834,848	20,234,582	25,600,190	27,276,505	31,170,184	32,392,594	35,182,940
Business-type activities										
Investment earnings	-	-	155,387	157,423	108,774	152,995	317,265	179,189	71,342	17,060
Miscellaneous	-	-	21,319	14,435	99,307	110,121	104,376	101,258	159,822	221,302
Transfers	-	-	(118,359)	(1,564,172)	(150,000)	(550,000)	(680,000)	(1,000,000)	(1,600,000)	(2,100,000)
Total business-type activities	-	-	58,347	(1,392,314)	58,081	(286,884)	(258,759)	(719,553)	(1,368,836)	(1,861,638)
Total primary government	\$ -	\$ -	\$ 15,993,821	\$ 17,442,534	\$ 20,292,663	\$ 25,313,315	\$ 27,018,146	\$ 30,450,631	\$ 31,023,758	\$ 33,321,302
<b>Change in Net Assets</b>										
Governmental activities	\$ -	\$ -	\$ 1,434,910	\$ 5,308,696	\$ 3,182,112	\$ 7,012,145	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861	\$ 1,603,269
Business-type activities	-	-	3,084,838	2,915,088	12,016,643	8,924,666	5,063,483	6,414,185	(83,822)	(1,450,657)
Total primary government	\$ -	\$ -	\$ 4,519,748	\$ 8,223,784	\$ 15,198,755	\$ 15,936,811	\$ 11,037,354	\$ 18,785,033	\$ 1,093,039	\$ 152,612

(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>
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
2009	17,798,280	9,552,728	2,265,859	400,690	86,136	30,103,693
2010	17,795,460	9,814,665	2,326,751	490,446	79,864	30,507,186

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	\$ 951,720	\$ 662,909	\$ 318,453	\$ 298,568	\$ 232,659	\$ 107,877	\$ 252,164	\$ 1,643,102	\$ 194,874	\$ 189,606
Unreserved	6,333,540	5,145,120	3,028,383	2,617,788	2,987,048	4,341,125	5,121,470	4,206,593	7,083,203	7,861,173
Total general Fund	<u>\$ 7,285,260</u>	<u>\$ 5,808,029</u>	<u>\$ 3,346,836</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>	<u>\$ 7,278,077</u>	<u>\$ 8,050,779</u>
<b>All other governmental funds</b>										
Reserved	\$ 4,013,641	\$ 1,512,169	\$ 5,058,264	\$ 3,087,189	\$ 3,254,271	\$ 4,572,792	\$ 4,322,710	\$ 8,976,608	\$10,796,738	\$ 9,412,486
Unreserved, reported in										
Special revenue funds	1,221,001	850,878	322,100	178,636	324,931	501,387	768,423	936,206	1,161,627	1,218,688
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$11,958,365</u>	<u>\$10,631,174</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 13,681,359	\$ 14,743,891	\$ 15,730,176	\$ 17,447,440	\$ 19,450,112	\$ 22,683,237	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749	\$ 30,541,631
Licenses and permits	503,857	656,295	662,923	867,612	999,942	1,176,810	1,048,873	696,135	515,229	552,496
Intergovernmental	3,804,126	3,216,051	3,503,489	3,180,900	4,855,473	4,525,130	4,593,260	5,624,673	5,002,401	15,305,799
Charges for services	337,812	363,753	437,158	486,941	516,484	785,816	1,126,575	1,131,486	954,560	853,506
Fines	556,007	551,659	723,591	908,040	946,280	1,008,935	928,498	845,877	820,359	775,992
Investment earnings	735,003	296,821	208,349	197,213	224,856	462,951	519,103	570,477	132,095	41,819
Special assessments	336,817	358,786	382,484	437,495	426,252	400,179	472,710	494,579	506,520	523,299
Miscellaneous	793,641	1,840,859	1,423,424	2,305,501	1,860,804	966,855	1,397,770	1,896,000	2,636,184	1,639,861
<b>Total Revenues</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>40,380,098</b>	<b>50,234,403</b>
<b>Expenditures</b>										
General government	5,091,576	7,646,116	7,285,978	7,535,033	7,658,126	7,543,408	7,509,552	7,906,361	7,708,433	14,177,581
Public safety	6,722,653	7,420,386	8,900,690	10,160,519	12,804,066	12,739,371	15,400,283	16,849,849	17,265,004	18,642,783
Highways and streets	2,931,909	3,763,183	3,198,793	4,354,478	4,031,056	2,495,682	2,689,557	3,547,259	3,598,796	5,327,032
Sanitation	145,918	127,451	98,726	-	-	-	-	-	-	-
Health and Welfare	104,000	85,802	105,738	465,285	497,496	551,362	357,778	343,248	373,037	566,753
Economic and physical development	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582
Culture and recreation	2,659,752	2,963,292	3,817,905	3,407,854	3,357,198	3,809,523	4,625,680	4,759,234	4,778,975	4,883,052
Capital projects	4,215,483	2,848,892	2,364,827	3,198,994	1,851,950	3,326,307	951,640	4,174,716	4,388,605	2,664,844
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	960,000	1,045,000	1,085,000	1,065,000	1,340,000	1,640,000	1,479,385	1,803,502	1,723,765	2,010,834
Interest	703,338	688,471	697,608	797,036	795,997	944,053	1,160,599	1,230,572	1,253,891	1,297,107
Other charges	1,976	2,515	2,512	6,565	8,280	8,930	8,503	8,630	8,630	7,450
<b>Total expenditures</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>44,183,600</b>	<b>53,044,018</b>
<b>Excess of revenues over (under) expenditures</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>	<b>(3,803,503)</b>	<b>(2,809,615)</b>



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other financing sources (uses)</b>										
Transfers in	2,118,640	2,307,824	2,625,956	4,006,959	3,174,927	4,517,001	4,580,409	2,867,662	5,593,315	6,267,545
Transfers out	(2,018,640)	(2,153,570)	(2,507,597)	(2,442,787)	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)	(3,993,315)	(4,167,545)
Refunding bond issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	-	-	5,140,000	1,285,000	4,115,000	4,100,000	-	7,000,000	5,804,678	-
Premium on bonds issued	-	-	-	-	-	-	-	168,426	168,441	-
Capital leases	-	-	-	-	-	-	384,344	-	-	108,326
Sale of capital assets	38,370	59,912	1,529	80,448	18,323	20,114	-	105,340	-	46,800
Total other financing sources (uses)	138,370	214,166	5,259,888	2,929,620	4,283,323	4,670,114	1,064,343	8,273,766	7,573,120	2,255,126

**Special and extraordinary items:**

Special item	-	-	-	-	-	-	-	-	(295,683)	-
Total special and extraordinary items	-	-	-	-	-	-	-	-	(295,683)	-

Net change in fund balances	\$ (2,649,613)	\$ (4,348,827)	\$ 556,124	\$ (2,545,015)	\$ 616,724	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)
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Debt service as a percentage of noncapital expenditures<sup>(1)</sup>

	8.62%	7.31%	7.63%	7.60%	7.78%	8.32%	8.15%	8.16%	7.91%	7.15%
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<sup>(1)</sup> Capital outlay removed from expenditures in ratio calculation comes from Schedule A-6 for 2003 forward. Prior year amounts not available.

**CITY OF MISSION, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUE 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
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
2009	17,798,280	9,552,728	2,265,859	400,690	86,136	30,103,693
2010	17,795,460	9,814,665	2,326,751	490,446	79,864	30,507,186

**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 <sup>1</sup>	Estimated Actual Taxable Value <sup>2</sup>	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Minerals	Other					
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	0.5566	3,258,595,272	0.84%
2009	1,308,104,315	1,737,671,626	94,203,350	193,181,392	420,102,009	2,913,058,674	0.5666	3,333,160,683	0.87%
2010	1,401,660,290	1,937,539,558	85,671,260	188,400,958	486,901,384	3,126,370,682	0.5566	3,613,272,066	0.87%

1. Tax rate per every \$100 valuation of property.

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

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

Fiscal Year	City of Mission			Overlapping Rates <sup>1</sup>								Total Direct & Overlapping Rates <sup>2</sup>		
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	School District						Drainage Dist. No. 1 Tax Rate	South Texas College Tax Rate			
				Hidalgo County Tax Rate	Mission ISD		Sharyland ISD		La Joya ISD				South Texas ISD	
					Tax Rate	ISD	Tax Rate	ISD	Tax Rate					ISD
2001-02	0.4773	0.1427	0.6200	0.5195	1.5341	1.5400	1.5280	0.0392	0.0456	0.0897	5.92			
2002-03	0.4247	0.1253	0.5500	0.5900	1.5841	1.5400	1.5699	0.0392	0.0456	0.1776	6.10			
2003-04	0.4358	0.1142	0.5500	0.5900	1.5841	1.5550	1.5699	0.0392	0.0435	0.1738	6.11			
2004-05	0.4222	0.1176	0.5398	0.5900	1.5691	1.5650	1.6420	0.0392	0.0435	0.1647	6.15			
2005-06	0.4344	0.1245	0.5589	0.5900	1.5632	1.5650	1.6420	0.0392	0.0435	0.1589	6.16			
2006-07	0.4455	0.1111	0.5566	0.5900	1.4574	1.5451	1.5800	0.0392	0.0413	0.1548	5.96			
2007-08	0.4455	0.1111	0.5566	0.5900	1.1800	1.1850	1.2520	0.0492	0.0492	0.1540	5.02			
2008-09	0.4609	0.1057	0.5666	0.5900	1.1240	1.1850	1.3216	0.0492	0.0700	0.1498	5.06			
2009-10	0.4413	0.1153	0.5566	0.5900	1.2800	1.2000	1.3110	0.0492	0.0725	0.1491	5.21			
2010-11	0.4498	0.1068	0.5566	0.5900	1.3000	1.2000	1.3110	0.0492	0.0725	0.1497	5.23			

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 the Community College.

**City of Mission**  
**Principal Property Tax Payers**  
**September 30, 2010**

Taxpayer	Tax Year 2010			Tax Year 2001		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Sharyland Utilities LP	37,269,700	1	1.15%	\$ -	-	0.00%
Shary Retail LTD	34,282,639	2	1.06%	-	-	0.00%
Wal-Mart Real Estate Business	19,580,799	3	0.61%	13,064,196	1	1.07%
H E Butt Grocery Company	17,960,054	4	0.56%	4,840,272	10	0.40%
AEP Texas Central Co	13,665,940	5	0.42%	-	-	0.00%
VRS Sharyland LLP	11,076,748	6	0.34%	-	-	0.00%
Bert Ogden Chevrolet	11,072,599	7	0.34%	10,600,196	3	0.87%
Halliburton Energy Serv	10,796,140	8	0.33%	8,008,280	6	0.66%
CNMK Texas Properties LTD	10,248,936	9	0.32%	8,824,679	5	0.73%
Infinity Global Development Group	8,688,653	10	0.27%	-	-	0.00%
Rio Grande Snack Co.	-	-	-	10,491,703	4	0.86%
Southwestern Bell Telephon	-	-	-	12,330,500	2	1.01%
Central Power & Light	-	-	-	7,913,897	7	0.65%
Albertson's	-	-	-	5,502,801	9	0.45%
Spikes Motor Company, Inc.	-	-	-	7,560,563	8	0.62%
Total	<u>\$ 174,642,208</u>		<u>5.40%</u>	<u>\$ 89,137,087</u>		<u>7.33%</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>
2001	6,845,074	6,319,212	92.3%	496,055	6,815,267	99.6%
2002	7,543,728	6,939,238	92.0%	569,894	7,509,132	99.5%
2003	7,687,882	7,206,507	93.7%	445,758	7,652,265	99.5%
2004	8,774,242	8,227,346	93.8%	508,435	8,735,781	99.6%
2005	9,928,090	9,342,725	94.1%	525,725	9,868,450	99.4%
2006	12,045,882	11,347,253	94.2%	611,782	11,959,035	99.3%
2007	13,241,161	12,684,294	95.8%	424,620	13,108,914	99.0%
2008	15,893,072	15,035,133	94.6%	625,223	15,660,356	98.5%
2009	17,305,109	16,251,424	93.9%	572,303	16,823,727	97.2%
2010	17,361,554	16,529,835	95.2%	-	16,529,835	95.2%

**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		Notes Payable	Capital Leases	General					Capital Leases
	Obligation Bonds				Revenue Bonds	Obligation Bonds				
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
2009	31,220,000		272,001	81,739	37,813,939	220,000	300,706	69,908,385	7.43%	1,019
2010	29,528,000		-	143,232	30,490,000	-	206,332	60,367,564	6.21%	838

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 (1)</b>	<b>Per Capita (2)</b>
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
2009	31,440,000	1,140,526	220,000	30,079,474	1.03%	438.63
2010	29,528,000	1,472,816	-	28,055,184	0.90%	389.63

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, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 197,250,000	11.39%	\$ 22,466,775
Hidalgo County Drainage District #1	96,675,000	11.10%	10,730,925
Hidalgo Independent School District	48,155,000	0.20%	96,310
La Joya Independent School District	315,476,962 <sup>(1)</sup>	10.25%	32,336,389
Mission Consolidated Independent School District	159,240,000 <sup>(1)</sup>	70.27%	111,897,948
Sharyland Independent School District	78,524,994 <sup>(1)</sup>	56.68%	44,507,967
South Texas College District	69,779,991	5.57%	3,886,745
Subtotal Overlapping Debt			<u>\$225,923,059</u>
City of Mission	\$ 29,528,000	100.00%	<u>\$ 29,528,000</u>
Total Direct and Overlapping Debt			<u><u>\$255,451,059</u></u>

<sup>(1)</sup> Estimated Percentage is calculated as follows:  
Market value of the commonland within the shared entity divided by the total value of the City of Mission.

Source: Municipal Advisory Council of Texas.



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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 55,301,730	\$ 60,820,723	\$ 69,777,898	\$ 79,609,757	\$ 92,245,693	\$ 106,965,615	\$ 117,604,999	\$ 136,482,301	\$ 145,652,934	\$ 156,318,534
Total net debt applicable to limit	14,002,450	12,940,665	16,876,570	16,843,912	19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184
Legal debt margin	\$ 41,299,280	\$ 47,880,058	\$ 52,901,328	\$ 62,765,845	\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350
Total net debt applicable to the limit as a percentage of debt limit	25.32%	21.28%	24.19%	21.16%	21.29%	20.57%	17.50%	18.87%	20.65%	17.95%
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	\$ 2,913,058,674	\$ 3,126,370,682
Add back: exempt real property					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total assessed value					\$ 1,844,913,851	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682
Debt limit (5% of total assessed value)					92,245,693	106,965,615	117,604,999	136,482,301	145,652,934	156,318,534
Debt applicable to limit:										
General obligation bonds					21,840,000	24,030,000	22,250,000	27,180,000	31,440,000	29,528,000
Less: Amount set aside for repayment of general obligation debt					(581,562)	(732,719)	(828,010)	(989,174)	(1,140,526)	(1,472,816)
Less: Business-type general obligations					(1,615,000)	(1,295,000)	(845,000)	(430,000)	(220,000)	-
Total net debt applicable to limit					19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184
Legal debt margin					\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350

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 (4)
	Charges and Other (1)	Less:	Net	Debt Service (3)		
		Operating Expenses (2)	Available Revenue	Principal	Interest	
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	8,016,670	6,983,650	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%
2009	16,289,267	9,016,007	7,273,260	2,172,316	1,966,747	1.76%
2010	15,272,007	9,197,669	6,074,338	2,056,000	1,339,718	1.79%

(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-succeeding year.

(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**

Fiscal Year	Population (1)	MSA(2)		Median Age (1)	Percentage High School Graduates (3)		School Enrollment (3)	Unemployment Rate (4)
		Personal Income	Capita Personal Income					
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%
2009	68,575	940,932,134	13,721	32.20	79.6		15,439	9.30%
2010	72,004	971,982,894	13,499	30.90	82.4		15,341	9.90%

(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**

<b>Employer</b>	<b>2010<sup>(1)</sup></b>			<b>2001<sup>(2)</sup></b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Mission CISD	2,268	1	3.72%	-	-	0.00%
Sharyland ISD	1,232	2	2.02%	-	-	0.00%
Mission Hospital	838	3	1.37%	-	-	0.00%
T-Mobile	813	4	1.33%	-	-	0.00%
H.E.B. Grocery	671	5	1.10%	-	-	0.00%
City of Mission	610	6	1.00%	-	-	0.00%
Wal-Mart Super Center	332	7	0.54%	-	-	0.00%
Haliburton Energy Services	180	8	0.30%	-	-	0.00%
Home Depot	160	9	0.26%	-	-	0.00%
Target	150	10	0.25%	-	-	0.00%
Total	<u>7,254</u>		<u>11.89%</u>	<u>-</u>		<u>0.00%</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**

Function	Full-time Equivalent Employees as of September 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	58	66	72	74	78	75	76	80	84	84
Public Safety										
Police										
Officers	99	99	100	113	114	116	116	120	126	130
Civilians	28	33	37	41	40	42	44	46	53	54
Fire										
Firefighters and Officers (1)	31	32	35	36	51	63	63	64	67	67
Civilians	6	6	6	3	3	2	6	7	6	7
Highways and Streets										
Engineering (2)	2	2	2	-	-	-	-	-	-	-
Streets	22	26	26	27	27	26	27	30	33	33
Health and Welfare										
Health (3)	-	-	-	9	10	7	7	7	7	7
Culture and recreation										
Aquatics	3	3	3	3	3	2	2	11	9	9
Museum	-	3	3	3	3	2	2	2	8	8
Parks and Recreation	24	27	29	32	34	35	35	38	77	77
Library	18	19	19	25	22	20	20	36	34	34
Golf Course	37	34	31	31	27	20	20	27	25	25
Sanitation										
Water distribution	54	62	65	79	77	78	78	78	79	83
Wastewater	11	11	11	13	12	12	13	13	13	12
Community Development	4	4	4	4	3	3	3	3	3	5
Total	397	427	443	493	504	503	512	562	624	635

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Physical arrests	3,166	2,303	2,977	3,779	3,892	3,943	4,592	4,081	4,002	4,373
Parking Violation	243	163	88	118	59	44	96	64	67	41
Traffic Violations	6,358	9,240	10,005	14,850	15,118	12,042	13,217	22,473	20,757	10,957
<b>Fire</b>										
Number of calls answered	1,628	1,914	1,934	2,118	1,938	1,977	2,159	2,270	1,967	2,450
Inspections	1,406	1,616	830	1,191	884	790	2,945	2,479	3,015	2,392
<b>Highways and Streets</b>										
Streets resurfacing (miles)	31	33	41	39	29	20	8,564	6,088	3,750	5,960
Potholes repaired	12,530	12,980	13,046	18,288	15,379	13,006	24,729	10,217	6,438	12,449
<b>Sanitation</b>										
Refuse collected (tons/day) <sup>(1)</sup>	140	140	143	145	150	159	193	146	150	173
Recyclables collected (tons/day)	-	0.02	0.03	0.03	0.07	0.03	0.05	0.08	0.21	0.16
<b>Culture and recreation</b>										
Golf Course										
Rounds <sup>(2)</sup>	-	-	-	57,040	54,588	53,464	54,125	68,173	65,942	52,491
<b>Recreation</b>										
Programs	15	15	15	17	17	34	32	32	32	32
Parks Maintained	18	18	22	22	22	24	24	24	25	25
<b>Water</b>										
New connections (year)	1,250	1,300	1,320	1,321	1,122	1,237	1,202	650	1,748	463
Water mains breaks (year)	120	140	142	151	486	563	459	603	557	649
Average daily consumption (millions of gallons)	7.39	8.22	8.06	8.31	10.56	12.56	10.85	12.44	13.23	11.00
<b>Wastewater</b>										
Average daily sewage treatment	4.13	4.52	4.65	4.35	4.60	6.00	6.03	6.06	5.97	6.57

Sources: Various City departments.

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

(1) Information for 2006 estimated.

(2) Golf Course did not have the information for years 2001-2003.

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	53	60	74	71	80	85	88	94	96	87
Fire Protection										
Fire Stations	3	3	3	4	4	4	4	4	4	4
Highways and Streets										
Streets (miles)	280	280	289	298	306	535	539.52	543.46	548.67	549.02
Number of Streetlights	4,305	4,395	4,483	4,583	4,673	4,767	2,636	2,679	2,726	4,856
Culture and recreation										
Parks acreage	215	215	226	226	226	310	310	419	419	419
Parks	18	18	22	22	22	24	24	24	25	25
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	2	3	4	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	1	2	2	2	2	2	2	2	2	2
Water mains (miles)	130	139	152	270	270	410	415.86	422.56	425.36	429.07
Fire hydrants	1,850	1,870	1,890	1,990	3,000	2,254	2,408	2,444	2,457	2,481
Number of Service connections	16,000	18,905	19,245	19,931	20,763	21,995	22,902	23,308	23,785	24,248
Number of Gallons Sold (in millions)	2,501.50	2,736.02	2,614.00	2,647.40	3,387.70	4,172.14	3,425.39	3,906.65	4,228,779	3,613,761
Daily Average Consumption (gallons) <sup>(1)</sup>	6.20	8.20	8.00	8.20	10.60	12.56	10.85	12.44	11.59	9.90
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	128	133	140	200	200	315	319.45	323.16	325.11	325.93
Number of Service connections	16,000	12,085	15,812	16,682	17,683	18,606	18,632	20,510	21,285	21,694
Storm sewers (miles)	75	75	75	75	75	110	112.17	114.95	115.91	116.83
Daily average treatment in gallons <sup>(1)</sup>	3.10	3.40	4.40	4.20	4.60	6.00	6.03	6.06	5.97	6.57
Maximum daily treatment capacity <sup>(1)</sup>	4.60	4.60	4.90	4.99	5.16	7.00	7.34	8.12	6.70	12.92

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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

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

We have audited the 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, 2010, and have issued our report thereon dated February 10, 2011. 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 the 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control over financial reporting that might be deficiencies, 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 February 10, 2011

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

A handwritten signature in black ink that reads "Long Chilton, LLP". The signature is written in a cursive, flowing style.

LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
February 10, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH 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 City of Mission, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Mission, Texas' major federal programs for the year ended September 30, 2010. City of Mission, Texas' 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. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the entity, 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  
February 10, 2011

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2010

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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 ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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 ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.228	Texas Community Development Block Grant
14.253	ARRA-Community Development Block Grant-Recovery
16.000	Equitable Sharing Program
66.468	ARRA-Drinking Water State Revolving Fund
81.128	ARRA-Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(CONTINUED)*  
For the Year Ended September 30, 2010

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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>PROGRAM</u>	<u>DESCRIPTION</u>
None.	



CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(CONTINUED)*  
STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended September 30, 2010

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**Section II – Financial Statement Findings**

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<u>PROGRAM</u>	<u>STATUS OF PRIOR YEAR FINDING/ NONCOMPLIANCE</u>
None.	

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

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<u>PROGRAM</u>	<u>STATUS OF PRIOR YEAR FINDING/ NONCOMPLIANCE</u>
None.	

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(CONTINUED)*  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2010

<u>PROGRAM</u>	<u>CORRECTIVE ACTION PLAN</u>
None.	

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2010

(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:			
10TX-EMPG-0715	Emergency Management Assistance	97.042	\$ 21,112	-
	Total Pass Through Programs		21,112	-
	Total Federal Emergency Management Agency		21,112	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division Of Emergency Management:			
	Homeland Security Grant Program:			
2006-HGSP-48768	State Homeland Security Program	97.067	66,827	-
2007-HGSP-48768	Law Enforcement Terrorism Prevention Program	97.074	464	-
2007-HGSP-48768	State Homeland Security Program	97.073	9,620	-
2008-HGSP-48768	State Homeland Security Program	97.073	10,600	-
SU2325001	Edward Byrne Memorial Justice Assistance Grant	16.803	255,423	-
	Total Pass Through Programs		342,934	-
	Passed Through Office of the Governor Criminal Justice Division			
SU-09-A10-22259-01	ARRA-Edward Byrne Memorial Justice Assistance Grant	16.803	66,132	-
	Total Pass Through Programs		409,066	-
EMW-2005-FF-01316	Staffing Adequate Fire & Emergency Response (SAFER)	97.083	164,540	-
	Total U.S. Department of Homeland Security		573,606	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	543,400	-
	Justice Assistance Grant	16.804	37,380	-
	Bullet Proof Vest Program	16.607	19,129	-
	Total Direct Programs		599,909	-
	Total U.S. Department of Justice		599,909	-

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended September 30, 2010

(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>U.S. Department of Housing and Urban Development</u>			
	Direct Programs:			
B-08-MC-48-0511	Community Development Block Grant	14.218	218,722	-
B-09-MC-48-0511	Community Development Block Grant	14.218	405,086	40,000
B-09-MY-48-0511	Community Development Block Grant-Recovery	14.253	154,725	-
	Total Direct Programs		778,533	40,000
	Total U.S. Department of Housing and Urban Development		778,533	40,000
	<u>U.S. Department of Housing and Urban Development</u>			
	Passed Through Texas Dept. of Health and Human Services:			
	Social Services Block Grant	93.667	153,497	-
70090015	Passed Through Texas Dept. of Housing and Community Affairs Community Development Block Grant-Disaster Recovery	14.228	50,268	-
	<u>U.S. Department of Housing and Urban Development</u>			
DRS010117	Passed Through Texas Department of Rural Affairs Texas Community Development Block Grant Program	14.228	969,081	-
	Total Passed Through Programs		1,172,846	-
	<u>National Highway Traffic Safety Administration</u>			
	Passed Through Texas Department of Transportation:			
580EGFXX6229	STEP	20.600	68,884	-
588XXF6011	Click It or Ticket Incentive Program	20.609	12,617	-
	Total Pass Through Programs		81,501	-
	Total National Highway Traffic Safety Administration		81,501	-
	<u>U.S. Department of Energy</u>			
	Direct Programs:			
	ARRA-Energy Efficiency and Conservation Block Grant	81.128	332,015	-
	Total Direct Programs		332,015	-
	<u>Environmental Protection Agency</u>			
	Passed through Texas Water Development Board:			
61740	ARRA-Drinking Water State Revolving Fund	66.468	2,289,496	-
	TOTAL FEDERAL AWARDS EXPENDED		\$ 5,849,018	\$ 40,000

CITY OF MISSION, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2010

**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.

