

# City of Mission



## Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2012

City of Mission, Texas

# *CITY OF MISSION, TEXAS*

## *Comprehensive Annual Financial Report*

*For Fiscal Year Ended  
September 30, 2012*

*Prepared By:  
Finance Department*

# MISSION CITY COUNCIL



Norberto "Beto" Salinas  
Mayor



Norie Gonzalez Garza  
Mayor Pro Tem



Maria Elena Ramirez  
Council Member



Dr. Armando O'Caná  
Council Member



Ruben Plata  
Council Member

CITY OF MISSION, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2012

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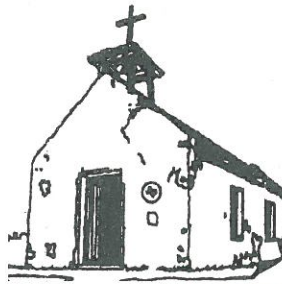


# *INTRODUCTORY SECTION*



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Norberto "Beto" Salinas, Mayor  
Norie Gonzalez Garza, Mayor Pro Tem  
Maria Elena Ramirez, Councilwoman



Ruben Plata, Councilman  
Dr. Armando O'caña, Councilman  
Julio Cerda, P.E., City Manager

## CITY OF MISSION

*"Home of the Grapefruit"*

February 4, 2013

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, 2012, 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, 2012. 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 34.92 square miles. The City's population has grown since the 2000 census from 45,408 to 77,058 as per the 2010 census, an increase of 70%. 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 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 2012, sales tax reflected an increase of 6% compared to prior year.

### **Tourism**

Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to “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 an 8.7% increase compared to prior fiscal year.

### **Employment**

According to the Texas Labor Market Review website, the City’s unemployment rate was 7.6% as of December 2012.

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

- In the retail sector four retail areas opened in different areas of the city creating over 85,000 sq. ft. of development space. Retail businesses include CVS Pharmacy and Conway Food Mart. Retail development created combined capital investments of over \$9 million.
- In the restaurant category, three restaurants opened for business at a combined capital investment of \$610,000 and created 16 new jobs.
- In the service sector, nine businesses opened at a combined investment of \$1,377,000 creating 29 jobs.

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

### **Fiscal Year 2011-2012 Accomplishments**

- Maintained the Tax Freeze for the elderly and disabled as well as the \$10,000 Tax Exemption for the elderly and disabled.
- Lowered the property tax rate for tax year 2012 from \$0.5388 to \$0.5288 per \$100 valuation, a reduction of 1.8%
- The City was awarded \$1.3 million in State and Federal Grants for housing, public safety services and equipment, park improvements, homeless prevention programs, and education programs.

- Continued the philosophy in the CDBG program of focusing solely on the reconstruction of homes and the funding of several public agencies. Fifteen new homes were reconstructed by the CDBG housing program during the year.
- Signed the Advance Funding Agreement with Texas Department of Transportation (TXDOT) for the expansion of 2 Mile Line West from Conway Avenue to Inspiration Road.
- Signed the Advance Funding Agreement with TXDOT for the expansion of 2 Mile Line West from Inspiration Road to Moorfield Road.
- Completed the construction of the Northwest Park on Inspiration Road.
- Added 6 police officers increasing the police force from 140 officers to 146.
- Completed the North Water Plant Expansion Project.
- Increased the police officers incentive pay packages.
- Commenced the Restroom Facility Project at the Leo Pena Placita Park.
- Refunded the Combination Tax and Revenue Certificates of Obligation Series 2003 outstanding bond issue.
- Issued \$2.635 million in Combination Tax and Revenue Certificates of Obligation for the expansion of Inspiration Road from Expressway 83 to 3 Mile Line Road.

### **Major Initiatives For Fiscal Year 2012-2013**

- Continue applying for federal and state grants that would enable the City to provide additional positions for the Police and Fire Departments.
- Continuation of street and drainage infrastructure improvements.
- Complete the Bannworth Park and CWV Park improvements, which include a Boys and Girls Club facility at each park as well as a swimming pool at Bannworth Park.
- Continue water and sewer line improvements to upgrade the City's utility infrastructure.
- Continue the alley paving program as funds become 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.
- Commence the landscaping improvements for the Mission Historical Museum.

## **LONG-TERM FINANCIAL PLANNING**

The City adopted a Fund Balance Policy on June 27, 2011 requiring the General Fund Unrestricted Fund Balance maintain a minimum of two (2) months of operating expenditures. Unrestricted fund balance is composed of unassigned, committed, and assigned net assets. The City met this requirement (\$6,053,495) at year-end with a total unrestricted fund balance of \$7,200,616. 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 continue meeting the Fund Balance Policy requirement.

The City's FY 2013 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**

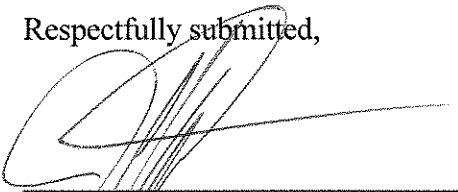
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Mission, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This is the eleventh consecutive 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 and MRA, 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  
\_\_\_\_\_  
Janie Flores  
Finance Director



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# 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, 2011

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.



*Christopher P. Moirrell*

President

*Jeffrey R. Enen*

Executive Director



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# *CITY OF MISSION, TEXAS*

## *List of Principal Officials Year Ended September 30, 2012*

### *CITY OFFICIALS*

<i>Mayor</i>	<i>Norberto "Beto" Salinas</i>
<i>Mayor Pro Tem</i>	<i>Norie Gonzalez Garza</i>
<i>Council Member</i>	<i>Maria Elena Ramirez.</i>
<i>Council Member</i>	<i>Dr. Armando O'Cana</i>
<i>Council Member</i>	<i>Ruben Plata</i>

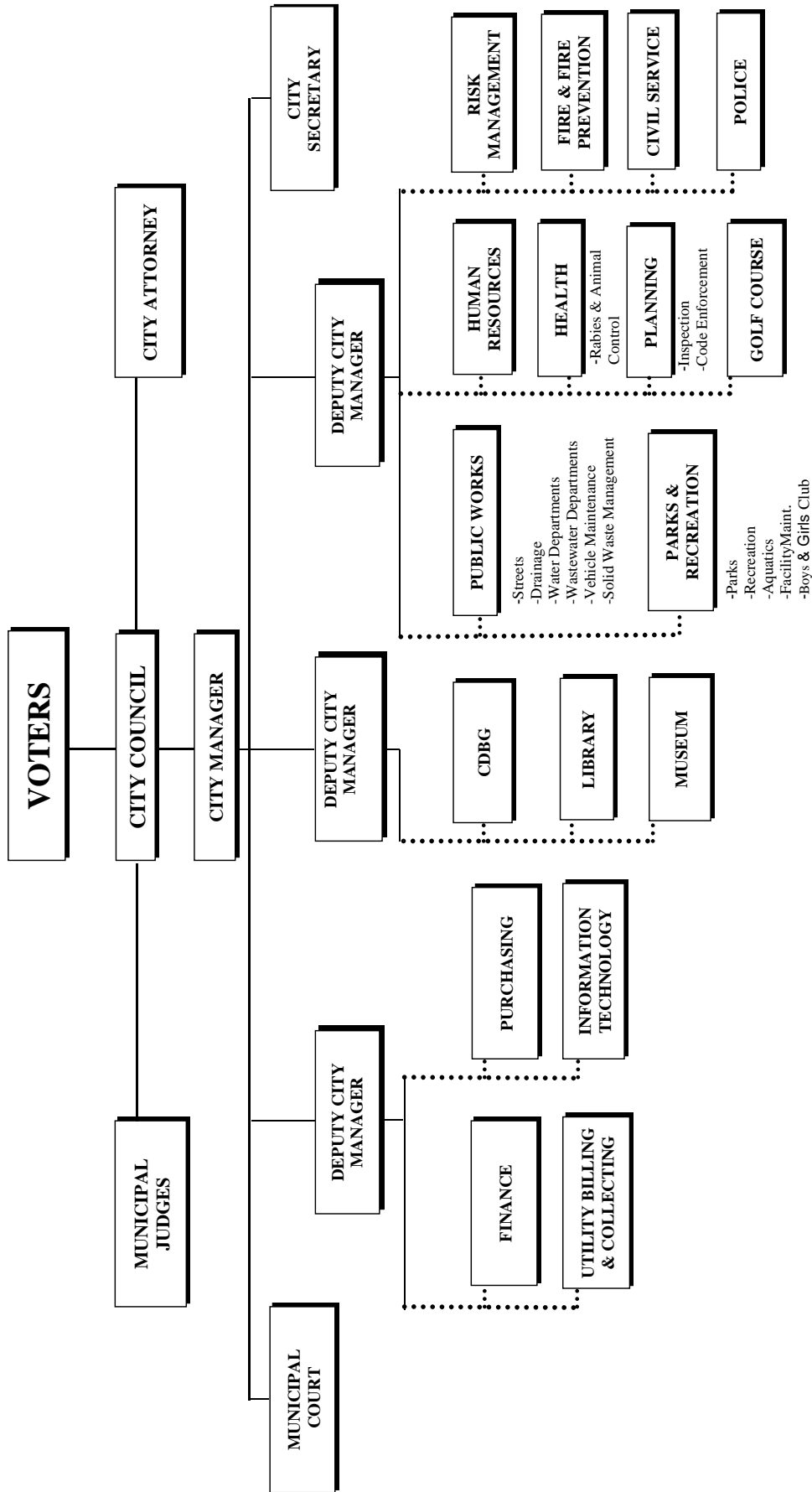
### *CITY ADMINISTRATION*

<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>Assistant Finance Director</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>Luis Contreras</i>
<i>Parks and Recreation Director</i>	<i>Julian Gonzalez</i>
<i>Planning and Zoning Director</i>	<i>Daniel Tijerina</i>
<i>Police Chief</i>	<i>Martin Garza, 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>Robert Hinojosa</i>

### *OFFICIAL ISSUING REPORT*

*Janie Flores  
Finance Director*

# CITY OF MISSION, TEXAS ORGANIZATIONAL CHART





# *FINANCIAL SECTION*



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
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 City of Mission, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City of Mission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Mission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 of the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2012, and the respective changes in financial position, and, where applicable, cash flows 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 our report dated February 4, 2013, 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mission, Texas's financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mission, Texas's financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



LONG CHILTON, LLP

Certified Public Accountants

McAllen, Texas  
February 4, 2013

# **Management's Discussion and Analysis**

As management of the City of Mission, we offer the readers of the City of Mission's financial statements this narrative overview and analysis of the financial activities of the City of Mission for the fiscal year ended September 30, 2012. 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 3-7 of this report.

## **Financial Highlights**

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$167,702,877 (net assets). Of this amount, \$14,708,819 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,078,796. Governmental activities contributed a decrease of \$2,913,199 while the Business-type activities contributed an increase of \$834,403. Total revenues reflect a decrease of 2.7% compared to prior year, while, expenses reflect an increase of 6.4%. The decrease in revenues is attributed to a reduction in the property tax rate. The increase in expenditures is a result of a lawsuit settlement, and a 3% increase in wages.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$16,807,379, a \$2,166,014 decrease in comparison with the prior year. Approximately 33% of this amount (\$5,610,485) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$5,610,485 or 15.4% of total General Fund expenditures.
- The City of Mission's total debt decreased by \$509,466 during the current fiscal year. The City issued \$2,635,000 in Certificates of Obligation during FY 2012. In addition to this issue, the City also refunded the outstanding Certificate of Obligation 2003 Series with the Refunding Obligation Series 2012 in the amount of \$3,165,000. The City 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 \$1,395,000 was released and issued during FY 2012 and \$6,000,000 was released and issued in prior years. Total principal payments made during FY 2012 were \$4,159,983.

## **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-seven 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 of three funds is incorporated with the General Fund as a result of Governmental Accounting Standards Board (GASB) Statement No. 54. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of ***combining statements*** starting on page 123 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 50-101 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Mission's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 105-118 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 123 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 \$167,702,876 at the close of the most recent fiscal year.

The following table summarizes the City's net assets at September 30, 2012.

City of Mission Net Assets September 30, 2012						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 24,167,142	\$ 26,351,593	\$ 21,451,756	\$ 21,495,058	\$ 45,618,898	\$ 47,846,651
Capital assets	109,659,378	109,762,813	89,501,857	90,744,569	199,161,235	200,507,382
Total assets	133,826,520	136,114,406	110,953,613	112,239,627	244,780,133	248,354,033
Long-term liabilities	36,615,455	35,593,927	32,333,482	32,845,545	68,948,937	68,439,472
Other liabilities	3,152,212	3,548,427	4,976,109	5,341,749	8,128,321	8,890,176
Total liabilities	39,767,667	39,142,354	37,309,591	38,187,294	77,077,258	77,329,648
Net assets						
Invested in capital assets, net of related debt	83,493,816	84,133,258	58,362,060	59,964,330	141,855,876	144,097,588
Restricted	6,781,019	5,637,112	4,357,163	4,324,052	11,138,182	9,961,164
Unrestricted (deficit)	3,784,019	7,201,682	10,924,800	8,521,237	14,708,819	15,722,919
Total net assets	\$ 94,058,854	\$ 96,972,052	\$ 73,644,023	\$ 72,809,619	\$ 167,702,877	\$ 169,781,671

By far the largest portion of the City's net assets (85 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 7% 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 same situation held true for the prior fiscal year.

However, the City's overall net assets decreased \$2,078,794 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net assets for governmental activities decreased \$2,913,198 from the prior fiscal year for an ending balance of \$94,058,854. The property tax rate decreased from \$0.5566 to \$0.5388. In addition, a 3% cost of living increase was given to all employees during fiscal year 2012. The City also settled a lawsuit with The Mission Economic Development Authority, (MEDA) and contributed \$1 million to a Scholarship Endowment as part of the settlement. Health Insurance funding also had an impact on governmental activities. An additional \$800,000 was transferred to the Health Insurance Fund to meet health claims and administrative fees. Six additional police officers were hired during the year plus police officers incentive pays were adjusted during the current fiscal 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, 2012.

**City of Mission**  
**Changes in Net Assets**  
**September 30, 2012**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,008,202	\$ 2,839,005	\$ 24,756,473	\$ 24,362,661	\$ 27,764,675	\$ 27,201,666
Operating grants and contributions	7,475,190	6,152,917	14,463	17,397	7,489,653	6,170,314
Capital grants and contributions	1,067,989	1,170,433	393,825	3,157,395	1,461,814	4,327,828
General Revenues:						
Property taxes	18,087,005	18,143,897	-	-	18,087,005	18,143,897
Other taxes	14,258,445	13,206,304	-	-	14,258,445	13,206,304
Other	274,729	2,402,886	253,212	123,847	527,941	2,526,733
Total revenues	<u>44,171,560</u>	<u>43,915,442</u>	<u>25,417,973</u>	<u>27,661,300</u>	<u>69,589,533</u>	<u>71,576,742</u>
Expenses:						
General government	8,764,781	7,570,043	-	-	8,764,781	7,570,043
Public safety	21,485,642	19,387,472	-	-	21,485,642	19,387,472
Highways and streets	6,532,351	6,255,895	-	-	6,532,351	6,255,895
Economic development	3,585,902	3,670,268	-	-	3,585,902	3,670,268
Culture and recreation	5,904,008	6,044,088	-	-	5,904,008	6,044,088
Health and welfare	1,354,970	903,935	-	-	1,354,970	903,935
Interest on long-term debt	1,457,105	1,582,058	-	-	1,457,105	1,582,058
Utility system	-	-	15,668,400	15,376,432	15,668,400	15,376,432
Golf course operations	-	-	1,414,494	1,374,400	1,414,494	1,374,400
Solid waste operations	-	-	5,500,676	5,188,079	5,500,676	5,188,079
Total expenses	<u>49,084,759</u>	<u>45,413,759</u>	<u>22,583,570</u>	<u>21,938,911</u>	<u>71,668,329</u>	<u>67,352,670</u>
Increases in net assets before transfers	(4,913,199)	(1,498,317)	2,834,403	5,722,389	(2,078,796)	4,224,072
Transfers	2,000,000	2,200,000	(2,000,000)	(2,200,000)	-	-
Changes in net assets	<u>(2,913,199)</u>	<u>701,683</u>	<u>834,403</u>	<u>3,522,389</u>	<u>(2,078,796)</u>	<u>4,224,072</u>
Net assets-10/01/11	96,972,052	96,270,369	72,809,619	69,287,230	169,781,671	165,557,599
Net assets-09/30/12	<u>\$ 94,058,853</u>	<u>\$ 96,972,052</u>	<u>\$ 73,644,022</u>	<u>\$ 72,809,619</u>	<u>\$ 167,702,875</u>	<u>\$ 169,781,671</u>

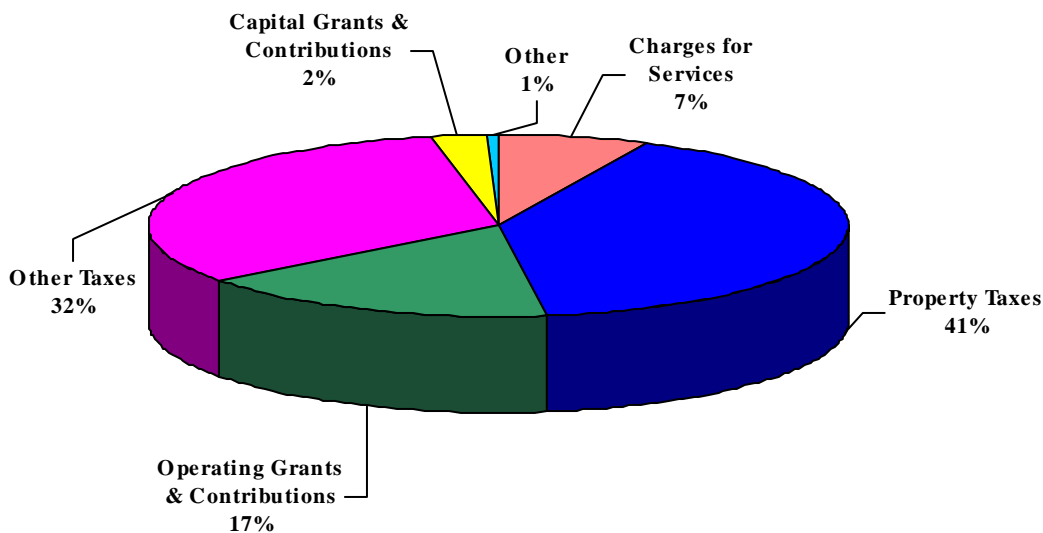
Total revenues generated from governmental activities for this year were \$44,171,569 reflecting a slight increase of \$256,118 compared to last year.

- Other tax revenues, which include sales tax, increased by 8% compared to the prior year. Much like the rest of the country, the City's economy continues to grow, although 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. An

indication of future growth is already reflected in sales tax revenues, which increased 6% for FY 2012.

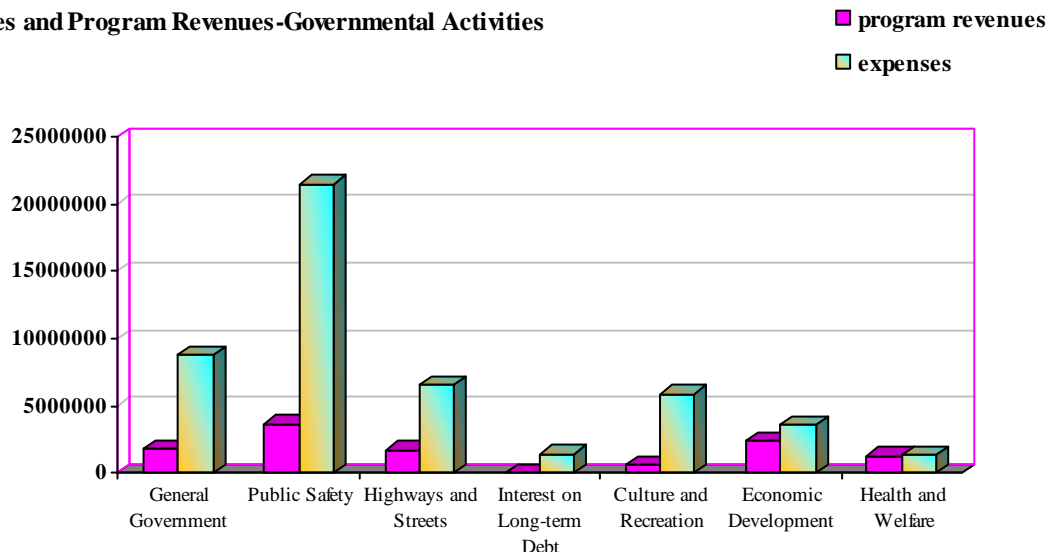
- Other program revenue decreased by \$2,128,157 compared to prior year. The Mission Redevelopment Authority reimbursed the City for various infrastructure projects undertaken and completed in Fiscal Year 2011, only \$240,360 was reimbursed in FY 2012.
- Operating grants and contributions increased by 21% compared to prior year. The increase is due to \$1,334,404 in forfeiture funds received by the Police Department. Prior year forfeiture funds received were \$119,223.

### Revenues by Source-Governmental Activities



The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 76% of total expenses for fiscal year 2012.

### Expenses and Program Revenues-Governmental Activities



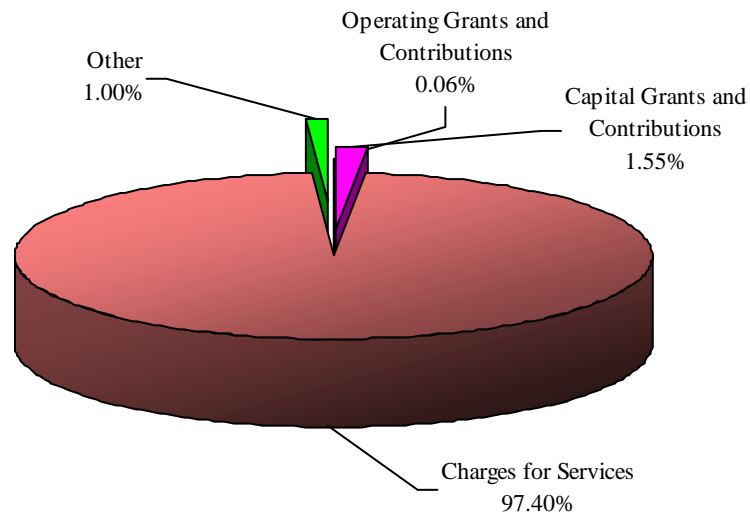
Expenses for **governmental activities** of the City totaled \$49,084,759 for the year ended September 30, 2012. Expenses increased by 8% compared to FY 2011.

- General Government Activities had an increase of 15.7% compared to prior year. The majority of the increase is a result of a lawsuit settlement between the City of Mission, The Mission Economic Development Corporation, and The Mission Economic Development Authority. As a result of the settlement, the City contributed \$1,000,000 to a Scholarship Endowment to benefit Mission students attending South Texas College.
- Public Safety Activities increased by \$2,098,170 or 10.8% compared to prior year. In addition to the 3% salary increase, the incentive pays for police officers were adjusted, six officers were added, and additional funds were transferred to the Health Insurance Fund for health coverage.

**Business-type Activities.** Business-type activities increased the City of Mission's net assets by \$834,403. Revenues decreased 8% and expenses increased 3% in comparison with prior year.

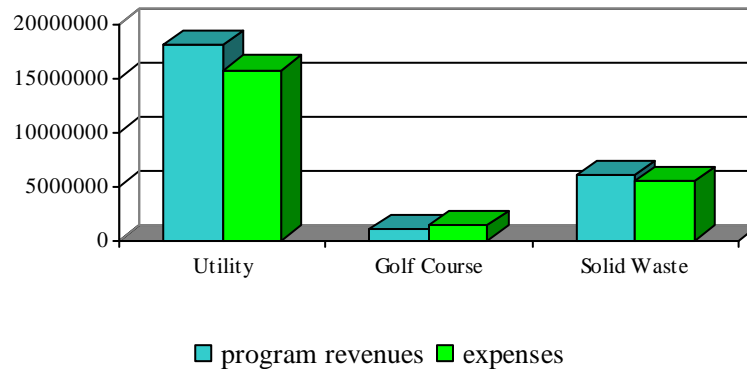
- Charges for Services increased 1.6% in comparison to the prior year due to the severe drought. The Rio Grande Valley has been experiencing water drought since FY 2011 which increase the use of water sales.
- Capital Grants and Contributions decreased \$2,763,570 in comparison to prior year. The Mission Economic Development Corporation (MEDC) conveyed \$2,859,185 in capital assets to the City's Municipal Golf Course in FY 2011. The Golf Course Club House Renovation Project and the Course Irrigation System were both funded by MEDC.

#### 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 \$22,583,570 an increase of \$644,659 compared to prior year. As discussed earlier, a 3% pay increase was given to all employees for FY 2012 and additional funds were transferred to the Health Insurance Fund for health claims and administrative costs. In addition, the solid waste company contracted to collect and dispose of garbage, debris, brush, and other solid waste items also increased the rates it charges the City by 4%.

## 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.** The focus of the City of Mission governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mission financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Mission itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Mission City Council.

As of September 30, 2012, the City of Mission governmental funds reported combined fund balances of \$16,807,379 a decrease of \$2,166,014 in comparison with the prior year. Approximately 33% of this amount (\$5,610,485) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form (\$1,911,815), 2) restricted for particular purposes (\$7,694,947), 3) committed for particular purposes (\$470,989), or 4) assigned for particular purposes (\$1,119,142).

The General Fund is the main operating fund of the City of Mission. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,610,485, while total fund balance decreased to \$7,249,881. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 15% of total General Fund expenditures, while total fund balance represents approximately 20% of the same amount.

The fund balance of the City of Mission's General Fund decreased by \$3,076,442 during the current fiscal year. As discussed earlier in connection with governmental activities, the decrease was attributed to a \$1,000,000 lawsuit settlement, a 3% pay increase, additional funds transferred to the Health Insurance Fund, incentive pay adjustments for the police department, and six additional police officer positions added during the current fiscal year.

The Debt Service Fund, a major fund, had a \$200,121 increase in fund balance during the current fiscal year. The increase was attributed to the increase in the Interest & Sinking (I&S) tax rate from \$0.1068 to \$0.1167.

Other governmental funds had an increase of \$710,310 in fund balance during the current fiscal year. The increase is due to the addition of MEDA's assets (1,862,550), a blended component unit of the City, to the City's financial statements. MEDA became a blended component unit as a result of the previously mentioned lawsuit. As a result of the lawsuit, the City Council appointed all MEDA board members and took control of its assets. Prior to the lawsuit, the City had no authority over the non-profit organization. The assets are composed of 14 commercial lots of land in the Mission Industrial Park and are available for sale.

## 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, 2012 and 2011.

Revenues & Transfers-In	2012 Amount	% of Total	2011 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 32,951,668	60.06%	\$ 31,976,033	\$ 975,635	3.05%
Licenses and permits	554,324	1.01%	643,827	(89,503)	-13.90%
Intergovernmental	7,340,271	13.38%	7,161,137	179,134	2.50%
Charges for services	905,492	1.65%	718,021	187,471	26.11%
Fines and forfeitures	811,498	1.48%	613,174	198,324	32.34%
Investment income	57,649	0.11%	54,112	3,537	6.54%
Miscellaneous	1,420,086	2.59%	1,825,970	(405,884)	-22.23%
Transfers-in	4,725,834	8.61%	4,997,949	(272,115)	-5.44%
Bond premium	298,283	0.54%	84,236	214,047	100.00%
Bond proceeds	5,800,000	10.57%	2,930,000	2,870,000	100.00%
Total	<u>\$ 54,865,105</u>	<u>100.00%</u>	<u>\$ 51,004,459</u>	<u>\$ 3,860,646</u>	<u>7.57%</u>

## 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, 2012 and 2011.

Expenditures & Transfer-Out	2012 Amount	Percent of Total	2011 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General government	\$ 8,810,604	15.45%	\$ 7,338,930	\$ 1,471,674	20.05%
Public safety	20,738,298	36.36%	18,575,214	2,163,084	11.65%
Highways and streets	4,504,778	7.90%	4,356,144	148,634	3.41%
Health and welfare	1,351,381	2.37%	872,624	478,757	54.86%
Culture and recreation	5,512,540	9.67%	5,092,616	419,924	8.25%
Economic development	3,585,902	6.29%	3,670,268	(84,366)	-2.30%
Capital projects	3,104,751	5.44%	6,274,155	(3,169,404)	-50.52%
Debt service:					
Principal	2,202,765	3.86%	2,299,748	(96,983)	-4.22%
Interest and fiscal charges	1,308,490	2.29%	1,297,923	10,567	0.81%
Payment to refunded bond escrow agent	3,185,773	5.59%	-	3,185,773	100.00%
Transfers-out	2,725,835	4.78%	2,797,949	(72,114)	-2.58%
Total	<u>\$ 57,031,117</u>	<u>100.00%</u>	<u>\$ 52,575,571</u>	<u>\$ 4,455,546</u>	<u>8.47%</u>

**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 \$10,302,232. The Utility Fund and the Solid Waste Fund had unrestricted net assets of \$10,243,820 and \$1,468,778 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net assets of \$1,410,366.

The Utility Fund unrestricted net assets increased by \$1,863,877. Accumulated depreciation increased by \$4.2 million, which resulted in a reduction of Investment in Capital Assets Net of Related Debt and created an increase to unrestricted net assets.

The Golf Course Fund borrowed working capital from the Utility Fund to meet its daily operational expenses during the current year. Golf Course operating revenues reflect a decrease of \$62,808 or 5% from prior year. Expenses increased by \$56,313 or 4% 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 that have been completed 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. Original estimated

revenues were increased by \$211,482, while budgeted appropriations were amended by \$2,052,662 during the year.

Total budget savings were \$3,577,388. Expenditures reflect a savings of \$2,249,458 while revenues reflect an increase of \$1,327,930.

- The most significant positive revenue variances (\$1,046,996) are reflected in franchise and business sales tax 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. Property taxes on the other hand reflected a decrease of \$113,208 in comparison to the budget.
- Fines came in \$40,498 above the projected amount. Various measures were taken to increase fines and forfeiture collections; therefore, revenues came in higher than anticipated.
- Intergovernmental revenues reflect positive variance of \$201,965. Budgets for these types of revenues are budgeted for the amount as per agreed agreements or contracts; however, some of revenues may not be recognized until the following fiscal year.
- Miscellaneous revenues also reflected a positive variance of \$111,744. Due to their very nature, miscellaneous revenues are budgeted at a conservative level, since most of the revenues are normally considered one-time revenues.
- Expenditures came in under budget largely due departments keeping a very close watch on expenditures and staying in line with the budget. The most significant savings are reflected in the Highways and Streets Departments. The Streets Department came in under budget by \$884,481 for street projects that were budgeted but not commenced until the latter part of the fiscal year. The Public Safety departments had a savings of \$669,003 and the majority of the savings was due to several positions not filled immediately. The Culture and Recreation Departments also reflected a saving of \$305,738.

## **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, 2012, amounts to \$199,161,235 (net of accumulated depreciation). Investment in capital assets includes: land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, and water system. The total decrease in the City of Mission's investment in capital assets for the current fiscal year was \$1,346,145.

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

- Infrastructure decreased in the governmental activities by \$2,640,594 (net) compared to prior year. The decrease is attributed to increase in depreciation.

- Construction in progress in the governmental activities increased by \$3,809,496. Projects include the Bannworth and Catholic War Veterans Park Projects, the Mile 2 East Street Project, the Inspiration Road Project and various street improvements.
- Buildings and systems increased in the business-type activities by \$6,240,348 (net) compared to prior year. The increase is attributed to the completion of the North Water Plant Expansion Project, which has been under construction since 2006.
- Construction-in progress in the business-type activities decreased by \$8,004,068 due to the completion of the North Water Plant Expansion Project.

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

City of Mission Capital Assets Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and water rights	\$ 33,363,078	\$ 33,195,035	\$ 7,435,220	\$ 7,382,602	\$ 40,798,298	\$ 40,577,637
Buildings and system	14,016,886	15,101,477	77,683,557	71,443,209	91,700,443	86,544,686
Improvements other than buildings	5,539,572	6,001,410	1,419,391	1,669,583	6,958,963	7,670,993
Machinery and equipment	8,074,852	7,968,802	2,825,739	2,107,155	10,900,591	10,075,957
Infrastructure	40,233,747	42,874,341	-	-	40,233,747	42,874,341
Construction in progress	8,431,242	4,621,746	137,951	8,142,019	8,569,193	12,763,765
Total	<u>\$ 109,659,377</u>	<u>\$ 109,762,811</u>	<u>\$ 89,501,858</u>	<u>\$ 90,744,568</u>	<u>\$ 199,161,235</u>	<u>\$ 200,507,379</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 \$68,948,939, an increase of \$509,466 compared to prior year. The reason for the increase was that the new debt issuance was slightly higher than the regularly scheduled principal reductions on the existing outstanding debt.

On the business-type activities, the City 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 \$1,395,000 was released and issued during FY 2012. Total loan amount to the City was \$7,780,000; however, only \$7,395,000 had been issued and disbursed as of September 30, 2012. The remaining \$385,000 was authorized but unissued until October 2012. The project was completed by the end of the current fiscal year.

On the governmental-type activities, the City issued Certificate of Obligation Bond 2012 Series with a face value of \$2,635,000. The bond proceeds will be used for the Inspiration Road Project.

In addition to the one new debt issuance, the City of Mission refunded the outstanding Certificate of Obligation Series 2003 reported in governmental activities. This refunding was done to take

advantage of favorable interest rates. The result is expected to be a decrease in future debt service payments of \$455,884.

The following table summarizes the City's total long-term debt obligations.

<b>City of Mission Outstanding Debt (net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation debt	\$ 30,982,041	\$ 30,348,323	\$ -	\$ -	\$ 30,982,041	\$ 30,348,323
Revenue bonds	-	-	31,659,650	32,089,427	31,659,650	32,089,427
Tax notes	24,000	96,000	-	-	24,000	96,000
Capital leases	24,719	70,484	40,730	113,252	65,449	183,736
Compensated absences	3,215,646	3,020,716	411,220	440,366	3,626,866	3,461,082
City of McAllen-Anzalduas bridge	1,245,757	1,014,863	-	-	1,245,757	1,014,863
Pension related debt	737,857	730,624	130,148	128,934	868,005	859,558
OPEB related debt	385,436	312,917	91,735	73,567	477,171	386,484
Total	<u>\$ 36,615,456</u>	<u>\$ 35,593,927</u>	<u>\$ 32,333,483</u>	<u>\$ 32,845,546</u>	<u>\$ 68,948,939</u>	<u>\$ 68,439,473</u>

Moody's Investors Service rated the City of Mission's bonds issued during current fiscal year, as "A1".

As of September 30, 2012, the City had authorized \$385,000 in debt but was not issued until October 2012. 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**

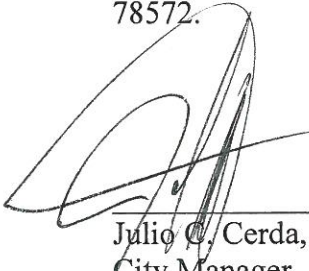
- According to the Texas Labor Market Review, the unemployment rate for the City of Mission is currently 7.6 percent, decreasing from 8.8% in prior year. The state and national average unemployment rates are 6 percent and 7.6 percent respectively.
- Appraised values provided by the Hidalgo County Appraisal District and used in preparing the 2012-2013 Budget were \$86 million higher than the prior year. Increase is largely due to the expansion of the City's city limits through several annexations during the prior year and current year.
- The 2013 Budget was prepared using an adopted tax rate of \$0.5288 per \$100 valuation. The tax rate decreased by 2% compared to prior year.
- The water and sewer rates remained unchanged in the 2013 Budget.
- The 2013 General Fund operating budget was prepared using \$5,937,531 as the estimated unassigned fund balance at September 30, 2012. The unassigned fund balance for the General

Fund was \$5,610,485; nevertheless, \$4,818,388 is the projected fund balance at September 30, 2013. Revenues reflect a 10% increase while expenditures reflect a 2% increase compared to FY 2012 original budget. Estimated revenues for FY 2013 include an additional \$1.4 million transfer-in from the Utility Fund plus a one-time reimbursement from Mission Economic Development Corporation for \$1 million.

- The City is currently analyzing its current financial situation and will implement the necessary measures to maintain adequate levels of fund balance in the General Fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. The City's Fund Balance Policy requires that the General Fund total Unrestricted Fund Balance (includes unassigned, committed, and assigned) will be no less than two (2) months of operating expenditures. At the end of FY 2012, the General Fund Unrestricted Fund Balance did 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  
\_\_\_\_\_  
Jamie Flores  
Finance Director



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# *BASIC FINANCIAL STATEMENTS*



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**CITY OF MISSION, TEXAS**
**STATEMENT OF NET ASSETS**
**SEPTEMBER 30, 2012**
**EXHIBIT A-1**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,295,378	\$ 5,096,713	\$ 14,392,091	\$ 945,934	\$ 1,634,182
Investments	8,145,723	5,560,373	13,706,096	1,697,984	1,951,781
Receivables, net	4,789,203	3,564,756	8,353,959	590,007	-
Due from primary government	-	-	-	2,302	150,006
Due from component unit	7,500	-	7,500	-	-
Internal balances	(605,455)	605,455	-	-	-
Prepaid items	16,380	7,310	23,690	2,719	-
Inventory	885	263,443	264,328	-	-
Land held for resale	1,862,550	-	1,862,550	-	-
Redevelopment assets	-	-	-	123,324	4,871,585
Deferred charges	622,479	542,468	1,164,947	58,727	916,260
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	29,600	-	29,600	-	-
Restricted assets	500	5,811,237	5,811,737	527,191	-
Capital assets:					
Land, water rights, and construction in progress	41,794,320	7,573,171	49,367,491	-	-
Other capital assets, net of accumulated depreciation	67,865,058	81,928,686	149,793,744	15,201	-
Total Assets	<u>133,826,520</u>	<u>110,953,613</u>	<u>244,780,133</u>	<u>3,963,389</u>	<u>9,523,814</u>
<b>LIABILITIES</b>					
Accounts payable	931,687	781,685	1,713,372	69,950	38,560
Customer deposits	-	2,034,912	2,034,912	-	-
Accrued interest payable	182,738	406,737	589,475	32,614	65,973
Other liabilities	549,780	137,782	687,562	7,112	-
Subdividers deposits	-	1,438,240	1,438,240	-	-
Retainage payable	266,031	-	266,031	-	18,960
Accrued wages payable	540,309	110,727	651,036	7,178	-
Due to primary government	-	-	-	-	7,500
Due to component unit	152,308	-	152,308	-	-
Unearned revenues	529,359	66,026	595,385	-	-
Non-current liabilities:					
Due in more than one year	33,285,675	30,189,247	63,474,922	5,749,025	17,521,879
Due within one year	3,329,780	2,144,235	5,474,015	932,835	941,214
Total Liabilities	<u>39,767,667</u>	<u>37,309,591</u>	<u>77,077,258</u>	<u>6,798,714</u>	<u>18,594,086</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	83,493,816	58,362,060	141,855,876	15,201	-
Restricted for:					
Debt service	1,601,744	2,963,265	4,565,009	494,577	1,884,308
Construction	-	1,393,898	1,393,898	-	-
Capital Improvements	575,991	-	575,991	-	-
Federal and state awards	1,773,042	-	1,773,042	-	-
Tourism	412,953	-	412,953	-	-
Municipal court	464,588	-	464,588	-	-
MEDA land for resale	1,862,550	-	1,862,550	-	-
Other	90,150	-	90,150	-	-
Unrestricted	3,784,019	10,924,800	14,708,819	(3,345,102)	(10,954,580)
Total Net Assets	<u>\$ 94,058,853</u>	<u>\$ 73,644,022</u>	<u>\$ 167,702,875</u>	<u>\$ (2,835,324)</u>	<u>\$ (9,070,272)</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 8,764,781	\$ 1,810,743	\$ -	\$ -
Public safety	21,485,642	83,142	3,163,594	423,906
Highways and streets	6,532,351	541,497	536,011	642,053
Health and welfare	1,354,970	235,708	1,066,534	-
Culture and recreation	5,904,008	337,112	308,028	2,030
Economic development	3,585,902	-	2,396,108	-
Interest and fiscal charges on long-term debt	1,457,105	-	4,915	-
Total Governmental Activities	49,084,759	3,008,202	7,475,190	1,067,989
Business-type activities:				
Utility	15,668,400	17,643,636	14,463	393,825
Golf Course	1,414,494	1,080,635	-	-
Solid Waste	5,500,676	6,032,202	-	-
Total Business-type Activities	22,583,570	24,756,473	14,463	393,825
Total Primary Government	\$ 71,668,329	\$ 27,764,675	\$ 7,489,653	\$ 1,461,814
<b>COMPONENT UNITS:</b>				
Mission Economic Development Corporation	3,185,339	-	184,966	-
Mission Redevelopment Authority	1,321,622	-	-	-
Total component units	\$ 4,506,961	\$ -	\$ 184,966	\$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Shared revenue-tax increment zone				
Grants and contributions				
Interest earned				
Miscellaneous				
Transfers				
Total General Revenues				
Change in Net Assets				
Net assets - Beginning				
Net assets - Ending				

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (6,954,038)	\$ -	\$ (6,954,038)		
(17,815,000)	-	(17,815,000)		
(4,812,790)	-	(4,812,790)		
(52,728)	-	(52,728)		
(5,256,838)	-	(5,256,838)		
(1,189,794)	-	(1,189,794)		
(1,452,190)	-	(1,452,190)		
<u>(37,533,378)</u>	<u>-</u>	<u>(37,533,379)</u>		
-	2,383,524	2,383,524		
-	(333,859)	(333,859)		
-	531,526	531,526		
<u>-</u>	<u>2,581,191</u>	<u>2,581,191</u>		
<u>\$ (37,533,378)</u>	<u>\$ 2,581,191</u>	<u>\$ (34,952,188)</u>		
			(3,000,373)	-
			-	(1,321,622)
			<u>\$ (3,000,373)</u>	<u>\$ (1,321,622)</u>
18,087,005	-	18,087,005	-	3,405,189
10,857,234	-	10,857,234	3,619,078	-
2,790,119	-	2,790,119	-	-
537,574	-	537,574	-	-
73,518	-	73,518	-	-
201,902	-	201,902	-	-
2	-	2	-	-
54,703	34,678	89,381	7,325	6,275
18,122	218,534	236,656	4,407	-
2,000,000	(2,000,000)	-	-	-
<u>34,620,179</u>	<u>(1,746,788)</u>	<u>32,873,391</u>	<u>3,630,810</u>	<u>3,411,464</u>
(2,913,199)	834,403	(2,078,797)	630,437	2,089,842
96,972,052	72,809,619	169,781,671	(3,465,761)	(11,160,113)
<u>\$ 94,058,853</u>	<u>\$ 73,644,022</u>	<u>\$ 167,702,875</u>	<u>\$ (2,835,324)</u>	<u>\$ (9,070,271)</u>

**CITY OF MISSION, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

**EXHIBIT A-3**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,902,861	\$ 692,541	\$ 4,141,084	\$ 7,736,486
Investments	3,344,687	662,000	2,747,808	6,754,495
Receivables:				
Taxes, including interest and penalties	1,642,788	498,234	-	2,141,022
Accounts	1,467,274	-	276,904	1,744,178
Special assessments	-	-	83,217	83,217
Less: allowance for uncollectibles	(1,392,456)	(131,860)	(3,316)	(1,527,632)
Accrued interest receivable	6,960	1,696	5,515	14,171
Due from other governments	1,940,460	-	392,690	2,333,150
Due from other funds	352,834	-	159,702	512,536
Due from component unit	7,500	-	-	7,500
Prepaid items	16,380	-	-	16,380
Inventory	885	-	-	885
Land held for resale	-	-	1,862,550	1,862,550
Restricted assets	500	-	-	500
Long-term receivable	29,600	-	-	29,600
Total Assets	<u>\$ 10,320,273</u>	<u>\$ 1,722,611</u>	<u>\$ 9,666,154</u>	<u>\$ 21,709,038</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 650,560	\$ -	\$ 160,308	\$ 810,868
Accrued interest payable	-	23,968	-	23,968
Other liabilities	545,843	-	3,937	549,780
Retainage payable	39,950	-	226,081	266,031
Accrued wages payable	531,235	-	9,074	540,309
Due to other funds	189,036	32,139	346,966	568,141
Due to component unit	2,302	-	150,006	152,308
Deferred revenue	1,111,464	351,429	527,359	1,990,252
Total Liabilities	<u>3,070,390</u>	<u>407,536</u>	<u>1,423,731</u>	<u>4,901,657</u>
<b>FUND BALANCES</b>				
Nonspendable	49,265	-	1,862,550	1,911,815
Restricted	-	1,315,076	6,379,871	7,694,947
Committed	470,989	-	-	470,989
Assigned	1,119,142	-	-	1,119,142
Unassigned	5,610,485	-	-	5,610,485
Total Fund Balances	<u>7,249,881</u>	<u>1,315,076</u>	<u>8,242,421</u>	<u>16,807,378</u>
Total Liabilities and Fund Balances	<u>\$ 10,320,271</u>	<u>\$ 1,722,612</u>	<u>\$ 9,666,152</u>	<u>\$ 21,709,035</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, 2012*

Total fund balances - governmental funds balance sheet	\$ 16,807,379
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.	109,659,378
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,460,894
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	2,282,949
Payables for bond principal which are not due in the current period are not reported in the funds.	(30,829,000)
Payable for bond interest which are not due in the current period are not reported in the funds.	(158,770)
Payables for capital leases which are not due in the current period are not reported in the funds.	(24,719)
Payables for long term liability not due in the current period and not reported in the funds.	(1,245,757)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,215,646)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(1,123,293)
Unamortized issuance cost unavailable for current-period expenditures and are deferred in the SNA	1,166,345
Unamortized premium unavailable for current-period expenditures and are deferred in the SNA	(720,907)
	<hr/>
Net assets of governmental activities - statement of net assets	<u><u>\$ 94,058,853</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS****EXHIBIT A-5**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*  
*GOVERNMENTAL FUNDS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and special assessments	\$ 27,957,663	\$ 3,914,934	\$ 1,079,071	\$ 32,951,668
Licenses and permits	554,324	-	-	554,324
Intergovernmental	1,476,111	-	5,864,160	7,340,271
Charges for services	697,735	-	207,757	905,492
Fines	811,498	-	-	811,498
Interest	35,239	4,915	17,495	57,649
Miscellaneous	1,096,768	-	64,206	1,160,974
Total Revenues	<u>32,629,338</u>	<u>3,919,849</u>	<u>7,232,689</u>	<u>43,781,876</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,669,047	-	141,557	8,810,604
Public safety	18,994,275	-	1,744,023	20,738,298
Highways and streets	3,576,639	-	928,139	4,504,778
Health and welfare	344,027	-	1,007,354	1,351,381
Culture and recreation	4,689,874	-	822,666	5,512,540
Economic development	-	-	3,585,902	3,585,902
Capital projects	-	-	3,104,751	3,104,751
Debt service:				
Principal	45,765	2,157,000	-	2,202,765
Interest and fiscal charges	1,341	1,307,149	-	1,308,490
Total Expenditures	<u>36,320,968</u>	<u>3,464,149</u>	<u>11,334,392</u>	<u>51,119,509</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,691,630)</u>	<u>455,700</u>	<u>(4,101,703)</u>	<u>(7,337,633)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	2,635,000	2,635,000
Issuance of refunding bonds	-	3,165,000	-	3,165,000
Bond premium	-	159,340	138,943	298,283
Payment to refunded bond escrow agent	-	(3,185,773)	-	(3,185,773)
Sale of capital assets	55,484	-	203,628	259,112
Transfers in	2,599,541	-	2,126,293	4,725,834
Transfers out	(2,039,837)	(394,147)	(291,851)	(2,725,835)
Total Other Financing Sources (Uses)	<u>615,188</u>	<u>(255,580)</u>	<u>4,812,013</u>	<u>5,171,621</u>
Net Change in Fund Balances	(3,076,442)	200,120	710,310	(2,166,012)
Fund Balances at Beginning of Year	<u>10,326,323</u>	<u>1,114,955</u>	<u>7,532,113</u>	<u>18,973,391</u>
Fund Balances at End of Year	<u>\$ 7,249,881</u>	<u>\$ 1,315,076</u>	<u>\$ 8,242,421</u>	<u>\$ 16,807,378</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, 2012*

Net change in fund balances - total governmental funds \$ (2,166,012)

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

Capital outlays are not reported as expenses in the SOA	6,646,473
The depreciation of capital assets used in governmental activities is not reported in the funds.	(6,766,296)
The gain or loss on the sale of capital assets is not reported in the funds.	(714,014)
Donation of capital assets increase net assets in the SOA but not in the funds.	730,403
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(64,720)
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the SOA.	(5,800,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,157,000
Payment to Bond Escrow for Refunding of the 2003 Certificate of Obligation.	3,185,773
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	45,765
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(310,645)
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(108,034)
(Increase) decrease in accrued interest from beginning of period to end of period.	(1,384)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	447,422
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(194,930)

Change in net assets of governmental activities - statement of activities \$ (2,913,199)

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, 2012**

**EXHIBIT A-7**

	Business-type Activities-Enterprise Fund				Nonmajor Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Total	Group Health Employee Plan Fund
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 4,435,211	\$ 4,440	\$ 657,062	\$ 5,096,713	\$ 1,558,891
Investments	5,260,373	-	300,000	5,560,373	1,391,228
Restricted assets:					
Cash and cash equivalents	1,509,777	-	-	1,509,777	-
Investments	4,295,475	-	-	4,295,475	-
Accrued interest	5,985	-	-	5,985	-
Receivables	2,734,520	10,704	917,305	3,662,529	750
Less: allowance for uncollectibles	(83,558)	-	(23,801)	(107,359)	-
Accrued interest	8,811	-	776	9,587	2,749
Due from other funds	-	-	-	-	72,718
Prepaid items	6,100	1,210	-	7,310	-
Inventories (at cost)	245,075	18,367	-	263,442	-
Total Current Assets	<u>18,417,769</u>	<u>34,721</u>	<u>1,851,342</u>	<u>20,303,832</u>	<u>3,026,336</u>
Noncurrent Assets:					
Deferred charges	542,468	-	-	542,468	-
Advance of funds receivable	1,188,396	-	-	1,188,396	-
Capital assets:					
Land, water rights, and construction in progress	5,770,119	1,803,052	-	7,573,171	-
Other capital assets, net of accumulated depreciation	78,682,119	3,246,567	-	81,928,686	-
Total Noncurrent Assets	<u>86,183,102</u>	<u>5,049,619</u>	<u>-</u>	<u>91,232,721</u>	<u>-</u>
Total Assets	<u>\$ 104,600,871</u>	<u>\$ 5,084,340</u>	<u>\$ 1,851,342</u>	<u>\$ 111,536,553</u>	<u>\$ 3,026,336</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 456,624	\$ 10,378	\$ 314,683	\$ 781,685	\$ 46,129
Claims payable	-	-	-	-	74,689
Accrued payroll	86,349	22,420	1,958	110,727	-
Compensated absences payable	151,972	37,068	516	189,556	-
Due to other funds	17,113	-	-	17,113	-
Unearned revenue	-	66,026	-	66,026	-
Accrued interest	406,607	130	-	406,737	-
Other liabilities	45,160	27,534	65,088	137,782	-
Subdividers deposits	1,438,240	-	-	1,438,240	-
Customer deposits	2,034,912	-	-	2,034,912	-
Current portion of long-term debt	1,933,000	21,679	-	1,954,679	-
Total Current Liabilities	<u>6,569,977</u>	<u>185,235</u>	<u>382,245</u>	<u>7,137,457</u>	<u>120,818</u>
Other Non-Current Liabilities:					
Long term compensated absences	159,480	62,184	-	221,664	-
Capital lease payable	-	19,052	-	19,052	-
Advance of funds payable	-	1,188,396	-	1,188,396	-
Revenue bonds, net of current portion, discount, and deferred amon	29,917,261	30,952	319	29,948,532	-
Total Other Non-Current Liabilities	<u>30,076,741</u>	<u>1,300,584</u>	<u>319</u>	<u>31,377,644</u>	<u>-</u>
Total Liabilities	<u>36,646,718</u>	<u>1,485,819</u>	<u>382,564</u>	<u>38,515,101</u>	<u>120,818</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	53,353,171	5,008,889	-	58,362,060	-
Restricted for:					
Debt service	2,963,265	-	-	2,963,265	-
Capital projects	307,208	-	-	307,208	-
Other	1,086,690	-	-	1,086,690	-
Unrestricted	10,243,820	(1,410,366)	1,468,778	10,302,232	2,905,518
Total Net Assets	<u>\$ 67,954,154</u>	<u>\$ 3,598,523</u>	<u>\$ 1,468,778</u>	<u>\$ 73,021,455</u>	<u>\$ 2,905,518</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				622,568	
Net Assets of Business-type Activities				<u>\$ 73,644,023</u>	

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

# CITY OF MISSION, TEXAS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities-Enterprise Fund	
	Utility Fund	Golf Course Fund
Operating Revenues:		
Charges for services	\$ 17,749,796	\$ 1,082,279
Operating Expenses:		
Insurance claim drafts	-	-
Health insurance cost	-	-
Utility administration	601,033	-
Water distribution	2,596,107	-
Water treatment	1,557,979	-
Wastewater treatment and collection	1,915,638	-
Industrial pretreatment	237,123	-
Utility collection	443,852	-
Organizational expenses	223,503	-
Meter readers	425,904	-
Northside water treatment plant	2,003,072	-
Depreciation	4,423,062	280,058
Cost of sales	-	123,563
Golf course operation	-	1,016,749
Solid waste disposal	-	-
Total Operating Expenses	14,427,273	1,420,370
Operating Income (Loss)	3,322,523	(338,091)
Non Operating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	8,236	-
Interest earned	46,098	7
Other nonoperating revenue	-	100,000
Bond interest expense	(1,294,397)	-
Bond fiscal charges	(5,600)	-
Other interest expense	-	(4,078)
Total Non-Operating Revenues (Expenses)	(1,245,663)	95,929
Net Income (Loss) Before Transfers and Capital Contributions	2,076,860	(242,162)
Transfers In (Out)	(2,000,000)	-
Capital Contributions	393,825	-
Change in Net Assets	470,685	(242,162)
Net assets-Beginning of Year	67,483,469	3,840,685
Net Assets-End of Year	\$ 67,954,154	\$ 3,598,523

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

**EXHIBIT A-8**

Business-type Activities-Enterprise Fund		Nonmajor Internal Service Fund
Solid Waste Fund	Total	Group Health Employee Plan Fund
\$ 6,034,695	\$ 24,866,770	\$ 3,609,825
-	-	2,436,623
-	-	661,436
-	601,033	-
-	2,596,107	-
-	1,557,979	-
-	1,915,638	-
-	237,123	-
-	443,852	-
-	223,503	-
-	425,904	-
-	2,003,072	-
-	4,703,120	-
-	123,563	-
-	1,016,749	-
5,501,853	5,501,853	-
5,501,853	21,349,496	3,098,059
532,842	3,517,274	511,766
-	8,236	-
3,038	49,143	5,656
-	100,000	-
-	(1,294,397)	-
-	(5,600)	-
-	(4,078)	-
3,038	(1,146,696)	5,656
535,880	2,370,578	517,422
-	(2,000,000)	-
-	393,825	-
535,880	764,403	517,422
932,898		2,388,095
\$ 1,468,778		\$ 2,905,517

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.

	70,000
Change in net assets of business-type activities	\$ 834,403



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## CITY OF MISSION, TEXAS

EXHIBIT A-9

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	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>	\$ 17,876,127	\$ 1,078,761	\$ 6,008,262	\$ 24,963,150	\$ -
<i>Cash Received from Interfund Services Used</i>	-	-	-	-	3,539,845
<i>Cash Received from Component Unit</i>	-	100,000	-	100,000	-
<i>Cash Payments from Interfund Services Used</i>	-	-	-	-	(3,096,377)
<i>Cash Payments to Employees for Services</i>	(4,000,571)	(773,341)	-	(4,773,912)	-
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(6,586,474)	(297,025)	(5,483,014)	(12,366,513)	-
Net Cash Provided (Used) by Operating Activities	7,289,082	108,396	525,248	7,922,726	443,468
<b>Cash Flows from Non-Capital Financing Activities:</b>					
<i>Transfers From (To) Other Funds</i>	(2,000,000)	-	-	(2,000,000)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(2,000,000)	-	-	(2,000,000)	-
<b>Cash Flows from Capital and Related Financing Activities:</b>					
<i>Proceed from Sale of Capital Assets</i>	8,549	-	-	8,549	-
<i>Principal and Interest Paid</i>	(3,155,997)	(105,530)	-	(3,261,527)	-
<i>Acquisition or Construction of Capital Assets</i>	(2,997,882)	(2,872)	-	(3,000,754)	-
<i>Proceed from Issuance of Long-Term Debt</i>	1,395,000	-	-	1,395,000	-
Net Cash Provided (Used) for Capital & Related Financing Activities	(4,750,330)	(108,403)	-	(4,858,733)	-
<b>Cash Flows from Investing Activities:</b>					
<i>Purchase of Investment Securities</i>	(8,739,140)	-	(300,000)	(9,039,140)	(1,001,685)
<i>Proceeds from Sale and Maturities of Securities</i>	6,078,672	-	-	6,078,672	1,700,000
<i>Interest on Investments</i>	46,097	7	2,262	48,366	5,656
Net Cash Provided (Used) for Investing Activities	(2,614,371)	7	(297,738)	(2,912,102)	703,971
Net Increase (Decrease) in Cash and Cash Equivalents	(2,075,619)	0	227,510	(1,848,109)	1,147,438
Cash and Cash Equivalents at Beginning of Year	8,020,607	4,440	429,552	8,454,599	411,453
Cash and Cash Equivalents at End of Year	\$ 5,944,988	\$ 4,440	\$ 657,062	\$ 6,606,490	\$ 1,558,891
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating Income (Loss)	\$ 3,322,523	\$ (338,091)	\$ 532,842	\$ 3,517,274	\$ 511,766
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
<i>Depreciation</i>	4,423,062	280,058	-	4,703,120	-
<i>Proceed payment from component unit</i>	-	100,000	-	100,000	-
Change in Assets and Liabilities:					
<i>Decrease (Increase) in Receivables</i>	(1,078)	(5,706)	(26,433)	(33,218)	381
<i>Decrease (Increase) in Inventories</i>	(23,012)	296	-	(22,716)	-
<i>Decrease (Increase) in Prepaid Expenses</i>	-	(653)	-	(653)	-
<i>Decrease (Increase) in Due from Other Funds</i>	(69,220)	-	-	(69,220)	(70,323)
<i>Increase (Decrease) in Accounts Payable</i>	(503,994)	2,376	13,248	(488,370)	-
<i>Increase (Decrease) in Customer Deposits</i>	76,236	-	-	76,236	-
<i>Increase (Decrease) in Accrued Wages Payable</i>	7,292	374	-	7,666	-
<i>Increase (Decrease) in Due to Other Funds</i>	12,028	69,220	-	81,248	(38)
<i>Increase (Decrease) in Other Liabilities</i>	15,657	5,942	5,591	27,190	1,682
<i>Increase (Decrease) in Subdividers Deposits Payable</i>	51,172	-	-	51,172	-
<i>Increase (Decrease) in Compensated Absences Payable</i>	(21,585)	(8,078)	-	(29,663)	-
<i>Increase (Decrease) in Deferred Revenue</i>	-	2,657	-	2,657	-
Total Adjustments	3,966,558	446,487	(7,594)	4,405,451	(68,299)
Net Cash Provided (Used) by Operating Activities	\$ 7,289,082	\$ 108,396	\$ 525,248	\$ 7,922,725	\$ 443,468
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Contributed Capital Assets	\$ 393,825	\$ -	\$ -	\$ 393,825	\$ -
Increase in fair value investments	3,618	-	-	3,618	-
Total Noncash Investing, Capital, and Financing Activities	\$ 397,443	\$ -	\$ -	\$ 397,443	\$ -

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**  
*STATEMENT OF FIDUCIARY NET ASSETS*  
*FIDUCIARY FUNDS*  
*SEPTEMBER 30, 2012*

**EXHIBIT A-10**

	Private-purpose Trust Fund Speer Library Breyfogle
ASSETS	
Cash and cash equivalents	\$ 1
Investments	6,731
Accrued interest receivable	22
Total Assets	<u>\$ 6,754</u>
LIABILITIES	
	-
Total Liabilities	<u>-</u>
NET ASSETS	
Held in trust for scholarships and books	<u>\$ 6,754</u>
Total Net Assets	<u>\$ 6,754</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, 2012****EXHIBIT A-11**

	Private-purpose Trust Fund
	<u>Speer Library Breyfogle</u>
<b>Additions:</b>	
Investment Income	\$ 34
Total Additions	<u>34</u>
<b>Deductions:</b>	
Scholarship awards	-
Miscellaneous	-
Total Deductions	<u>-</u>
<b>Change in Net Assets</b>	34
Net Assets-Beginning of the Year	<u>6,720</u>
Net Assets-End of the Year	<u>\$ 6,754</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**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**

The Mission Economic Development Authority (MEDA) was originally organized to provide development activities that could not be carried out by the Mission Economic Development Corporation. In August 2012, effective control over this entity passed to the City of Mission. The Board now consists of 5 members all of whom are Board Members of the MEDC. All Economic Development Activity on behalf of the City was reassigned by City Resolution to Mission Economic Development Corporation. MEDA holds an investment in several lots of land in the Mission Industrial Park which are available for sale. MEDA is presented as a Blended Component Unit - Special Revenue Fund.

**Discretely Presented Component Units**

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 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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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.

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.

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

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

*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.

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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.

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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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.

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

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

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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.

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. With certain restrictions, the City's Investment Policy allows investments in certificates of deposit, repurchase agreements, joint pools of political subdivisions in the State of Texas, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

The Mission Economic Development Corporation (MEDC) is authorized with certain restrictions to invest in certificates of deposit, repurchase agreements, joint pools of political subdivisions in the State of Texas, 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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. Interfund Activity*

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 classification in the applicable governmental funds to indicate that they are not available for appropriation.

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

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

*F. Inventory*

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

*G. Redevelopment Assets*

Redevelopment assets are recorded at historical cost. Depreciation is not recorded on redevelopment assets because they are expenditures for planning, design and construction of economic development projects, which upon completion will be transferred to the City of Mission or other governmental entities. Governments usually acquire or incur construction or design costs related to the redevelopment property to attract private-sector investment in an economically depressed area. During the construction or planning and design phase, these capital project assets are considered redevelopment assets of these component units.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

**H. Land Held for Resale**

The City through Mission Economic Development Authority holds commercial real estate lots available for sale within an economically depressed area. These lots will be sold to attract development to further benefit the City.

**I. *Restricted Assets***

Certain proceeds of long term debt, 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.

**J. *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, 2012

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

*K. 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.

*L. 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 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.

Per Texas Local Government Code Section 143.045, 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.

*M. 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

*N. Fund Balance Reporting*

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, long term portions of receivables, redevelopment assets, and land held for resale. The City has prepaid expenses, inventories, long term portion of receivables redevelopment assets, and land held for resale that are considered nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the City Council. Committed amounts cannot be used for any other purpose unless the governing board changes or removes those constraints by taking the same type of formal action that imposed the constraint originally.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Council, or its designee, such as the City Manager. City Council retains the right to change or remove the assignment with majority vote.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

**Minimum Fund Balance Policy**

- The City of Mission determined that it is essential that they maintain adequate levels of fund balance in the General Fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. The General Fund Unrestricted Fund Balance will be no less than two (2) months of operating expenditures.
- Should the Unrestricted Fund Balance decline to less than two (2) months of operating expenditures, all one-time revenues will be applied to replenish the targeted minimum balance. The targeted fund balance must be replenished within two years.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

Furthermore, the City's Charter contains a requirement that a provision must be made in the annual budget and in the appropriation ordinance for a contingent appropriation in an amount no more than three (3) percent of the total budget to be used in case of unforeseen items of expenditure. Unused contingent funds will be used to replenish the targeted minimum unrestricted fund balance.

**Order of Expenditures of Funds**

- When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

*O. Prepaid Items*

In the governmental fund types, payments made for services that benefit periods beyond the current year are recorded as prepaid expenditures and are equally offset by nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

*P. 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.

*Q. Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

**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, 2012 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 3 – PROPERTY TAXES**

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

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

The City is a Home-Rule Charter City with a maximum authorized tax rate for all purposes of \$2.50 per \$100 valuation. The combined tax rate for the year ended September 30, 2012 (2011 levy), was \$0.5388 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,141,022 and sales taxes of \$1,751,494 for a total taxes receivable of \$3,892,516.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

*A. Primary Government*

*Deposits* – At September 30, 2012, the carrying value of the City's deposits was \$27,221,520 and the bank balance was \$28,824,519. The entire bank balance was covered by FDIC insurance or was fully collateralized with securities held by the City's agent in the City's name.

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.

*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 three 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, 2012:

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 3,677,372.00	\$ 3,677,372.00	\$ -
Federal Farm Credit Bank	2,004,356.00	-	2,004,356.00
Federal Home Loan Bank	1,000,332.00	-	1,000,332.00
Total	<u>\$ 6,682,060.000</u>	<u>\$ 3,677,372.000</u>	<u>\$ 3,004,688.000</u>

*Credit Risk –*

Credit risk is the risk that a counterparty will not fulfill its obligations.

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.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City’s investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAA by Standard and Poor’s. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

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, 2012

**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, 2012, 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	55%
Federal Farm Credit Bank	AAA	30%
Federal Home Loan Bank	AAA	15%

*Custodial Credit Risk –*

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

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

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

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

The Public Funds Investment Act, the City's investment policy, and Government Code Chapter 2257 "Collateral For Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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

Cash on hand	\$ 7,090
Carrying amount deposit	15,894,778
Investments	18,008,802
Less: Statement of Fiduciary Net Assets - investments	<u>(6,731)</u>
Cash and Investments Statement of Net Assets	<u>\$ 33,903,939</u>
Cash and cash equivalents	\$ 14,392,090
Investments	13,706,097
Restricted assets	5,811,737
Less: Accrued interest	<u>(5,985)</u>
Cash and Investments Statement of Net Assets	<u>\$ 33,903,939</u>

*B. Component Units*

Mission Economic Development Corporation

*Deposits* – At September 30, 2012, the carrying value of Mission Economic Development Corporation's deposit was \$1,356,172 and the bank balance was \$1,356,172. All deposits were fully insured or collateralized.

*Investments* – During the year, MEDC's investments consisted of joint pools of political subdivision in the State of Texas which invest in instruments and follow practices allowed by current law.

*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 three 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, 2012

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2012:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 197,959	\$ 197,959	\$ -
Texpool	116,664	116,664	-
	<u>\$ 314,623</u>	<u>\$ 314,623</u>	<u>\$ -</u>

*Credit Risk*

Credit risk is the risk that a counterparty will not fulfill its obligations.

MEDC's investment policy authorizes the following investment 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, 2012, 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	63%
Texpool	AAA	37%

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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

Petty Cash	\$ 250
Carrying amount deposit	1,356,174
Investments	1,814,685
Less: accrued interest	<u>(37)</u>
Cash and Investments Statement of Net Assets	<u><u>\$ 3,171,072</u></u>
Cash and cash equivalents	\$ 945,934
Investments	1,697,984
Restricted Assets	527,191
Less: accrued interest	<u>(37)</u>
Cash and Investments Statement of Net Assets	<u><u>\$ 3,171,072</u></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.

*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 profession 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 \$1,634,182 and the bank balance was \$1,637,302. 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, 2012

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

Investments

The Authority is required by the Government Code Chapter 2256, The Public Funds Investment Act (the “Act”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act determines the types of investments, which are allowable for the Authority. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Authority policy authorizes all the State allowable investments. No person may invest the Authority funds without express written authority from the Board of Directors.

As of September 30, 2012, 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
Debt Service Fund					
Money Market Mutual Fund	\$1,951,781	\$1,951,781	\$ -	\$ -	\$ -

Credit Risk –

Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2012, the Authority’s Money Market Mutual Fund investment rating was AAAM.

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 Mutual 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

A. Interfund receivable and payable balance at September 30, 2012 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 345,906
General Fund	Utility Fund	6,928
Utility Fund	Golf Course Fund	1,188,396
Special Revenue	Non-Major Governmental Funds	1,061
Special Revenue	General Fund	126,503
Special Revenue	Debt Service Fund	32,139
Group Health Fund	General Fund	62,533
Group Health Fund	Utility Fund	10,185
		<u>\$ 1,773,651</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, 2012 were as follows:

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - MEDC	\$ 12,965
Primary Government - General Fund	Component Unit - MRA	\$ 186,683
Component Unit - MRA	Primary Gov't Special Revenue Fund	179,381
		<u>\$ 379,029</u>

C. Interfund Transfers:

	Transfer In:		
	Nonmajor		
	General	Governmental	
Transfer Out:	Fund	Funds	Total
General Fund	\$ -	\$ 2,039,837	\$ 2,039,837
Utility Fund	2,000,000	-	2,000,000
Debt Service Fund	-	394,147	394,147
Nonmajor Governmental Funds	158,565	133,286	291,851
Total Transfer Out	<u>\$ 2,158,565</u>	<u>\$ 2,567,270</u>	<u>\$ 4,725,835</u>

Transfers out from the general to nonmajor governmental funds were to sustain the operating activities of those funds.

A transfer from the Nonmajor Governmental Funds to the General Fund was to sustain activities within the municipal court department and the streets department. 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, 2012

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance at October 1, 2011	Increases	Decreases	Balance at September 30, 2012
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 33,195,036	\$ 270,153	\$ (102,110)	\$ 33,363,079
Construction in progress	4,621,746	3,835,068	(25,572)	8,431,242
Total capital assets, not being depreciated	<u>37,816,782</u>	<u>4,105,221</u>	<u>(127,682)</u>	<u>41,794,321</u>
Capital assets, being depreciated:				
Buildings	20,678,474	10,844	(444,402)	20,244,916
Improvements other than buildings	10,234,018	147,592	(175,305)	10,206,305
Machinery and equipment	22,441,461	2,145,892	(900,750)	23,686,603
Infrastructure	78,519,432	1,069,969	-	79,589,401
Total capital assets, being depreciated	<u>131,873,385</u>	<u>3,374,297</u>	<u>(1,520,457)</u>	<u>133,727,225</u>
Less accumulated depreciation for:				
Buildings	(5,576,997)	(651,032)	-	(6,228,029)
Improvements other than buildings	(4,232,608)	(434,124)	-	(4,666,732)
Machinery and equipment	(14,472,659)	(1,970,575)	831,483	(15,611,751)
Infrastructure	(35,645,091)	(3,710,565)	-	(39,355,656)
Total accumulated depreciation	<u>(59,927,355)</u>	<u>(6,766,296)</u>	<u>831,483</u>	<u>(65,862,168)</u>
Total capital assets, being depreciated, net	<u>71,946,030</u>	<u>(3,391,999)</u>	<u>(688,974)</u>	<u>67,865,057</u>
Governmental Activities Capital Assets, Net	<u>\$ 109,762,812</u>	<u>\$ 713,222</u>	<u>\$ (816,656)</u>	<u>\$ 109,659,378</u>
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,640,102	\$ 23,453	\$ -	\$ 3,663,555
Water Rights	3,742,500	29,164	-	3,771,664
Construction in progress	8,142,019	73,791	(8,077,859)	137,951
Total assets, not being depreciated	<u>15,524,621</u>	<u>126,408</u>	<u>(8,077,859)</u>	<u>7,573,170</u>
Capital assets, being depreciated:				
Buildings and system	116,420,437	10,553,173	-	126,973,610
Improvements other than buildings	3,275,525	-	-	3,275,525
Furniture and equipment	7,041,315	860,844	(159,681)	7,742,478
Total assets, being depreciated	<u>126,737,277</u>	<u>11,414,017</u>	<u>(159,681)</u>	<u>137,991,613</u>
Less accumulated depreciation for:				
Buildings and system	(44,977,228)	(4,312,825)	-	(49,290,053)
Improvements other than buildings	(1,605,942)	(250,192)	-	(1,856,134)
Furniture and equipment	(4,934,160)	(140,104)	157,524	(4,916,740)
Total accumulated depreciation	<u>(51,517,330)</u>	<u>(4,703,121)</u>	<u>157,524</u>	<u>(56,062,927)</u>
Total capital assets, being depreciated, net	<u>75,219,947</u>	<u>6,710,896</u>	<u>(2,157)</u>	<u>81,928,686</u>
Business-type Activities Capital Assets, Net	<u>\$ 90,744,568</u>	<u>\$ 6,837,304</u>	<u>\$ (8,080,016)</u>	<u>\$ 89,501,856</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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

**Governmental Activities:**

General government	\$ 222,703
Public safety	1,704,783
Highways and streets, including depreciation of general infrastructure assets	3,867,285
Sanitation	14,275
Culture and recreation	<u>957,250</u>
Total depreciation expense - governmental activities	<u>\$ 6,766,296</u>

**Business-type Activities:**

Utility	\$ 4,423,062
Golf Course	<u>280,058</u>
Total depreciation expense - business-type activities	<u>\$ 4,703,120</u>

**NOTE 7 – RECEIVABLES**

Receivables at September 30, 2012 were as follows:

	Taxes	Accounts	Special Assessments	Due from other Governments	Other	Allowance for Uncollectibles	Net Receivables
<b>Governmental Activities:</b>							
General	\$ 1,642,788	\$ 1,465,623	\$ -	\$ 1,940,460	\$ 9,708	\$ (1,392,456)	\$ 3,666,123
Debt Service	498,234	-	-	-	1,696	(131,860)	368,070
Other Governmental	-	276,904	83,217	392,690	5,515	(3,316)	755,010
Total Governmental Activities	<u>\$ 2,141,022</u>	<u>\$ 1,742,527</u>	<u>\$ 83,217</u>	<u>\$ 2,333,150</u>	<u>\$ 16,919</u>	<u>\$ (1,527,632)</u>	<u>\$ 4,789,203</u>
<b>Business-type Activities:</b>							
Utility	\$ -	\$ 2,734,520	\$ -	\$ -	\$ 8,811	\$ (83,558)	\$ 2,659,773
Golf Course	-	10,704	-	-	-	-	10,704
Solid Waste	-	917,305	-	-	776	(23,801)	894,280
Total Business-type Activities	<u>\$ -</u>	<u>\$ 3,662,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,587</u>	<u>\$ (107,359)</u>	<u>\$ 3,564,757</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	\$ 17,826,582	\$ 6,061,519
Uncollectibles Related to Current Year	<u>(76,786)</u>	<u>(26,824)</u>
Net Operating Revenues	<u>\$ 17,749,796</u>	<u>\$ 6,034,695</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES**

At September 30, 2012 the City had the following other liabilities:

Payable To	Governmental Activities	Business-type Activities	Total
Due to State	\$ 155,787	\$ 65,764	\$ 221,551
Due to other Government Agencies	450	-	450
Wages & Deductions	345,893	56,832	402,725
Court Deposits/Refunds	5,087	-	5,087
Due to Other	42,563	15,186	57,749
	<u>\$ 549,780</u>	<u>\$ 137,782</u>	<u>\$ 687,562</u>

**NOTE 9 – LONG-TERM DEBT**

*Certificates of Obligation*

The City issues Certificates of Obligation to finance construction projects.

Certificates of Obligation payable at September 30, 2012 are comprised of the following:

Governmental activities:

\$4,120,000 Combination Tax & Limited Pledge 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%.	\$ 300,000
\$1,035,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation Series 2004, payable in annual installments ranging from \$50,000 to \$100,000 through September 30, 2017 interest at 4.00% to 4.375%.	500,000
\$4,550,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005, payable in annual installments ranging from \$75,000 to \$325,000 through February 15, 2025, interest at 3.00% to 4.25%.	2,595,000
\$4,100,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005A, payable in annual installments ranging from \$140,000 to \$325,000 through February 15, 2026, interest at 4.00% to 5.25%.	3,340,000

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, payable in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027, interest at 5.00% to 4.25%.	4,910,000
\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2009, payable in annual installments ranging from \$85,000 to \$415,000 through February 15, 2019, interest at 3.00% to 5.25%.	4,960,000
\$2,930,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2010, payable in annual installments ranging from \$75,000 to \$340,000 through February 15, 2025, interest at 2.00% to 4.00%.	2,295,000
\$2,635,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation Series 2012, payable in annual installments ranging from \$100,000 to \$500,000 through February 15, 2032, interest at 2.00% to 4.00%	<u>2,635,000</u>
Total Certificates of Obligation	<u>\$ 21,535,000</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2013	\$ 1,525,000	\$ 888,479
2014	1,505,000	805,876
2015	1,395,000	754,401
2016	1,380,000	703,976
2017	1,445,000	650,264
2018-2022	6,110,000	2,519,733
2023-2027	6,565,000	1,075,717
2028-2032	<u>1,610,000</u>	<u>125,850</u>
Total	<u>\$ 21,535,000</u>	<u>\$ 7,524,296</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

*General Obligation*

The City has issued General Obligation Bonds, the proceeds of which have been used to advance refund various prior year outstanding long term debt obligations.

General Obligations payable at September 30, 2012 are comprised of the following:

Governmental activities:

\$7,565,000 Texas General Obligation Refunding Bonds, Series 2009, payable in annual installments ranging from \$230,000 to \$565,000 through February 15, 2026, interest at 3.00% to 5.25%.	6,105,000
\$3,165,000 Texas General Obligation Refunding Bonds, Series 2012, payable in annual installments ranging from \$30,000 to \$270,000 through February 15, 2028, interest at 1.00% to 3.50%.	<u>3,165,000</u>
Total General Obligation Bonds	<u>\$ 9,270,000</u>

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2013	\$ 570,000	\$ 316,927
2014	465,000	302,002
2015	630,000	286,827
2016	655,000	269,452
2017	640,000	249,777
2018-2022	3,535,000	898,774
2023-2027	2,505,000	264,664
2028	270,000	4,725
Total	<u>\$ 9,270,000</u>	<u>\$ 2,593,148</u>

*Revenue Bonds*

The City also issued bonds for which it pledges net revenues derived from the waterworks and sewer system which is accounted for in the Utility Fund.

Revenue bonds payable at September 30, 2012 are comprised of the following:

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

Business-type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System ED AP Junior Lien Revenue Serial Bonds payable in annual installments ranging from \$16,000 to \$50,000 from April 1, 1996 through 2015; interest at 5.3% to 7.0%.	\$ 141,000
\$2,032,000 1995-B Waterworks and Sewer System SRF Junior Lien Revenue Serial Bonds payable in annual installments ranging from \$64,000 to \$156,000 from April 1, 1996 through 2015; interest at 4.05% to 5.35%.	444,000
\$14,645,000 2004-A Waterworks and Sewer System Junior Lien Revenue Serial Bond payable in annual installments ranging from \$460,000 to \$1,155,000 from April 1, 2007 through 2026; interest payment starting October 1, 2004 at 3.15% to 5.70%.	11,610,000
\$603,000 2004-B Waterworks and Sewer System Junior Lien Revenue Serial Bond payable in annual installments ranging from \$18,000 to \$49,000 from April 1, 2007 through 2026; interest payments starting October 1, 2004 at 3.93% to 5.93%.	483,000
\$18,300,000 2006 Waterworks and Sewer System Revenue Refunding Serial Bonds payable in annual installments ranging from \$630,000 to \$1,185,000 from February 15, 2007 through 2027; interest at 4.25% to 5.0%.	12,605,000
\$8,285,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds payable in annual installments ranging from \$ 275,000 to \$465,000 from February 15, 2011 through 2029; non-interest bearing. Authorized but unissued bonds at year end were \$385,000.	<u>6,845,000</u>
Total Revenue Bonds Payable	<u>\$ 32,128,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2013	\$ 1,933,000	\$ 1,192,441
2014	2,000,000	1,115,474
2015	2,082,000	1,034,209
2016	2,343,000	945,430
2017	2,259,000	858,411
2018-2022	10,042,000	3,194,822
2023-2027	10,969,000	1,014,232
2028-2029	500,000	-
Total	<u>\$ 32,128,000</u>	<u>\$ 9,355,019</u>

In 2010, the City closed on a commitment 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. As of September 30, 2012, the City had requested to sell coupons totaling \$7,395,000 to fund costs of the authorized project. An additional \$385,000 was requested but unissued at September 30, 2012.

*Arbitrage Compliance*

The City of Mission is subject to federal arbitrage regulations and as of September 30, 2012, 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.

*Partial Refunding*

The City issued \$3,165,000 in General Obligation Refunding Bonds with interest rates ranging from 1% to 3.5%. The proceeds were used to partially refund the 2003 Combination Tax and Limited Pledge Revenue Certificates of Obligation which had interest rates ranging from 3.0% to 5.0%. The net proceeds of \$3,185,772 (including a \$159,340 premium and after payment of \$138,567 in underwriting fees and other issuance costs) were deposited into an escrow account for payment to the bond holders who hold the refunded certificates. As a result, \$3,045,000 Series 2003 Certificates have been removed from the books, leaving a remaining outstanding balance of \$300,000.

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

The reacquisition cost exceeded the net carrying amount of the old debt by \$323,255. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the 2003 Combination Tax and Unlimited Pledge Revenue Certificates of Obligation to reduce its total debt service payments over 17 years by \$455,884 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$392,321.

*Notes Payable:*

The City entered into a loan agreement to purchase the San Jose Cemetery. Note payables at September 30, 2012 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%.		\$ 24,000
Total Notes Payable		\$ 24,000

Note payable debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2013	\$ 24,000	\$ 165
Total	<u>\$ 24,000</u>	<u>\$ 165</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2012 was as follows:

	Balance at September 30, 2011	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2012	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds Payable:					
Certificates of Obligation	\$ 23,510,000	\$ 2,635,000	\$ 4,610,000	\$ 21,535,000	\$ 1,525,000
General Obligations	6,625,000	3,165,000	520,000	9,270,000	570,000
Less: Loss on Refunding	(247,966)	(323,255)	(27,355)	(543,866)	-
Plus Issuance Premium	461,289	298,283	38,664	720,908	-
Total Bonds Payable	30,348,323	5,775,028	5,141,309	30,982,042	2,095,000
Notes Payable	96,000	-	72,000	24,000	24,000
Capital Leases	70,484	-	45,765	24,719	24,719
Compensated Absences	3,020,716	1,483,341	1,288,411	3,215,646	1,186,062
Net Pension Obligation	730,624	7,233	-	737,857	-
Net Other Postemployment Benefit Obligation	312,917	72,519	-	385,436	-
Anzalduas Bridge Payable	1,014,863	230,894	-	1,245,757	-
Governmental Activity Long-term Liabilities	<u>\$ 35,593,927</u>	<u>\$ 7,569,015</u>	<u>\$ 6,547,485</u>	<u>\$ 36,615,457</u>	<u>\$ 3,329,781</u>
<b><u>Business-type Activities:</u></b>					
Bonds Payable:					
Revenue Bonds	32,589,000	1,395,000	1,856,000	32,128,000	1,933,000
Less: Loss on Refunding	(607,005)	-	(37,938)	(569,067)	-
Plus Issuance Premium	107,432	-	6,715	100,717	-
Total Bonds Payable	32,089,427	1,395,000	1,824,777	31,659,650	1,933,000
Capital Leases	113,251	28,696	101,218	40,729	21,679
Compensated Absences	440,366	177,409	206,555	411,220	189,556
Net Pension Obligation	128,934	1,214	-	130,148	-
Net Other Postemployment Benefit Obligation	73,567	18,167	-	91,734	-
Business-type Activity Long-term Liabilities	<u>\$ 32,845,545</u>	<u>\$ 1,620,486</u>	<u>\$ 2,132,550</u>	<u>\$ 32,333,481</u>	<u>\$ 2,144,235</u>

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

The Utility Fund capitalized \$39,290 of bond interest expense as part of various construction projects for the year-ended September 30, 2012.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**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 bond payable at September 30, 2012 for the MEDC is comprised of the following:

\$4,380,000 Sales Tax Revenue Refunding Bonds, Series 2010  
payable in annual installments ranging from \$90,000 to  
\$325,000 from February 15, 2011 through 2024;  
Interest at 3.85%. \$ 4,005,000

The annual requirements to retire the MEDC sales tax revenue bond including interest are as follows:

Year Ending September 30,	Principal	Interest
2013	\$ 300,000	\$ 148,418
2014	315,000	136,488
2015	325,000	124,259
2016	335,000	111,554
2017	350,000	98,368
2018-2022	1,740,000	283,052
2023-2024	640,000	24,832
Total	<u>\$ 4,005,000</u>	<u>\$ 926,971</u>

Sales tax revenue notes payable at September 30, 2012 for the MEDC is comprised of the following:

\$3,000,000 Sales Tax Revenue Note payable in semi-annual  
installments ranging from \$109,259 to \$366,273;  
including interest at 3.9%. Note matures August 15, 2016.  
Secured by first priority perfected security interest in  
sales tax revenues collected pursuant to Section 4B  
of the Development Corporation Act of 1979. \$ 2,676,860

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

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

Year Ending September 30,	Principal	Interest
2013	\$ 632,835	\$ 99,712
2014	658,105	74,441
2015	684,385	48,161
2016	701,535	20,870
Total	<u>\$ 2,676,860</u>	<u>\$ 243,184</u>

The following is a summary of changes in long-term debt obligations for MEDC for the year ended September 30, 2012:

	Balance at September 30, 2011	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2012	Amounts Due within One Year
Sales Tax Revenue Note	\$ 2,785,974	\$ -	\$ 109,114	\$ 2,676,860	\$ 632,834
Sales Tax Refunding Bond	4,290,000	-	285,000	4,005,000	300,000
	<u>\$ 7,075,974</u>	<u>\$ -</u>	<u>\$ 394,114</u>	<u>\$ 6,681,860</u>	<u>\$ 932,834</u>

The above listed refunding bond issue is to be repaid from the ½ cent sales tax levied under the Section 4B of the Texas Development Corporation Act of 1979.

*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, 2012 for the MRA are comprised of the following:

<p>\$8,960,000 Tax Increment Contract Revenue Bonds Series 2005 payable in annual installments ranging from \$295,000 to \$380,000 from September 1, 2006 through 2025; with interest ranging from 4.625% to 5.125%.</p>	<p>\$6,655,000</p>
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CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

\$10,620,000 Tax Increment Contract Revenue Bonds Series 2009  
payable in annual installments ranging from \$365,000 to \$790,000  
from September 1, 2011 through 2029; with interest rates ranging  
from 3.0% to 5.25%.

9,450,000  
\$ 16,840,000

As of September 30, 2012, the debt service requirements on the bonds outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
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	870,000	674,738	1,544,738
2017	905,000	636,675	1,541,675
2018-2022	5,215,000	2,511,337	7,726,337
2023-2028	5,180,000	1,117,824	6,297,824
2029	<u>1,545,000</u>	<u>122,588</u>	<u>1,667,588</u>
Total	<u>\$ 16,105,000</u>	<u>\$ 7,297,363</u>	<u>\$ 23,402,363</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 loan amount of \$3,000,000 was used to finance the actual costs of the extension of Anzalduas Road from the General Service Administration Complex north to US 83 Expressway. The MRA has agreed to repay the loan over a period of fifteen (15) years at a 3.85% interest rate.

\$2,358,093

The following is a summary of changes in loan agreement for the MRA for the year ended September 30, 2012:

	Balance at September 30, 2011	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2012	Amounts Due within One Year
Loan Payable	\$ 2,527,774	\$ -	\$ 169,682	\$ 2,358,092	\$ 176,214
	<u>\$ 2,527,774</u>	<u>\$ -</u>	<u>\$ 169,682</u>	<u>\$ 2,358,092</u>	<u>\$ 176,214</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

As of September 30, 2012, the debt service requirements on the loan agreement were as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 176,214	\$ 90,787	\$ 267,001
2014	182,999	84,002	267,001
2015	190,044	76,957	267,001
2016	197,361	69,640	267,001
2017	204,959	62,042	267,001
2018-2022	1,149,414	185,591	1,335,005
2023-2028	257,102	9,898	267,000
Total	<u>\$ 2,358,093</u>	<u>\$ 578,917</u>	<u>\$ 2,937,010</u>

*Optional Redemption for Tax Increment Contract Revenue Bonds*

The Authority reserves the right, at its option, to redeem bonds prior to their scheduled maturities, in whole or from time to time, in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed from redemption. This optional redemption applies to bonds maturing on or after September 1, 2016 or September 1, 2020, for Series 2005 and Series 2009 bonds respectively.

*Scheduled Mandatory Redemption for Tax Increment Contract Revenue Bonds*

The Series 2005 Term bonds due September 1, 2016, September 1, 2019, September 1, 2022, and September 1, 2025, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

The Series 2009 Term bonds due September 1, 2022, September 1, 2025, September 1, 2027, and September 1, 2029, are subjected to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

**NOTE 11 – INTERFUND ADVANCES**

With all improvements made to the Golf Course, management expectations were to pay back the advance refunding with expected increase in revenues. The Course was able to reduce the debt in the prior year; however, this fiscal year, bad weather, increase in health insurance, and unexpected repairs resulted in an increase to the debt. Management will continue to monitor expenditures and promote the Course to increase play and generate a profit in order

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 – INTERFUND ADVANCES *(Continued)***

to reduce the debt. The Advance payable increased by \$69,220 compared to prior year's balance. At September 30, 2012, the balance of the Advance in the amount of \$1,188,396 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:

	Unavailable	Unearned	Total Deferred Revenue
Delinquent property taxes	\$ 1,460,893	\$ -	\$ 1,460,893
Park dedication fees	-	387,228	387,228
Grants	-	1,500	1,500
Loan receivable - HOME	-	138,631	138,631
Contributions	-	2,000	2,000
	<u>\$ 1,460,893</u>	<u>\$ 529,359</u>	<u>\$ 1,990,252</u>

Unearned revenues of \$66,026 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, 2012 for the City of Mission are comprised of the following:

Governmental Activities:

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,

CITY OF MISSION, TEXAS  
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**NOTE 13 – LONG-TERM RECEIVABLE (*Continued*)**

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.

\$ 32,000

Total Long-Term Notes Receivables	32,000
Less:	
Current Portion	<u>(2,400)</u>
	<u>\$ 29,600</u>

**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 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, 2012 consist of:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Revenue Bond Reserve Fund	\$ 211,449	\$ 1,429,428	\$ 2,155	\$ 1,643,032
Bond Interest and Sinking	966,680	350,885	112	1,317,677
Cash with Fiscal Agent	-	-		-
Revenue Bond Extension and Improvement Fund	10,165	296,156	136	306,457
Subdividers Deposits	187,720	1,253,703	2,019	1,443,442
Capital Recovery Fund	114,460	965,303	1,563	1,081,326
Water and Sewer Plant Improvements	19,303	-	-	19,303
	<u>\$ 1,509,777</u>	<u>\$ 4,295,475</u>	<u>\$ 5,985</u>	<u>\$ 5,811,237</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

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

A. Mission Economic Development Corporation

Restricted assets held by Mission Economic Development Corporation at September 30, 2012 consist of the following:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Debt Service Fund	\$ 410,490	\$ 116,664	\$ 37	\$ 527,191

B. Mission Redevelopment Authority

Restricted assets held by Mission Redevelopment Authority at September 30, 2012 consisted of Debt Service Reserves required by the Tax Increment Contract Bonds in the amount of \$1,884,308.

**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 from 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:

	Plan Year 2011	Plan Year 2012
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)	0% of CPI	0% of CPI

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 15 – PENSION PLAN *(Continued)***

*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)	\$ 2,059,883
2. Interest on Net Pension Obligation	60,169
3. Adjustment to the ARC	<u>(51,721)</u>
4. Annual Pension Cost (APC)	2,068,331
5. Contributions Made	<u>(2,059,883)</u>
6. Increase (decrease) in net position obligation	8,448
7. Net Pension Obligation/(Asset), beginning of year	<u>859,557</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 868,005</u></u>

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2010	\$ 2,915,119	\$ 2,523,130	86.55%	\$ 759,557
2011	\$ 2,398,879	\$ 2,298,879	95.83%	\$ 859,557
2012	\$ 2,068,331	\$ 2,059,883	99.59%	\$ 868,005

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

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
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	28.1 years; closed period	26.9 years; closed period	25.9 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10 year smoothed market	10 year smoothed market	10 year smoothed market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
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%	0.00%	0.00%

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 47,502,963	\$ 52,011,146	91.3%	\$ 4,508,183	\$ 22,008,197	20.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedules 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 pension system established and administered by the State of Texas to provide pension, disability and death benefits for 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).

S.B. 411, 65<sup>th</sup> Legislative, Regular Session (1977) created TESRS and established the benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member become 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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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) and were amended by board rule in 2006. The monthly contribution requirement per active emergency services personnel member is not actuarially determined, but rather, the minimum contribution requirement is set by board rule. 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 (including the deposit for TLFFRA) for the years ending September 30, 2012, 2011, and 2010 were \$10,128, \$8,240, and \$7,472 respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

**NOTE 17 – OTHER POST EMPLOYMENT 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 2012 were \$94,257 for retirees, of which the City contributed \$93,827 to the plan and the retirees contributed \$430 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.

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**NOTE 17 – OTHER POST EMPLOYMENT 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	\$ 191,637
Interest on net OPEB obligation	14,686
Adjustment to annual required contribution	<u>(21,811)</u>
Annual OPEB cost (expense)	184,512
Contributions made	<u>(93,827)</u>
Increase in net OPEB Obligation	90,685
Net OPEB obligation - beginning of year	<u>386,485</u>
Net OPEB obligation - end of year	<u><u>\$ 477,170</u></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, 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
09/30/2009	\$ 151,562	11.29%	\$ 134,458
09/30/2010	149,163	4.82%	276,436
09/30/2011	116,944	5.90%	386,485
09/30/2012	184,512	50.85%	477,170

*Funded Status and Funding Progress*

As of September 30, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,386,881, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,386,881. The covered payroll (annual payroll of active employees covered by the plan) was \$19,719,814 and the ratio of the UAAL to the covered payroll was 7.0%

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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 17 – OTHER POST EMPLOYMENT BENEFITS *(Continued)***

*Actuarial Methods and Assumptions*

Actuarial calculations reflect a long-term perspective. The actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

- a) The actuarial cost method used is the Projected Unit Credit method.
- b) As of this valuation date, there are no assets, hence no need for actuarial value of assets.
- c) See table below for disclosure of significant actuarial assumptions.
- d) The amortization method is level dollar. The amortization period is 30 years. The period is open.

Valuation date	September 30, 2012
Discount rate	3.8%
Claims costs	Derived from current COBRA premiums less the 2% administrative loading and adjusted for the risk characteristics of the covered group
Health Care Cost Trend for 2012 to 2084	8.0% - 4.2%
Rate of Inflation	2.5%
Rate of Growth in Real Income/GDP per capita	1.7%
Income Multiplier for Health Spending	1.4
Extra Trend due to Technology and other factors	1.1%
Health Share of GDP Resistance Point	25.0%
Year of Limiting Cost Growth to GDP Growth	2075

*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 postemployment benefit," or OPEB.

The City offers supplemental death benefits to:	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 17 – OTHER POST EMPLOYMENT BENEFITS *(Continued)***

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 term life insurance during employees' entire careers.

The City's contributions to the TMRS SBDF for the years ended 2012, 2011, and 2010 were \$31,264, \$35,438, and \$32,734 respectively, which equaled the required contributions each year.

**NOTE 18 – CONTINGENT LIABILITIES**

*A. Litigation*

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

*B. Federally Assisted Grant Programs*

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

**NOTE 19 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2012, the City had several active construction projects. The projects include renovation of parks and improvements of infrastructure.

*A. Primary Government*

Project	Spent to Date	Remaining Commitment	Financing Sources
CWV & Banworth Park Improv.	\$ 4,384,417	\$ 276,253	2009 CO Bonds
Kika De La Garza Building	313,453	2,250	Capital Projects Fund
Street Improvements 2011-2012	512,068	168,473	Operating Funds
Insp. Rd. US 83 Exp. N. To Mile 3	1,210,448	1,226,512	2012 CO Bonds
Mile 2 N. Conway W. to Inspiration	610,739	418,350	Operating Funds
La Placita/Pena Park Restroom	20,988	25,652	Operating Funds
	<u>\$ 7,052,113</u>	<u>\$ 2,117,490</u>	

CITY OF MISSION, TEXAS  
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**NOTE 19 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS (*Continued*)**

The City has entered into several Advance Funding Agreements (AFA's) with the Texas Department of Transportation to fund various road widening and improvement projects within the City limits. These AFA's basically commit state or federal resources to the projects and require participation of the City in the cost of the projects. The City has signed engineering contracts in relation to these AFA's and the commitments under such contracts are reflected in the commitment summary noted above.

*B. Mission Redevelopment Authority*

For the year ended September 30, 2012, the Authority has construction commitments of \$251,580, primarily for the engineering contract on the Phase II US 83 Overpass at Inspiration Road Project.

**NOTE 20 – OPERATING LEASE COMMITMENTS**

*A. Primary Government*

The City leases office equipment under operating leases. Total costs for such leases were \$51,386 for the year ended September 30, 2012. The future minimum lease payments for these leases are as follows:

<u>September 30,</u>	
2013	\$ 41,459
2014	14,081
2015	<u>3,410</u>
Total	<u>\$ 58,950</u>

*B. Mission Economic Development Corporation*

MEDC leased office equipment under and operating lease. Total costs for such lease was \$4,494 for the year ended September 30, 2012. The future minimum lease payments for the lease is as follows:

<u>September 30,</u>	
2013	\$ 4,478
2014	4,494
2015	374
2016 and beyond	<u>-</u>
Total	<u>\$ 9,346</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 21 – CAPITAL LEASE COMMITMENTS**

The City has entered into a lease agreement as a lessee for financing the acquisition of golf carts, air aerator and mowers for the golf course owned by the City reflected here under business-type activities and the acquisition of IBM servers and a motor grader for governmental activities. 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, 2012 as stated below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery & Equipment	\$ 268,569	\$ 395,784
Less: Accumulated Depreciation	<u>(103,499)</u>	<u>(236,694)</u>
Total	<u>\$ 165,070</u>	<u>\$ 159,090</u>
<u>September 30,</u>		
2013	\$ 24,930	\$ 22,884
2014	-	7,830
2015	-	7,830
2016	<u>-</u>	<u>4,569</u>
Total minimum lease payments	24,930.00	43,113.00
Less: amount representing interest	<u>(211)</u>	<u>(2,383)</u>
Present value of minimum lease payments	<u>\$ 24,719</u>	<u>\$ 40,730</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. Effective December 1, 1996, the City became fully insured for workers compensation insurance through a conventional policy. The City's health insurance program is self-funded.

Health insurance premiums are paid into the Internal Service Fund by all other funds and are available to pay health claims and administrative costs of the program including costs associated with wellness programs. Inter-fund premiums are based primarily on claims experience and are reported as quasi-external transactions.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 22 – RISK MANAGEMENT (Continued)**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Health liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims 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.

The following is a reconciliation of the claims liability:

	2012	2011
Unpaid claims, beginning of fiscal year	\$ 118,295	\$ 181,626
Incurred claims (including IBNRs) and adjustments	2,436,623	2,099,308
Claims payments	<u>(2,480,227)</u>	<u>(2,162,639)</u>
Unpaid claims, end of fiscal year	<u>\$ 74,691</u>	<u>\$ 118,295</u>

**NOTE 23 – COMPONENT UNIT TRANSACTIONS**

- A. City of Mission terminated its agreement with Mission Economic Development Authority (MEDA) to perform the City's economic development activities via City Council Resolution and has delegated all economic development activities to MEDC.

City of Mission provides personnel services to carry out the daily operating activities of MEDC. MEDC reimburses the City of Mission for the services provided as well as accounting and overhead costs.

- B. As the result of a settlement reached stemming from a lawsuit involving the City of Mission, Mission Economic Development Corporation (MEDC) and Mission Economic Development Authority (MEDA) the City gained effective control over MEDA. This has resulted in MEDA becoming a blended component unit and is reported as a Special Revenue Fund. MEDA held title to land held for resale which is reflected in these financial statements at the cost MEDA had incurred for the land.
- C. During the year ended September 30, 2012 Mission Redevelopment Authority reimbursed the City for costs incurred related to the Military Parkway project in the amount of \$240,360. At September 30, 2012, the MRA owed the City \$7,500 for administrative costs. Additionally, the City owed MRA \$150,006 for property taxes collected but not yet remitted.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 24 – CONDUIT DEBT OBLIGATIONS**

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

	Balance at <u>September 30, 2012</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 2012A dated August 1, 2012.	56,800,000
\$6,000,000 Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007 dated May 1, 2007	5,285,000
\$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.	5,701,592
\$1,341,250 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009A dated February 1, 2009	727,115
\$1,702,000 Industrial Development Revenue Bonds (4 over, Inc. Project) Series 2009B dated August 1, 2012.	951,789
\$40,200,000 Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 dated March 1, 2011.	39,400,000
	<u>\$ 297,815,496</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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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, 2012, MEDC received \$2,500, net of \$2,500 paid to advisors.

In the current year, MEDC was paid issuance costs for the refinancing of one of its conduit debt issues. MEDC received \$106,000, net of \$106,000 paid to advisors for issuance costs.

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, 2012, MEDC received a \$75,870 net of \$75,870 of 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, 2012 the City's Utility Fund met these coverage requirements.

CITY OF MISSION, TEXAS  
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**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 is set aside for this purpose since January 1, 2002 tax levies. 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. 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 \$1,761,108 and \$1,823,301 from the County and City respectively.

**NOTE 27 – 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 of the city of Reynosa, Tamaulipas, Mexico. According to that agreement, the ownership interest of the City of McAllen and the City of Mission are 66 2/3% and 33 1/3%, respectively.

The agreement also provides that complete management and control of the Anzalduas Bridge, with the exception of fixing rates and charges for services and the issuance of debt, which is reserved by the Board of Commissioners of McAllen, shall be vested in a Board of Trustees consisting of five (5) voting-members, two of which are appointed from the existing members of the Hidalgo Bridge Board by McAllen, with the Mayors of the cities of McAllen, Hidalgo and Mission serving as ex-officio Board members. The Mayor of Granjeno also serves as an ex-officio non-voting member of the Board. In addition, the budget is subject to final approval by the Board of Commissioners of McAllen.

The 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.

CITY OF MISSION, TEXAS  
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**NOTE 27 – 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, 2012, the amount advanced since the inception for the City of Mission is \$1,245,757 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 28 – 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, 2012 the City complied with the budgetary requirements for the General Fund.

*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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 29 – FUND BALANCES**

At September 30, 2012 the City of Mission has classified its fund balances with the following hierarchy:

Committed - The City Council has Committed resources for the purpose of payment of certain capital asset replacements needed, and for funds to be used for various programs to be conducted by the Boy's and Girl's Club.

Assigned – The City Council has assigned resources for the purpose of payment of construction under encumbrances outstanding.

Unassigned – Unassigned fund balance has no constraints on its use.

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund balance:</b>				
Nonspendable				
Long term receivable	\$ 32,000	\$ -	\$ -	\$ 32,000
Inventory	885	-	-	885
Prepaid	16,380	-	-	16,380
MEDA-land for resale	-	-	1,862,550	1,862,550
Restricted				
Capital improvements	-	-	3,063,147	3,063,147
Debt service	-	1,315,076	-	1,315,076
Aquatics programs	-	-	10,000	10,000
Municipal Court				
Technology	-	-	184,506	184,506
Building security	-	-	194,512	194,512
Juvenile case manager	-	-	85,570	85,570
PD Asset Sharing	-	-	1,773,042	1,773,042
Drainage improvements	-	-	514,275	514,275
Scholarships and books	-	-	25,594	25,594
Tourism	-	-	412,953	412,953
Perpetual care	-	-	37,541	37,541
Records preservation	-	-	13,016	13,016
PEG (public, educational, and governmental)	-	-	61,716	61,716
Tax increment	-	-	3,999	3,999
Committed				
Asset replacement	175,221	-	-	175,221
Boys and Girls Club	295,768	-	-	295,768
Assigned				
Subsequent year's budget-appropriation of fund balance	1,119,142	-	-	1,119,142
Unassigned	5,610,485	-	-	5,610,485
<b>Total Fund Balances</b>	<u>\$ 7,249,881</u>	<u>\$ 1,315,076</u>	<u>\$ 8,242,421</u>	<u>\$ 16,807,378</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 30 – INCENTIVES COMMITMENTS**

*A. Mission Economic Development Corporation*

MEDC has published notices of intent and its Board of Directors has committed funds for the following projects:

Incentives:	Committed	Expended to Date	Remaining Commitment
Small business	\$ 100,000	\$ -	\$ 100,000
North American Butterfly Association	100,000	50,000	50,000
Other Infrastructure projects	180,000	9,523	170,477
Infrastructure projects ***	1,000,000	113,801	886,199
	<u>\$ 1,380,000</u>	<u>\$ 173,324</u>	<u>\$ 1,206,676</u>

\*\*\*\$1,000,000 is for Shary Road and Anzalduas International Corridor (Bryan Road) projects only.

**NOTE 31 – REDEVELOPMENT ASSETS**

*A. Mission Economic Development Corporation*

In accordance with its Strategic Plan, the MEDC has established the Mission Corridors Fund which allows MEDC to set aside \$1 million to be used specifically on the Shary Road and Anzalduas International Corridor (Bryan Road). In the current year, \$113,801 was expended for these projects. MEDC also funded other infrastructure projects including sanitary sewer and paving projects.

The amount expended in the current year was \$9,523 for the sanitary sewer project.

When these construction projects are completed, the redeveloped asset will be transferred to the City of Mission.

	Balance at October 1, 2011	Increases	Decreases	Balance at September 30, 2012
Redevelopment Assets	<u>\$ -</u>	<u>\$ 123,324</u>	<u>\$ -</u>	<u>\$ 123,324</u>

*B. Mission Redevelopment Authority*

Redevelopment assets include engineering and design costs for various road improvement and infrastructure related projects. The changes in redevelopment assets for the year ended September 30, 2012 are as follows:

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012

**NOTE 31 – REDEVELOPMENT ASSETS *(Continued)***

Redevelopment Projects	Balance Oct. 1, 2011	Increase	Decrease	Balance Sept. 30, 2012
Anzalduas & FM 396 Overpass-Phase I	\$ 1,874,970	\$ -	\$ -	\$ 1,874,970
FM 396 Overpass at US 83 Expressway	526,542	-	-	526,542
FM 396 Overpass Right of Way Acquisition	158,600	22,320	-	180,920
US 83 Overpass at Inspiration Road-Phase I	321,655	14,595	-	336,250
US 83 Overpass at Inspiration Road-Phase II	462,812	1,148,586	-	1,611,399
Military Parkway	189,095	28,584	217,679	-
Bryan Road Lift Stations	-	341,505	-	341,505
Total Redevelopment Assets	<u>\$ 3,533,674</u>	<u>\$ 1,555,590</u>	<u>\$ 217,679</u>	<u>\$ 4,871,585</u>

The Authority reimbursed \$22,682 to the City of Mission for costs associated with the Military Parkway project. These costs are included in redevelopment expenses on the Statement of Activities and Governmental Funds Revenues Expenditures and Changes in Fund Balances.

**NOTE 32 – LAND HELD FOR RESALE**

The City through its blended component unit, Mission Economic Development Authority holds commercial real estate lots available for sale within an economically depressed area with a cost of \$1,862,550, which is less than their estimated fair value. These lots will be sold to attract development to further benefit the City.

**NOTE 33 – SUBSEQUENT EVENTS**

*A. Mission Redevelopment Authority*

On September 10, 2012 The City Council of the City of Mission approved a recommendation to allow the Authority to amend its “Project List” and expand the Tax Increment Reinvestment Zone (“TIRZ”) boundaries. Pursuant to this action, and subsequent to the fiscal year end, the Board of Directors for the Authority approved an Interlocal Agreement between the Authority, the City of Mission and the Hidalgo County Regional Mobility Authority for the purpose of seeking a mutual understanding on a future project.

The Authority received a letter from the Texas Department of Transportation requesting payment in the amount of \$106,789 for costs incurred on the FM396 Extension Project. This item is currently under review by the Board of Directors.



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*REQUIRED  
SUPPLEMENTARY  
INFORMATION*



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# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 13,300,000	\$ 13,300,000	\$ 13,436,118	\$ 136,118
Delinquent ad valorem taxes	650,000	650,000	471,545	(178,455)
Interest and penalties on taxes	400,000	400,000	329,129	(70,871)
Net Ad Valorem Tax Revenue	14,350,000	14,350,000	14,236,792	(113,208)
Sales tax	6,875,250	6,875,250	7,238,156	362,906
Sales tax-tax abatement	3,437,625	3,437,625	3,619,078	181,453
Franchise business tax	2,050,000	2,050,000	2,566,461	516,461
Telecommunication access fee	229,000	229,000	223,658	(5,342)
Mixed drink tax	82,000	82,000	73,518	(8,482)
Total Taxes	27,023,875	27,023,875	27,957,663	933,788
Licenses and permits:				
Occupational licenses	52,000	52,000	41,151	(10,849)
Moving and building permits	300,000	300,000	268,426	(31,574)
Health permits	27,000	27,000	28,730	1,730
Electrical permits	93,000	93,000	73,474	(19,526)
Mechanical permits	45,000	45,000	32,205	(12,795)
Plumbing permits	80,000	80,000	63,053	(16,947)
Alarm permits	8,000	8,000	11,872	3,872
Miscellaneous	22,000	22,000	35,413	13,413
Total Licenses and Permits	627,000	627,000	554,324	(72,676)
Intergovernmental:				
MCISD and SISD Dare Program	650,000	650,000	671,384	21,384
G.R.E.A.T Program	185,000	185,000	189,493	4,493
Reimb. - TXDOT/ROW	-	-	131,980	131,980
County contribution-rural fires	55,000	55,000	38,350	(16,650)
County restitution reimbursement	250	250	3,926	3,676
Overhead-MRA	200,000	200,000	179,220	(20,780)
TIRZ Reimbursement	-	-	22,682	22,682
FEMA Reimbursement	-	-	39,036	39,036
LEOSE Peace Officer	8,625	8,625	-	(8,625)
FBI Overtime	15,000	15,000	22,066	7,066
Task Force	20,000	20,000	36,088	16,088
Peace Officers Fire Prev.	790	790	-	(790)
DEA Overtime Task Force	32,000	32,000	34,404	2,404
Hidalgo County-library	-	32,319	32,320	1
Total Intergovernmental	1,166,665	1,198,984	1,400,949	201,965
Charges for services:				
Birth certificate service	1,100	1,100	1,143	43
Inspection fee-2%	22,000	22,000	24,806	2,806
Construction material testing fee	19,000	19,000	7,179	(11,821)
Fire inspection fee	22,500	22,500	23,936	1,436
Judicial fee-City	4,026	4,026	4,272	246

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Corporation court fines tax	34,000	34,000	41,976	7,976
Library reservations fee	20	20	138	118
Lot cleaning	45,000	45,000	56,872	11,872
Lot cleaning-admin. fee	30,000	30,000	33,095	3,095
Lease-service center complex	6,000	6,000	6,000	-
Library copies	28,787	28,787	27,259	(1,528)
Rent-City buildings	5,000	5,000	6,001	1,001
Library rentals	155	155	75	(80)
Cemetery charges	28,000	28,000	57,187	29,187
Vital statistics	110,000	110,000	122,719	12,719
Burial transit permit	1,320	1,320	1,084	(236)
Animal control & shelter fee	500	500	135	(365)
Zoning and subdivision fees	27,444	27,444	36,030	8,586
Plans and specifications	320	320	-	(320)
5% credit card fee	4,033	4,033	6,097	2,064
Food manager/handler ID fee	6,560	6,560	20,660	14,100
Fire Dept. training fees	-	-	1,672	1,672
Arrest fees-M.P.D.	35,000	35,000	37,804	2,804
Police Dept. service charges	8,385	8,385	9,674	1,289
Total Charges for Services	<u>439,150</u>	<u>439,150</u>	<u>525,814</u>	<u>86,664</u>
Fines:				
Corporation court fines	640,000	640,000	667,163	27,163
Warrant execution fee	115,000	115,000	126,784	11,784
Library fines	16,000	16,000	17,551	1,551
Total Fines	<u>771,000</u>	<u>771,000</u>	<u>811,498</u>	<u>40,498</u>
Interest:				
Interest earned on investments	15,000	15,000	28,022	13,022
Interest earned on demand deposits	5,000	5,000	5,443	443
Total Interest	<u>20,000</u>	<u>20,000</u>	<u>33,465</u>	<u>13,465</u>
Miscellaneous:				
Reimb.-TX Citrus Fiesta	45,500	45,500	44,344	(1,156)
Child safety fees	14,000	14,000	9,510	(4,490)
Library donations/memorial	200	200	62	(138)
Insurance settlement	30,000	30,000	82,031	52,031
Miscellaneous income	125,000	125,000	182,444	57,444
Coke machine & vending machines	3,500	3,500	3,519	19
Street signs reimbursement	525	525	3,950	3,425
Subdividers reimb.-streets	10,000	10,000	16,424	6,424
Universal service fund rebate	-	28,663	28,696	33
Oil lease	2,400	2,400	2,050	(350)
Reimbursement-MEDC	500,000	635,000	635,000	-
Contribution and donations	-	1,500	2	(1,498)
Total Miscellaneous	<u>731,125</u>	<u>896,288</u>	<u>1,008,032</u>	<u>111,744</u>
Total Revenues	<u>30,778,815</u>	<u>30,976,297</u>	<u>32,291,745</u>	<u>1,315,448</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**EXHIBIT B-1**  
Page 3 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget	Final Budget
			Basis	Positive
				(Negative)
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,600	2,600	2,300	300
Employee benefits	1,600	1,600	1,380	220
Other purchased services	21,095	21,095	15,937	5,158
Supplies	1,479	1,479	1,754	(275)
Miscellaneous	1,050	1,050	372	678
	<u>27,824</u>	<u>27,824</u>	<u>21,743</u>	<u>6,081</u>
Executive Administration:				
Personal services	463,656	473,156	473,094	62
Employee benefits	156,141	157,671	150,989	6,682
Other purchased services	16,375	16,375	16,414	(39)
Supplies	2,750	2,750	1,822	928
Miscellaneous	3,050	3,050	1,391	1,659
	<u>641,972</u>	<u>653,002</u>	<u>643,710</u>	<u>9,292</u>
Finance Department:				
Personal services	399,685	399,685	398,662	1,023
Employee benefits	121,012	121,012	117,478	3,534
Purchased property services	5,563	5,563	3,713	1,850
Other purchased services	12,518	12,518	6,549	5,969
Supplies	7,100	7,100	5,834	1,266
Miscellaneous	1,300	1,300	849	451
	<u>547,178</u>	<u>547,178</u>	<u>533,085</u>	<u>14,093</u>
Municipal Court:				
Personal services	427,722	438,492	428,353	10,139
Employee benefits	140,104	143,334	139,497	3,837
Professional & technical services	15,000	15,000	9,075	5,925
Other purchased services	3,900	3,900	3,504	396
Supplies	6,250	6,250	5,987	263
Miscellaneous	18,750	18,750	13,750	5,000
	<u>611,726</u>	<u>625,726</u>	<u>600,166</u>	<u>25,560</u>
Planning:				
Personal services	549,147	549,147	565,574	(16,427)
Employee benefits	178,994	178,994	178,216	778
Purchased property services	6,500	8,495	7,977	518
Other purchased services	22,103	21,183	17,085	4,098
Supplies	23,400	22,690	20,426	2,264
Capital outlays	22,000	22,000	21,738	262
Miscellaneous	15,500	15,135	9,522	5,613
	<u>817,644</u>	<u>817,644</u>	<u>820,538</u>	<u>(2,894)</u>

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Facilities Maintenance:				
Personal services	346,325	346,325	325,287	21,038
Employee benefits	134,519	134,519	129,173	5,346
Purchased property services	66,000	66,000	63,473	2,527
Other purchased services	4,000	4,000	2,988	1,012
Supplies	160,400	160,400	150,514	9,886
Capital outlays	20,000	20,000	-	20,000
Miscellaneous	2,656	2,656	-	2,656
	<u>733,900</u>	<u>733,900</u>	<u>671,435</u>	<u>62,465</u>
Fleet Maintenance:				
Professional & technical services	762,458	762,458	722,626	39,832
Miscellaneous	40,000	40,000	40,028	(28)
	<u>802,458</u>	<u>802,458</u>	<u>762,654</u>	<u>39,804</u>
Organizational Expense:				
Professional & technical services	943,000	943,000	952,461	(9,461)
Purchased property services	153,350	153,350	143,698	9,652
Other purchased services	95,600	110,430	157,158	(46,728)
Supplies	8,750	8,750	7,131	1,619
Capital outlays	-	201,875	203,930	(2,055)
Miscellaneous	516,833	1,527,966	1,546,895	(18,929)
	<u>1,717,533</u>	<u>2,945,371</u>	<u>3,011,273</u>	<u>(65,902)</u>
Purchasing:				
Personal services	126,986	126,986	123,999	2,987
Employee benefits	37,575	37,575	36,685	890
Purchased property services	2,750	2,250	2,136	114
Other purchased services	15,800	16,000	16,013	(13)
Supplies	1,550	1,750	1,734	16
Miscellaneous	850	950	758	192
	<u>185,511</u>	<u>185,511</u>	<u>181,325</u>	<u>4,186</u>
City Secretary:				
Personal services	203,457	203,457	209,428	(5,971)
Employee benefits	71,565	71,565	71,790	(225)
Professional & technical services	30,800	30,800	27,000	3,800
Purchased property services	1,400	1,400	1,352	48
Other purchased services	8,850	8,850	13,179	(4,329)
Supplies	1,200	1,200	863	337
Miscellaneous	2,460	2,460	1,532	928
	<u>319,732</u>	<u>319,732</u>	<u>325,144</u>	<u>(5,412)</u>
Risk Management:				
Personal services	80,916	80,916	80,912	4
Employee benefits	29,332	29,332	28,995	337
Professional & technical services	10,000	10,000	10,075	(75)
Purchased property services	1,725	1,725	1,731	(6)

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Other purchased services	241,150	241,150	270,430	(29,280)
Supplies	14,000	14,000	9,670	4,330
Miscellaneous	400	400	100	300
	<u>377,523</u>	<u>377,523</u>	<u>401,913</u>	<u>(24,390)</u>
Elections:				
Employee benefits	650	650	-	650
Professional & technical services	17,000	17,000	11,093	5,907
Purchased property services	20,000	20,000	7,265	12,735
Other purchased services	3,750	3,750	2,609	1,141
Supplies	2,150	2,150	1,853	297
Miscellaneous	150	150	-	150
	<u>43,700</u>	<u>43,700</u>	<u>22,820</u>	<u>20,880</u>
Civil Service:				
Personal services	81,817	81,817	81,817	-
Employee benefits	24,341	24,341	24,005	336
Professional & technical services	60,000	60,000	30,000	30,000
Other purchased services	5,200	5,200	5,558	(358)
Supplies	15,000	15,000	9,559	5,441
	<u>186,358</u>	<u>186,358</u>	<u>150,939</u>	<u>35,419</u>
Human Resources:				
Personal services	180,793	180,793	181,027	(234)
Employee benefits	52,410	52,410	51,435	975
Professional & technical services	17,000	17,000	13,289	3,711
Purchased property services	1,600	1,600	1,351	249
Other purchased services	6,155	6,155	5,789	366
Supplies	2,700	2,782	2,728	54
Miscellaneous	1,835	1,753	1,439	314
	<u>262,493</u>	<u>262,493</u>	<u>257,058</u>	<u>5,435</u>
Information Technology:				
Personal services	149,738	149,738	148,822	916
Employee benefits	53,777	53,777	52,616	1,161
Purchased property services	77,000	77,000	60,644	16,356
Other purchased services	1,650	1,650	2,145	(495)
Supplies	2,050	2,050	842	1,208
Miscellaneous	300	300	173	127
	<u>284,515</u>	<u>284,515</u>	<u>265,242</u>	<u>19,273</u>
Total General Government	<u>7,560,067</u>	<u>8,812,935</u>	<u>8,669,045</u>	<u>143,890</u>
Public Safety:				
Police Department:				
Personal services	9,244,476	9,638,097	9,137,532	500,565
Employee benefits	2,783,076	2,873,467	2,743,454	130,013
Professional & technical services	139,110	107,669	106,344	1,325

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Purchased property services	373,540	387,740	406,913	(19,173)
Other purchased services	251,120	255,661	229,294	26,367
Supplies	470,600	476,300	481,694	(5,394)
Miscellaneous	15,200	22,200	19,290	2,910
	<u>13,277,122</u>	<u>13,761,134</u>	<u>13,124,521</u>	<u>636,613</u>
Fire Department:				
Personal services	3,772,276	3,772,276	3,766,101	6,175
Employee benefits	1,091,378	1,091,378	1,069,312	22,066
Professional & technical services	2,000	-	-	-
Purchased property services	178,000	184,000	176,672	7,328
Other purchased services	76,000	85,700	85,857	(157)
Supplies	210,000	185,800	188,006	(2,206)
Capital outlays	-	11,500	10,532	968
Miscellaneous	24,500	23,500	24,287	(787)
	<u>5,354,154</u>	<u>5,354,154</u>	<u>5,320,767</u>	<u>33,387</u>
Fire Prevention Bureau:				
Personal services	384,676	384,676	390,898	(6,222)
Employee benefits	108,022	108,022	107,158	864
Professional & technical services	500	500	-	500
Purchased property services	4,500	4,500	4,572	(72)
Other purchased services	21,200	21,200	20,136	1,064
Supplies	15,200	16,700	15,130	1,570
Capital outlays	11,000	11,000	10,288	712
Miscellaneous	950	950	363	587
	<u>546,048</u>	<u>547,548</u>	<u>548,545</u>	<u>(997)</u>
Total Public Safety	<u>19,177,324</u>	<u>19,662,836</u>	<u>18,993,833</u>	<u>669,003</u>
Highways and Streets:				
Street Department:				
Personal services	828,801	828,801	795,747	33,054
Employee benefits	383,483	383,483	371,829	11,654
Professional & technical services	82,201	82,201	8,529	73,672
Purchased property services	1,138,500	1,138,500	1,112,511	25,989
Other purchased services	10,500	10,500	8,908	1,592
Supplies	448,050	448,050	415,319	32,731
Capital outlays	1,417,383	1,552,383	862,849	689,534
Miscellaneous	17,202	17,202	947	16,255
	<u>4,326,120</u>	<u>4,461,120</u>	<u>3,576,639</u>	<u>884,481</u>
Total Highways and Streets	<u>4,326,120</u>	<u>4,461,120</u>	<u>3,576,639</u>	<u>884,481</u>
Health and Welfare:				
Health regulations and inspections:				
Personal services	211,182	211,182	217,637	(6,455)
Employee benefits	74,801	74,801	74,971	(170)
Purchased property services	1,200	1,200	1,122	78

# CITY OF MISSION, TEXAS

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

Page 7 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Other purchased services	6,700	6,700	6,309	391
Supplies	32,700	32,700	32,137	563
Capital outlays	15,000	15,000	10,844	4,156
Miscellaneous	857	857	1,008	(151)
	<u>342,440</u>	<u>342,440</u>	<u>344,028</u>	<u>(1,588)</u>
Total Health and Welfare	<u>342,440</u>	<u>342,440</u>	<u>344,028</u>	<u>(1,588)</u>
Culture and Recreation:				
Mission Historical Museum:				
Personal services	173,777	173,777	172,812	965
Employee benefits	55,064	55,064	54,514	550
Professional & technical services	-	750	550	200
Purchased property services	3,700	5,800	5,609	191
Other purchased services	7,800	8,300	7,576	724
Supplies	10,800	7,450	3,394	4,056
Capital outlays	800	800	528	272
Miscellaneous	500	500	499	1
	<u>252,441</u>	<u>252,441</u>	<u>245,482</u>	<u>6,959</u>
Parks and Recreation Administration:				
Personal services	193,306	193,306	194,222	(916)
Employee benefits	60,417	60,417	59,378	1,039
Purchased property services	32,100	32,100	26,214	5,886
Other purchased services	2,625	2,625	2,362	263
Supplies	2,900	2,900	2,674	226
Miscellaneous	100	100	80	20
	<u>291,448</u>	<u>291,448</u>	<u>284,930</u>	<u>6,518</u>
Parks:				
Personal services	848,589	851,589	822,832	28,757
Employee benefits	375,159	375,459	365,476	9,983
Purchased property services	473,000	447,000	462,815	(15,815)
Other purchased services	13,000	13,000	10,655	2,345
Supplies	151,200	177,200	175,401	1,799
Capital outlays	67,500	157,500	88,176	69,324
Miscellaneous	12,000	12,000	3,180	8,820
	<u>1,940,448</u>	<u>2,033,748</u>	<u>1,928,535</u>	<u>105,213</u>
Recreation:				
Personal services	222,731	222,731	176,100	46,631
Employee benefits	55,761	55,761	51,644	4,117
Supplies	5,500	5,500	3,270	2,230
Miscellaneous	6,000	6,000	5,988	12
	<u>289,992</u>	<u>289,992</u>	<u>237,002</u>	<u>52,990</u>
Library:				
Personal services	828,029	828,029	750,599	77,430
Employee benefits	244,199	244,199	228,960	15,239
Purchased property services	116,900	116,900	98,798	18,102

**CITY OF MISSION, TEXAS**

*GENERAL FUND*

*BUDGETARY COMPARISON SCHEDULE*

*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

**EXHIBIT B-1**

Page 8 of 8

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Other purchased services	66,500	56,900	44,894	12,006
Supplies	41,900	49,054	44,872	4,182
Capital outlays	5,000	16,725	16,675	50
Miscellaneous	62,300	114,003	106,954	7,049
	<u>1,364,828</u>	<u>1,425,810</u>	<u>1,291,752</u>	<u>134,058</u>
 Total Culture and Recreation	 <u>4,139,157</u>	 <u>4,293,439</u>	 <u>3,987,701</u>	 <u>305,738</u>
Debt Service:				
Principal retirement	45,800	45,800	45,765	35
Interest	1,110	1,110	1,341	(231)
Total Debt Service	<u>46,910</u>	<u>46,910</u>	<u>47,106</u>	<u>(196)</u>
 Total Expenditures	 <u>35,592,018</u>	 <u>37,619,680</u>	 <u>35,618,352</u>	 <u>2,001,328</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(4,813,203)</u>	 <u>(6,643,383)</u>	 <u>(3,326,607)</u>	 <u>3,316,776</u>
Other Financing Sources (Uses):				
Sale of capital assets	37,567	37,567	55,484	17,917
Transfers in	2,150,000	2,164,000	2,158,565	(5,435)
Transfers out	(2,262,967)	(2,287,967)	(2,039,837)	248,130
Total Other Financing Sources (Uses)	<u>(75,400)</u>	<u>(86,400)</u>	<u>174,212</u>	<u>260,612</u>
 Net Change in Fund Balance	 <u>(4,888,603)</u>	 <u>(6,729,783)</u>	 <u>(3,152,395)</u>	 <u>3,577,388</u>
 Fund Balance at Beginning of Year	 <u>9,931,292</u>	 <u>9,931,292</u>	 <u>9,931,292</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 5,042,689</u>	 <u>\$ 3,201,509</u>	 <u>\$ 6,778,897</u>	 <u>\$ 3,577,388</u>

**CITY OF MISSION, TEXAS****EXHIBIT B-2****RECONCILIATION OF THE GENERAL FUND BUDGETARY SCHEDULE  
TO THE STATEMENT OF REVENUES AND EXPENDITURES  
SEPTEMBER 30, 2012**

Net Changes in the General Fund Fund Balance \$ (3,152,395)

Amounts included in the Statement of Revenues and Expenditures for funds which didn't meet the requirements for GASB 54 and were merged into the General Fund. Budgets were approved for these funds.

## Revenues:

Recreation Fund revenues and transfers-in	108,719
Capital Assets Fund revenues and transfers-in	80,657
Boys and Girls Club Fund revenues and transfers-in	589,194

## Expenditures:

Recreation Fund expenditures	(141,549)
Capital Assets expenditures	(442)
Boys and Girls Club expenditures	<u>(560,622)</u>

Net Change in Fund Balances \$ (3,076,438)

The accompanying notes are an integral part of this statement.

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)
2009	30,080,949	39,085,085	77.0%	9,004,136	20,809,760	43.3%
2010	42,277,894	47,734,098	88.6%	5,456,204	21,431,600	25.5%
2011	47,502,963	52,011,146	91.3%	4,508,183	22,008,197	20.5%

CITY OF MISSION, TEXAS  
POST EMPLOYMENT HEALTH BENEFITS VALUATION  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued (AAL) Liability	Percent Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage Covered Payroll
July 1,	(a)	(b)	(a/b)	(b-a)	( c )	((b-a)/c)
2008	\$ -	\$ 989,421	0.00%	\$ 989,421	\$ 19,624,191	5.0%
2010	\$ -	\$ 868,410	0.00%	\$ 868,410	\$ 21,444,146	4.0%
2012	\$ -	\$ 1,386,881	0.00%	\$ 1,386,881	\$ 19,719,814	7.0%

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2012

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	\$ 4,388,417
*Capital Project Funds	\$ 6,164,159

\* 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 do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Significant outstanding encumbrances in the General Fund are classified as committed.

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2012

During the year ended September 30, 2012, six General Fund Departments expenditures exceeded appropriations by a combining total of \$101,153. See Exhibit B-1.

**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)	\$ 32,291,745
Adjustments due to GASB Statement 54:	
Recreation Fund revenues	\$ 77,744
Capital Asset Replacement Fund revenues	657
Boys and Girls Club revenues	<u>259,194</u>
 Total adjustments necessary	 <u>337,595</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	 <u>\$ 32,629,340</u>

Note: Does not include other financing resources.

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2012

**Budget to GAAP Reconciliation (*Continued*)**

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$35,618,352
Adjustments due to GASB Statement 54:	
Recreation Fund expenditures:	\$141,549
Capital Asset Replacement Fund expenditures	442
Boys and Girls Club expenditures	<u>560,622</u>
Total adjustments necessary	<u>702,613</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u><u>\$36,320,965</u></u>

*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.

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.

Cemetery Fund: To account for fees associated with the maintenance of the City's cemeteries. The City currently has three Cemeteries that it must maintain: Laurel Cemetery, Catholic Cemetery, and San Jose Cemetery.

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.

PEG Capital Fund: To account for PEG capital fees received from holders of a state issued certificate of franchise authority that constitute 1% of their gross revenue. These revenues, under state and federal law, must be separated from general fund revenue and may only be used for capital costs of PEG facilities.

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.

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.

2010 Certificates of Obligations: To account for drainage projects and expenditures related to the purchase of machinery, equipment, vehicles and fire trucks.

2012 Certificates of Obligations: To account for funding on the Inspiration Street Widening Project.

**CITY OF MISSION, TEXAS***COMBINING BALANCE SHEET**NONMAJOR GOVERNMENTAL FUNDS**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-1**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,160,448	\$ 2,980,636	\$ 4,141,084
Investments	2,359,122	388,686	2,747,808
Receivables:			
Accounts	272,162	4,742	276,904
Special assessments	83,217	-	83,217
Less: allowance for uncollectibles	(3,316)	-	(3,316)
Accrued interest receivable	5,313	202	5,515
Due from other governments	392,690	-	392,690
Due from other funds	159,702	-	159,702
Land held for resale	1,862,550	-	1,862,550
Total Assets	<u>\$ 6,291,888</u>	<u>\$ 3,374,266</u>	<u>\$ 9,666,154</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 79,038	\$ 81,271	\$ 160,309
Other liabilities	3,937	-	3,937
Retainage payable	-	226,081	226,081
Accrued payroll	9,074	-	9,074
Due to other funds	343,200	3,767	346,967
Due to component unit	150,006	-	150,006
Deferred revenue	527,359	-	527,359
Total Liabilities	<u>1,112,614</u>	<u>311,119</u>	<u>1,423,733</u>
<b>FUND BALANCES</b>			
Nonspendable	1,862,550	-	1,862,550
Restricted	3,316,725	3,063,147	6,379,872
Total Fund Balances	<u>5,179,275</u>	<u>3,063,147</u>	<u>8,242,422</u>
Total Liabilities and Fund Balances	<u>\$ 6,291,889</u>	<u>\$ 3,374,266</u>	<u>\$ 9,666,155</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, 2012*

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>			
Taxes and special assessments	\$ 1,079,071	\$ -	\$ 1,079,071
Intergovernmental	5,864,160	-	5,864,160
Charges for services	207,757	-	207,757
Interest	13,808	3,687	17,495
Miscellaneous	64,206	-	64,206
Total Revenues	<u>7,229,002</u>	<u>3,687</u>	<u>7,232,689</u>
<b>EXPENDITURES</b>			
Current:			
General government	141,557	-	141,557
Public safety	1,744,023	-	1,744,023
Highways and streets	928,139	-	928,139
Culture and recreation	822,666	-	822,666
Health and welfare	1,007,354	-	1,007,354
Economic development	3,585,902	-	3,585,902
Capital projects	-	3,104,751	3,104,751
Total Expenditures	<u>8,229,641</u>	<u>3,104,751</u>	<u>11,334,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,000,639)</u>	<u>(3,101,064)</u>	<u>(4,101,703)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	2,635,000	2,635,000
Bond premium	-	138,943	138,943
Capital leases	-	-	-
Sale of capital assets	203,628	-	203,628
Transfers in	2,001,293	125,000	2,126,293
Transfers out	(291,851)	-	(291,851)
Total Other Financing Sources (Uses)	<u>1,913,070</u>	<u>2,898,943</u>	<u>4,812,013</u>
Net Change in Fund Balances	912,431	(202,121)	710,310
Fund Balance at Beginning of Year	<u>4,266,843</u>	<u>3,265,268</u>	<u>7,532,111</u>
Fund Balances at End of Year	<u>\$ 5,179,274</u>	<u>\$ 3,063,147</u>	<u>\$ 8,242,421</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2012**

	CDBG	Aquatics Fund	Police Department Special Fund
ASSETS			
Cash and cash equivalents	\$ 2,354	\$ 2	\$ 186,904
Investments	-	-	572,390
Receivables:			
Accounts	138,924	-	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Accrued interest receivable	-	-	654
Due from other governments	2,815	99,706	-
Due from other funds	8,636	1,061	-
Land held for resale	-	-	-
Total Assets	<u>\$ 152,729</u>	<u>\$ 100,769</u>	<u>\$ 759,948</u>
LIABILITIES			
Accounts payable	\$ 8,958	\$ 5,547	\$ -
Other liabilities	1,627	1,466	-
Accrued payroll	3,513	4,018	-
Due to other funds	-	79,738	-
Due to component unit	-	-	-
Deferred revenue	138,631	-	-
Total Liabilities	<u>152,729</u>	<u>90,769</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	10,000	759,948
Total Fund Balances	<u>-</u>	<u>10,000</u>	<u>759,948</u>
Total Liabilities and Fund Balances	<u>\$ 152,729</u>	<u>\$ 100,769</u>	<u>\$ 759,948</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Cemetery Fund	Records Preservation Fund
\$ 231,300	\$ 34,055	\$ -	\$ 152,599	\$ 37,541	\$ 13,016
801,221	150,000	-	300,000	-	-
-	-	-	-	-	-
-	-	-	83,217	-	-
-	-	-	(3,316)	-	-
1,925	450	-	776	-	-
-	-	290,169	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,034,446</u>	<u>\$ 184,505</u>	<u>\$ 290,169</u>	<u>\$ 533,276</u>	<u>\$ 37,541</u>	<u>\$ 13,016</u>
\$ 21,352	\$ -	\$ 24,180	\$ 19,000	\$ -	\$ -
-	-	522	-	-	-
-	-	981	-	-	-
-	-	262,985	-	-	-
-	-	-	-	-	-
-	-	1,500	-	-	-
<u>21,352</u>	<u>-</u>	<u>290,168</u>	<u>19,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
1,013,094	184,506	-	514,275	37,541	13,016
<u>1,013,094</u>	<u>184,506</u>	<u>-</u>	<u>514,275</u>	<u>37,541</u>	<u>13,016</u>
<u>\$ 1,034,446</u>	<u>\$ 184,506</u>	<u>\$ 290,168</u>	<u>\$ 533,275</u>	<u>\$ 37,541</u>	<u>\$ 13,016</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2012**

	<u>Speer Memorial Library</u>	<u>Hotel/Motel Tax Fund</u>	<u>Municipal Court Building Security Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1	\$ 299,678	\$ 44,079
Investments	25,511	-	150,000
Receivables:			
Accounts	-	113,248	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Accrued interest receivable	83	28	433
Due from other governments	-	-	-
Due from other funds	-	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 25,595</u>	<u>\$ 412,954</u>	<u>\$ 194,512</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Other liabilities	-	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	-
Deferred revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
	-	-	-
Restricted	25,594	412,953	194,512
Total Fund Balances	<u>25,594</u>	<u>412,953</u>	<u>194,512</u>
Total Liabilities and Fund Balances	<u>\$ 25,594</u>	<u>\$ 412,953</u>	<u>\$ 194,512</u>

**EXHIBIT C-3**

Page 2 of 2

Park Dedication Fund	Juvenile Case Manager Fund	PEG Capital Fund	Tax Increment Reinvestment Zone Fund	Mission Economic Development Authority	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 86,934	\$ 26,259	\$ 41,726	\$ 3,999	\$ -	\$ 1,160,447
300,000	60,000	-	-	-	2,359,122
-	-	19,990	-	-	272,162
-	-	-	-	-	83,217
-	-	-	-	-	(3,316)
771	194	-	-	-	5,314
-	-	-	-	-	392,690
-	-	-	150,006	-	159,703
-	-	-	-	1,862,550	1,862,550
<u>\$ 387,705</u>	<u>\$ 86,453</u>	<u>\$ 61,716</u>	<u>\$ 154,005</u>	<u>\$ 1,862,550</u>	<u>\$ 6,291,889</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,037
-	322	-	-	-	3,937
-	561	-	-	-	9,073
477	-	-	-	-	343,200
-	-	-	150,006	-	150,006
387,228	-	-	-	-	527,359
<u>387,705</u>	<u>883</u>	<u>-</u>	<u>150,006</u>	<u>-</u>	<u>1,112,612</u>
-	-	-	-	1,862,550	1,862,550
-	85,570	61,716	3,999	-	3,316,724
<u>-</u>	<u>85,570</u>	<u>61,716</u>	<u>3,999</u>	<u>1,862,550</u>	<u>5,179,274</u>
<u>\$ 387,705</u>	<u>\$ 86,453</u>	<u>\$ 61,716</u>	<u>\$ 154,005</u>	<u>\$ 1,862,550</u>	<u>\$ 6,291,886</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, 2012

	CDBG	Aquatics Fund	Police Department Special Fund
REVENUES			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	903,108	99,731	83,488
Charges for services	-	43,796	-
Interest	-	-	2,163
Miscellaneous	-	414	-
Total Revenues	<u>903,108</u>	<u>143,941</u>	<u>85,651</u>
EXPENDITURES			
Current:			
General government	104,179	-	-
Public safety	-	-	1,315
Highways and streets	-	-	-
Culture and recreation	-	243,647	-
Health and welfare	843,928	-	-
Economic development	-	-	-
Total Expenditures	<u>948,107</u>	<u>243,647</u>	<u>1,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,000)</u>	<u>(99,706)</u>	<u>84,336</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	203,628
Transfers in	45,000	99,706	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>99,706</u>	<u>203,628</u>
Net Change in Fund Balances	-	-	287,964
Fund Balance at Beginning of Year	<u>-</u>	<u>10,000</u>	<u>471,984</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 759,948</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Cemetery Fund	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 541,497	\$ -	\$ -
1,942,062	-	1,074,664	-	-	-
-	30,498	-	-	6,100	6,412
4,537	862	-	2,157	105	49
-	-	2,000	75	-	-
<u>1,946,599</u>	<u>31,360</u>	<u>1,076,664</u>	<u>543,729</u>	<u>6,205</u>	<u>6,461</u>
-	5,149	-	-	2,503	3,374
1,388,929	-	353,779	-	-	-
-	-	515,638	412,501	-	-
-	-	77,107	-	-	-
-	-	163,426	-	-	-
-	-	-	-	-	-
<u>1,388,929</u>	<u>5,149</u>	<u>1,109,950</u>	<u>412,501</u>	<u>2,503</u>	<u>3,374</u>
<u>557,670</u>	<u>26,211</u>	<u>(33,286)</u>	<u>131,228</u>	<u>3,702</u>	<u>3,087</u>
-	-	-	-	-	-
-	-	33,286	-	-	-
(8,286)	-	-	(150,000)	-	-
<u>(8,286)</u>	<u>-</u>	<u>33,286</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>
549,384	26,211	-	(18,772)	3,702	3,087
<u>463,709</u>	<u>158,294</u>	<u>-</u>	<u>533,047</u>	<u>33,839</u>	<u>9,929</u>
<u>\$ 1,013,093</u>	<u>\$ 184,505</u>	<u>\$ -</u>	<u>\$ 514,275</u>	<u>\$ 37,541</u>	<u>\$ 13,016</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, 2012

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
REVENUES			
Taxes and special assessments	\$ -	\$ 537,574	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	22,671
Interest	141	1,347	942
Miscellaneous	-	-	-
Total Revenues	<u>141</u>	<u>538,921</u>	<u>23,613</u>
EXPENDITURES			
Current:			
General government	-	-	5,220
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	438,402	-
Health and welfare	-	-	-
Economic development	-	-	-
Total Expenditures	<u>-</u>	<u>438,402</u>	<u>5,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>141</u>	<u>100,519</u>	<u>18,393</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	(125,000)	(8,565)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(125,000)</u>	<u>(8,565)</u>
Net Change in Fund Balances	141	(24,481)	9,828
Fund Balance at Beginning of Year	<u>25,453</u>	<u>437,435</u>	<u>184,684</u>
Fund Balances at End of Year	<u>\$ 25,594</u>	<u>\$ 412,954</u>	<u>\$ 194,512</u>

**EXHIBIT C-4**

Page 2 of 2

Park Dedication Fund	Juvenile Case Manager Fund	PEG Capital Fund	Tax Increment Reinvestment Zone Fund	Mission Economic Development Authority	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,079,071
-	-	-	1,761,108	-	5,864,161
63,510	34,771	-	-	-	207,758
-	413	-	1,092	-	13,808
-	-	61,716	-	-	64,205
<u>63,510</u>	<u>35,184</u>	<u>61,716</u>	<u>1,762,200</u>	<u>-</u>	<u>7,229,003</u>
-	21,132	-	-	-	141,557
-	-	-	-	-	1,744,023
-	-	-	-	-	928,139
63,510	-	-	-	-	822,666
-	-	-	-	-	1,007,354
-	-	-	3,585,902	-	3,585,902
<u>63,510</u>	<u>21,132</u>	<u>-</u>	<u>3,585,902</u>	<u>-</u>	<u>8,229,641</u>
-	14,052	61,716	(1,823,702)	-	(1,000,638)
-	-	-	-	-	203,628
-	-	-	1,823,301	-	2,001,293
-	-	-	-	-	(291,851)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,823,301</u>	<u>-</u>	<u>1,913,070</u>
-	14,052	61,716	(401)	-	912,432
-	71,518	-	4,401	1,862,550	4,266,843
<u>\$ -</u>	<u>\$ 85,570</u>	<u>\$ 61,716</u>	<u>\$ 4,000</u>	<u>\$ 1,862,550</u>	<u>\$ 5,179,275</u>

**CITY OF MISSION, TEXAS**  
*COMMUNITY DEVELOPMENT FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

**EXHIBIT C-5**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,256,213	\$ 903,108	\$ (353,105)
Total Intergovernmental	<u>1,256,213</u>	<u>903,108</u>	<u>(353,105)</u>
 Total Revenues	<u>1,256,213</u>	<u>903,108</u>	<u>(353,105)</u>
 Expenditures:			
Current:			
General Government:			
General administration	206,985	161,409	45,576
Housing rehabilitation	<u>1,049,228</u>	<u>741,698</u>	<u>307,530</u>
Total General Government	<u>1,256,213</u>	<u>903,107</u>	<u>353,106</u>
 Health and Welfare:			
Other social services	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total Health and Welfare	<u>45,000</u>	<u>45,000</u>	<u>-</u>
 Total Expenditures	<u>1,301,213</u>	<u>948,107</u>	<u>353,106</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
 Other Financing Sources (Uses):			
Transfers in	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>45,000</u>	<u>-</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>\$ -</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, 2012

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 153,144	\$ 99,731	\$ (53,413)
SISD contribution	101,823	-	(101,823)
Miscellaneous	-	414	414
Total Intergovernmental	<u>254,967</u>	<u>100,145</u>	<u>(154,822)</u>
Charges for Service:			
Aquatics	75,000	43,796	(31,204)
Total Charges for Services	<u>75,000</u>	<u>43,796</u>	<u>(31,204)</u>
Total Revenues	<u>329,967</u>	<u>143,941</u>	<u>(186,026)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	268,199	139,772	128,427
Employee benefits	66,035	33,055	32,980
Professional and technical	15,000	-	15,000
Purchased property services	98,000	35,862	62,138
Other purchased services	25,500	4,234	21,266
Supplies	95,900	28,125	67,775
Capital outlays	15,000	2,332	12,668
Miscellaneous	1,300	267	1,033
Total Culture and Recreation	<u>584,934</u>	<u>243,647</u>	<u>341,287</u>
Total Expenditures	<u>584,934</u>	<u>243,647</u>	<u>341,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(254,967)</u>	<u>(99,706)</u>	<u>155,261</u>
Other Financing Sources (Uses):			
Transfers in	254,967	99,706	(155,261)
Total Other Financing Sources (Uses)	<u>254,967</u>	<u>99,706</u>	<u>(155,261)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

**CITY OF MISSION, TEXAS**  
**POLICE DEPARTMENT SPECIAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**EXHIBIT C-7**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State Seizures:			
State seizures	\$ -	\$ 83,488	\$ 83,488
Total State Seizures	-	83,488	83,488
Interest:			
Interest earned on investments	-	1,020	1,020
Interest earned on demand deposits	-	1,143	1,143
Total Interest	-	2,163	2,163
Total Revenues	-	85,651	85,651
Expenditures:			
Current:			
Public Safety:			
State seizures:			
Personal services	40,000	-	40,000
Employee benefits	13,606	-	13,606
Professional & technical services	25,000	-	25,000
Purchased property services	25,000	-	25,000
Other purchased services	25,000	-	25,000
Supplies	30,000	-	30,000
Capital outlays	308,378	-	308,378
Miscellaneous	5,000	1,315	3,685
Total Public Safety	471,984	1,315	470,669
Total Expenditures	471,984	1,315	470,669
Excess (Deficiency) of Revenues Over (Under) Expenditures	(471,984)	84,336	556,320
Other Financing Sources (Uses):			
Sale of capital assets	-	203,628	203,628
Transfer in	-	-	-
Total Other Financing Sources (Uses)	-	203,628	203,628
Net Change in Fund Balance	(471,984)	287,964	759,948
Fund Balance at Beginning of Year	471,984	471,984	-
Fund Balance at End of Year	\$ -	\$ 759,948	\$ 759,948

# CITY OF MISSION, TEXAS

POLICE FEDERAL SHARING FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-8

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ 1,675,553	\$ 1,942,062	\$ 266,509
Total Intergovernmental	1,675,553	1,942,062	266,509
Interest:			
Interest earned on investments	303	2,710	2,407
Interest earned on demand deposits	1,575	1,827	252
Total Interest	1,878	4,537	2,659
Total Revenues	1,677,431	1,946,599	269,168
Expenditures:			
Current:			
Public Safety:			
Personal services	-	65,357	(65,357)
Employee benefits	-	13,932	(13,932)
Professional & technical services	10,000	123	9,877
Purchased property services	40,000	54,139	(14,139)
Other purchased services	60,000	23,481	36,519
Supplies	59,000	45,215	13,785
Capital outlays	1,639,309	1,184,487	454,822
Miscellaneous	7,000	2,193	4,807
Total Public Safety	1,815,309	1,388,927	426,382
Total Expenditures	1,815,309	1,388,927	426,382
Excess (Deficiency) of Revenues Over (Under) Expenditures	(137,878)	557,672	695,550
Other Financing Sources (Uses):			
Transfers out	(8,441)	(8,286)	155
Total Other Financing Sources (Uses)	(8,441)	(8,286)	155
Net Change in Fund Balance	(146,319)	549,386	695,705
Fund Balance at Beginning of Year	463,709	463,709	-
Fund Balance at End of Year	\$ 317,390	\$ 1,013,095	\$ 695,705

**CITY OF MISSION, TEXAS****EXHIBIT C-9***MUNICIPAL COURT TECHNOLOGY FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012*

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Court technology fees	\$ 25,000	\$ 30,498	\$ 5,498
Total Charges for Services	25,000	30,498	5,498
Interest:			
Interest earned on investments	200	568	368
Interest earned on demand deposits	175	294	119
Total Interest	375	862	487
Total Revenues	25,375	31,360	5,985
Expenditures:			
Current:			
General Government:			
Purchased property services	5,800	3,453	2,347
Supplies	500	279	221
Capital outlays	30,000	-	30,000
Miscellaneous	10,000	1,417	8,583
Total General Government	46,300	5,149	41,151
Total Expenditures	46,300	5,149	41,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,925)	26,211	47,136
Other Financing Sources (Uses):			
Transfer out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(20,925)	26,211	47,136
Fund Balance at Beginning of Year	158,294	158,294	-
Fund Balance at End of Year	\$ 137,369	\$ 184,505	\$ 47,136

**CITY OF MISSION, TEXAS**  
**DESIGNATED PURPOSE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**EXHIBIT C-10**  
Page 1 of 3

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
DHS-Stonegarden Grant 2009	\$ 39,611	\$ 8,085	\$ (31,526)
DHS-Stonegarden Grant 2010	140,631	133,000	(7,631)
Bullet Proof Vest Grant	8,441	-	(8,441)
Urban County Grant-B&G Club	37,000	27,664	(9,336)
TDRA Disaster Recovery Grant	502,532	495,638	(6,894)
Tobacco Compliance Grant	4,500	4,500	-
OVAG Grant# 0802439	38,235	41,669	3,434
Energy Efficiency Grant	137,019	20,000	(117,019)
State CDBG Disaster Recovery	26,092	26,092	-
LRGVDC Solid Waste Grant	30,000	7,488	(22,512)
Target Community Grant	2,000	2,000	-
Local Border Security Program	39,728	36,028	(3,700)
Tx. Dept of Transportation-Step Grant	94,371	68,084	(26,287)
2011 SHSP Grant	17,725	17,663	(62)
EUDL-TABC Grant	12,917	10,990	(1,927)
Operation Safeguard	13,238	13,230	(8)
Fire Prevention Grant	2,000	2,000	-
Homeless Prevention-HPRP Grant	83,024	78,846	(4,178)
Texas Parks and Wildlife Grant	98,500	22,443	(76,057)
Edward Byrne Memorial Justice Grant	10,244	10,244	-
Homeless Prevention-Rapid Housing	75,000	51,000	(24,000)
Total Intergovernmental	1,412,808	1,076,664	(336,144)
Total Revenues	1,412,808	1,076,664	(336,144)
Expenditures:			
Current:			
Public Safety:			
Tobacco Compliance Grant:			
Personal services	4,500	4,500	-
	4,500	4,500	-
Bullet Proof Vest Grant:			
Capital outlays	16,882	8,286	8,596
	16,882	8,286	8,596
OVAG Grant:			
Personal services	30,951	33,544	(2,593)
Employee benefits	7,284	8,124	(840)
	38,235	41,668	(3,433)
TXDOT-Step Grant:			
Personal services	76,550	55,842	20,708
Employee benefits	17,821	12,242	5,579
	94,371	68,084	26,287
EUDL-TABC Grant:			
Personal services	11,467	10,288	1,179
Other purchased services	537	-	537

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

**EXHIBIT C-10**  
Page 2 of 3

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Supplies	913	702	211
	12,917	10,990	1,927
Edward Byrne Memorial Grant:			
Capital outlays	10,244	10,244	-
	10,244	10,244	-
DHS-Stonegarden Grant:			
Capital outlays	39,611	8,085	31,526
	39,611	8,085	31,526
Operation Safeguard:			
Capital outlays	13,238	13,230	8
	13,238	13,230	8
Local Border Security Program:			
Capital outlays	39,728	36,028	3,700
	39,728	36,028	3,700
Fire Prevention Grants:			
Capital outlays	2,000	2,000	-
	2,000	2,000	-
Stonegarden Grant:			
Personal services	28,392	22,578	5,814
Employee Benefits	6,610	4,814	1,796
Supplies	3,936	3,936	-
Capital outlays	101,693	101,673	20
	140,631	133,001	7,630
2011 SHSP Grant:			
Capital outlays	17,725	17,663	62
	17,725	17,663	62
Total Public Safety	430,082	353,779	76,303
Health and Welfare:			
State CDBG Disaster Recovery Grant:			
Assistance to others	26,092	26,092	-
	26,092	26,092	-
Homeless Prevention:			
Personal services	-	9,217	(9,217)
Employee benefits	-	706	(706)
Miscellaneous	83,024	68,923	14,101
	83,024	78,846	4,178
Homeless Prevention-Rapid Housing:			
Personal services	-	10,843	(10,843)
Employee benefits	-	829	(829)
Miscellaneous	75,000	39,328	35,672
	75,000	51,000	24,000

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

**EXHIBIT C-10**  
Page 3 of 3

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
LRGVDC Contract:			
Capital Outlay	30,000	7,488	22,512
	<u>30,000</u>	<u>7,488</u>	<u>22,512</u>
 Total Health and Welfare	 <u>214,116</u>	 <u>163,426</u>	 <u>50,690</u>
Highways and Streets:			
Energy Efficiency Grant:			
Supplies	254	-	254
Capital outlays	136,765	20,000	116,765
	<u>137,019</u>	<u>20,000</u>	<u>117,019</u>
 TDRA Disaster Recovery Grant:			
Capital outlays	502,532	495,638	6,894
	<u>502,532</u>	<u>495,638</u>	<u>6,894</u>
 Total Highways and Streets	 <u>639,551</u>	 <u>515,638</u>	 <u>123,913</u>
Culture and Recreation:			
Urban County Grant-Boys & Girls Club:			
Personal services	30,000	22,104	7,896
Employee benefits	2,800	1,691	1,109
Supplies	4,200	3,869	331
	<u>37,000</u>	<u>27,664</u>	<u>9,336</u>
 Texas Parks and Wildlife Grant:			
Capital outlays	123,500	47,443	76,057
	<u>123,500</u>	<u>47,443</u>	<u>76,057</u>
 Target Grant:			
Supplies	2,000	2,000	-
	<u>2,000</u>	<u>2,000</u>	<u>-</u>
 Total Culture and Recreation	 <u>162,500</u>	 <u>77,107</u>	 <u>85,393</u>
 Total Expenditures	 <u>1,446,249</u>	 <u>1,109,950</u>	 <u>336,299</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(33,441)</u>	 <u>(33,286)</u>	 <u>155</u>
Other Financing Sources (Uses)			
Transfers In	33,441	33,286	(155)
Total Other Financing Sources (Uses)	<u>33,441</u>	<u>33,286</u>	<u>(155)</u>
 Net Change in Fund Balance	 -	 -	 -
 Fund Balance at Beginning of Year	 -	 -	 -
 Fund Balance at End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

**CITY OF MISSION, TEXAS**  
**DRAINAGE ASSESSMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**EXHIBIT C-11**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 545,000	\$ 541,497	\$ (3,503)
Total Assessments	545,000	541,497	(3,503)
Interest:			
Interest earned on investments	400	1,023	623
Interest earned on demand deposits	500	1,134	634
Total Interest	900	2,157	1,257
Miscellaneous:			
Drainage reimb.-subdividers	7,000	-	(7,000)
Miscellaneous income	-	75	75
Total Miscellaneous	7,000	75	(6,925)
Total Revenues	552,900	543,729	(9,171)
Expenditures:			
Current:			
Highways and Streets:			
Professional and technical services	20,000	2,550	17,450
Other purchased services	-	(66)	66
Capital outlays	551,000	403,999	147,001
Supplies	3,000	4,618	(1,618)
Miscellaneous	700	1,400	(700)
Total Highways and Streets	574,700	412,501	162,199
Total Expenditures	574,700	412,501	162,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,800)	131,228	153,028
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-
Net Change in Fund Balance	(171,800)	(18,772)	153,028
Fund Balance at Beginning of Year	533,047	533,047	-
Fund Balance at End of Year	\$ 361,247	\$ 514,275	\$ 153,028

**CITY OF MISSION, TEXAS***CEMETERY FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-12**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	\$ 50	\$ -	\$ (50)
Interest earned on demand deposits	75	105	30
Perpetual care	5,000	6,100	1,100
Total Interest	5,125	6,205	1,080
Total Revenues	5,125	6,205	1,080
Expenditures:			
Current:			
Supplies	16,140	2,196	13,944
Miscellaneous	1,800	307	1,493
Capital outlay	4,500	-	4,500
	22,440	2,503	19,937
Total Expenditures	22,440	2,503	19,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,315)	3,702	21,017
Fund Balance at Beginning of Year	33,839	33,839	-
Fund Balance at End of Year	\$ 16,524	\$ 37,541	\$ 21,017

**CITY OF MISSION, TEXAS***RECORDS PRESERVATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-13**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 8,500	\$ 6,412	\$ (2,088)
Total Charges for Service	8,500	6,412	(2,088)
Interest:			
Interest earned on demand deposits	-	45	45
Interest earned on investments	-	5	5
Total Interest	-	50	50
Total Revenues	8,500	6,462	(2,038)
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,000	1,000	-
Supplies	6,750	2,322	4,428
Capital outlays	2,000	-	2,000
Miscellaneous	250	53	197
Total Record Preservation	10,000	3,375	6,625
Total Expenditures	10,000	3,375	6,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	3,087	4,587
Fund Balance at Beginning of Year	9,929	9,929	-
Fund Balance at End of Year	\$ 8,429	\$ 13,016	\$ 4,587

**CITY OF MISSION, TEXAS**  
*SPEER MEMORIAL LIBRARY*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2012*

**EXHIBIT C-14**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	\$ 15	\$ 128	\$ 113
Interest earned on demand deposits	15	13	(2)
Total Interest	30	141	111
 Total Revenues	 30	 141	 111
Expenditures:			
Current:			
Culture and Recreation:			
Miscellaneous	-	-	-
Capital outlays	-	-	-
Total Culture and Recreation	-	-	-
 Total Expenditures	 -	 -	 -
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 30	 141	 111
 Fund Balance at Beginning of Year	 25,453	 25,453	 -
 Fund Balance at End of Year	 \$ 25,483	 \$ 25,594	 \$ 111

**CITY OF MISSION, TEXAS***HOTEL/MOTEL TAX FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-15**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 500,000	\$ 533,815	\$ 33,815
Penalties and interest-hotel occupancy tax	-	3,759	3,759
Total Taxes	500,000	537,574	37,574
Interest:			
Interest earned on demand deposits	-	768	768
Interest earned on investments	-	579	579
Total Interest	-	1,347	1,347
Total Revenues	500,000	538,921	38,921
Expenditures:			
Current:			
General Government:			
Tourist Promotion & Advertising:			
Miscellaneous	420,000	420,969	(969)
Other purchased services	75,000	17,434	57,566
Capital outlay	125,000	-	125,000
	620,000	438,403	181,597
Total Culture and Recreation	620,000	438,403	181,597
Total Expenditures	620,000	438,403	181,597
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,000)	100,518	220,518
Other Financing Sources (Uses):			
Transfer out	(125,000)	(125,000)	-
Total Other Financing Sources (Uses)	(125,000)	(125,000)	-
Net Change in Fund Balance	(245,000)	(24,482)	220,518
Fund Balance at Beginning of Year	437,435	437,435	-
Fund Balance at End of Year	\$ 192,435	\$ 412,953	\$ 220,518

**CITY OF MISSION, TEXAS***MUNICIPAL COURT BLDG SECURITY FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-16**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 20,000	\$ 22,671	\$ 2,671
Total Charges for Services	20,000	22,671	2,671
Interest:			
Interest earned on investments	100	457	357
Interest earned on demand deposits	100	485	385
Total Interest	200	942	742
Total Revenues	20,200	23,613	3,413
Expenditures:			
Current:			
Purchased property services	5,000	-	5,000
Other purchased services	5,154	4,633	521
Supplies	500	-	500
Capital outlay	10,000	-	10,000
Miscellaneous	-	587	(587)
Total Expenditures	20,654	5,220	15,434
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454)	18,393	18,847
Other Financing Sources (Uses):			
Transfers out	(14,000)	(8,565)	5,435
Total Other Financing Sources (Uses)	(14,000)	(8,565)	5,435
Net Change in Fund Balance	(14,454)	9,828	24,282
Fund Balance at Beginning of Year	184,684	184,684	-
Fund Balance at End of Year	\$ 170,230	\$ 194,512	\$ 24,282

**CITY OF MISSION, TEXAS***PARK DEDICATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-17**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Park dedication fee	\$ 107,750	\$ 63,510	\$ (44,240)
Total Charges for Services	107,750	63,510	(44,240)
 Total Revenues	 107,750	 63,510	 (44,240)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	75,000	43,594	31,406
	75,000	43,594	31,406
Zone 2-Northeast:			
Capital outlays	25,000	19,916	5,084
	25,000	19,916	5,084
Zone 5 -Central:			
Capital outlays	7,750	-	7,750
	7,750	-	7,750
 Total Culture and Recreation	 107,750	 63,510	 44,240
 Total Expenditures	 107,750	 63,510	 44,240
 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, 2012***EXHIBIT C-18**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 27,000	\$ 34,771	\$ 7,771
Total Charges for Services	27,000	34,771	7,771
Interest:			
Interest earned on investments	75	202	127
Interest earned on demand deposits	80	211	131
Total Interest	155	413	258
Total Revenues	27,155	35,184	8,029
Expenditures:			
Current:			
Personal services	21,500	13,743	7,757
Employee benefits	9,348	7,133	2,215
Miscellaneous	-	256	(256)
Total Expenditures	30,848	21,132	9,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,693)	14,052	17,745
Fund Balance at Beginning of Year	71,518	71,518	-
Fund Balance at End of Year	\$ 67,825	\$ 85,570	\$ 17,745

**CITY OF MISSION, TEXAS***PEG CAPITAL**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012***EXHIBIT C-19**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
PEG capital fees	\$ -	\$ 61,716	\$ 61,716
Total Charges for Services	-	61,716	61,716
 Total Revenues	-	61,716	61,716
 Expenditures:			
Miscellaneous:			
Depository charges	-	-	-
	-	-	-
 Total Expenditures	-	-	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	61,716	-
 Fund Balance at Beginning of Year	-	-	-
 Fund Balance at End of Year	\$ -	\$ 61,716	\$ -

**CITY OF MISSION, TEXAS**

TAX INCREMENT REINVESTMENT ZONE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-20

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,900,000	\$ 1,761,108	\$ (138,892)
Total Intergovernmental:	1,900,000	1,761,108	(138,892)
Interest:			
Interest earned on demand deposits	10	1,092	1,082
Total Interest	10	1,092	1,082
Total Revenues	1,900,010	1,762,200	(137,810)
Expenditures:			
Current:			
Economic Development	3,900,000	3,585,902	314,098
Total Expenditures	3,900,000	3,585,902	314,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,999,990)	(1,823,702)	176,288
Other Financing Sources (Uses):			
Transfers in	2,000,000	1,823,301	(176,699)
Total Other Financing Sources (Uses)	2,000,000	1,823,301	(176,699)
Net Change in Fund Balance	10	(401)	(411)
Fund Balance at Beginning of Year	4,401	4,401	-
Fund Balance at End of Year	\$ 4,411	\$ 4,000	\$ (411)

**CITY OF MISSION, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**EXHIBIT C-21**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 3,667,000	\$ 3,714,749	\$ 47,749
Delinquent ad valorem taxes	150,000	114,754	(35,246)
Interest & penalties on taxes	100,000	85,430	(14,570)
Total Taxes	3,917,000	3,914,933	(2,067)
Interest:			
Interest earned on investments	1,000	1,679	679
Interest earned on demand deposits	4,000	3,237	(763)
Total Interest	5,000	4,916	(84)
Total Revenues	3,922,000	3,919,849	(2,151)
Expenditures:			
Current:			
Debt Service:			
Principal retirement	2,157,000	2,157,000	-
Interest and fiscal agent charges	1,230,608	1,307,148	(76,540)
Total Debt Service	3,387,608	3,464,148	(76,540)
Total Expenditures	3,387,608	3,464,148	(76,540)
Excess (Deficiency) of Revenues Over (Under) Expenditures	534,392	455,701	(78,691)
Other Financing Sources (Uses):			
Issuance of refunding bond	-	3,165,000	3,165,000
Bond premium	-	159,340	159,340
Payment to refunded bond escrow agent	-	(3,185,773)	(3,185,773)
Transfers out	(500,000)	(394,147)	105,853
Total Other Financing Sources (Uses)	(500,000)	(255,580)	244,420
Net Change in Fund Balance	34,392	200,121	165,729
Fund Balance at Beginning of Year	1,114,955	1,114,955	-
Fund Balance at End of Year	\$ 1,149,347	\$ 1,315,076	\$ 165,729

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2012**

**EXHIBIT C-22**

	Capital Projects Fund	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>						
Cash and cash equivalents	\$ 92,584	\$ 64,686	\$ 862,035	\$ 444,432	\$ 1,516,899	\$ 2,980,636
Investments	-	-	388,686	-	-	388,686
Receivables:						
Accounts	-	-	4,742	-	-	4,742
Accrued interest receivable	-	-	-	-	202	202
Total Assets	<u>\$ 92,584</u>	<u>\$ 64,686</u>	<u>\$ 1,255,463</u>	<u>\$ 444,432</u>	<u>\$ 1,517,101</u>	<u>\$ 3,374,266</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 1,795	\$ 1,626	\$ 5,000	\$ 72,850	\$ 81,271
Retainage payable	26,647	-	199,434	-	-	226,081
Due to other funds	-	-	3,116	651	-	3,767
Total Liabilities	<u>26,647</u>	<u>1,795</u>	<u>204,176</u>	<u>5,651</u>	<u>72,850</u>	<u>311,119</u>
<b>FUND BALANCES</b>						
Reserved for capital projects	65,937	62,891	1,051,287	438,781	1,444,251	3,063,147
Total Fund Balances	<u>65,937</u>	<u>62,891</u>	<u>1,051,287</u>	<u>438,781</u>	<u>1,444,251</u>	<u>3,063,147</u>
Total Liabilities and Fund Balances	<u>\$ 92,584</u>	<u>\$ 64,686</u>	<u>\$ 1,255,463</u>	<u>\$ 444,432</u>	<u>\$ 1,517,101</u>	<u>\$ 3,374,266</u>

**CITY OF MISSION, TEXAS**
**EXHIBIT C-23**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012*

	Capital Projects Fund	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:						
Interest	\$ -	\$ 389	\$ 1,516	\$ 514	\$ 1,268	\$ 3,687
Total Revenues	-	389	1,516	514	1,268	3,687
Expenditures:						
Current:						
Capital projects	313,453	347,019	954,775	158,544	1,330,960	3,104,751
Total Expenditures	313,453	347,019	954,775	158,544	1,330,960	3,104,751
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313,453)	(346,630)	(953,259)	(158,030)	(1,329,692)	(3,101,064)
Other Financing Sources (Uses):						
Issuance of debt	-	-	-	-	2,635,000	2,635,000
Bond premium	-	-	-	-	138,943	138,943
Transfers in	125,000	-	-	-	-	125,000
Total Other Financing Sources (Uses)	125,000	-	-	-	2,773,943	2,898,943
Net Change in Fund Balance	(188,453)	(346,630)	(953,259)	(158,030)	1,444,251	(202,121)
Fund Balance at Beginning of Year	254,390	409,521	2,004,546	596,811	-	3,265,268
Fund Balance at End of Year	\$ 65,937	\$ 62,891	\$ 1,051,287	\$ 438,781	\$ 1,444,251	\$ 3,063,147

## **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, 2012

EXHIBIT C-24

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Water sales, net of adjustment	\$ 10,600,000	\$ 11,399,838	\$ 799,838
Connection fee	125,000	129,971	4,971
Reconnect fee	100,000	109,060	9,060
W/W system cap. recovery fee	-	16,830	16,830
Sewage service	5,600,000	5,807,940	207,940
Wastewater assessment	61,000	64,915	3,915
Service charge	70,000	60,523	(9,477)
Industrial sewer surcharge	45,000	37,423	(7,577)
Waterline and sewer line	1,000	10,239	9,239
5% credit card fee	12,000	17,137	5,137
Miscellaneous income	20,000	95,921	75,921
Operating Revenues	<u>16,634,000</u>	<u>17,749,797</u>	<u>1,115,797</u>
Nonoperating Revenues:			
Interest earned	30,000	46,096	16,096
Gain (loss) on disposal of capital assets	-	8,236	8,236
Insurance settlement	5,000	-	(5,000)
Nonoperating Revenues	<u>35,000</u>	<u>54,332</u>	<u>19,332</u>
Total Revenues	<u><u>16,669,000</u></u>	<u><u>17,804,129</u></u>	<u><u>1,135,129</u></u>
Operating Expenses:			
Utility Administration:			
Personal services	441,702	430,764	10,938
Employee benefits	131,073	124,058	7,015
Purchased property services	24,200	16,879	7,321
Other purchased services	19,300	20,304	(1,004)
Supplies	9,373	8,178	1,195
Capital outlays	5,000	3,892	1,108
Miscellaneous	1,047	850	197
	<u>631,695</u>	<u>604,925</u>	<u>26,770</u>
Water Distribution:			
Personal services	975,996	980,799	(4,803)
Employee benefits	404,874	398,862	6,012
Professional & technical services	5,100	800	4,300
Purchased property services	463,500	376,081	87,419
Other purchased services	26,500	25,391	1,109
Supplies	955,000	798,547	156,453
Capital outlays	897,925	825,474	72,451
Miscellaneous	33,000	15,627	17,373
	<u>3,761,895</u>	<u>3,421,581</u>	<u>340,314</u>
Water Treatment:			
Personal services	395,071	354,583	40,488
Employee benefits	147,661	144,718	2,943
Professional & technical services	95,000	66,597	28,403

# CITY OF MISSION, TEXAS

## UTILITY FUND

## ENTERPRISE FUND

## BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-24

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Purchased property services	297,100	310,554	(13,454)
Other purchased services	22,200	18,603	3,597
Supplies	747,350	594,262	153,088
Capital outlays	146,457	146,452	5
Miscellaneous	109,000	68,663	40,337
	<u>1,959,839</u>	<u>1,704,432</u>	<u>255,407</u>
Wastewater Treatment and Collection:			
Personal services	386,258	357,342	28,916
Employee benefits	145,685	138,948	6,737
Professional & technical services	50,000	44,610	5,390
Purchased property services	876,700	927,520	(50,820)
Other purchased services	8,650	7,572	1,078
Supplies	213,100	221,828	(8,728)
Capital outlays	54,650	114,568	(59,918)
Miscellaneous	307,000	217,818	89,182
	<u>2,042,043</u>	<u>2,030,206</u>	<u>11,837</u>
Industrial Pretreatment:			
Personal services	40,563	42,564	(2,001)
Employee benefits	14,096	14,429	(333)
Professional & technical services	3,000	-	3,000
Purchased property services	135,000	125,407	9,593
Other purchased services	1,000	1,104	(104)
Supplies	13,800	13,418	382
Capital outlays	12,100	6,448	5,652
Miscellaneous	75,000	40,200	34,800
	<u>294,559</u>	<u>243,570</u>	<u>50,989</u>
Utility Billing and Collection:			
Personal services	238,187	216,101	22,086
Employee benefits	87,828	87,763	65
Purchased property services	24,000	17,088	6,912
Other purchased services	134,740	106,224	28,516
Supplies	17,055	14,432	2,623
Capital outlays	12,000	1,265	10,735
Miscellaneous	3,000	2,244	756
	<u>516,810</u>	<u>445,117</u>	<u>71,693</u>
Organizational Expense:			
Professional & technical services	185,000	20,344	164,656
Other purchased services	98,000	63,467	34,533
Capital outlays	15,000	23,453	(8,453)
Miscellaneous	251,223	139,693	111,530
	<u>549,223</u>	<u>246,957</u>	<u>302,266</u>
Meter Readers:			
Personal services	247,840	240,386	7,454
Employee benefits	105,697	103,985	1,712

# CITY OF MISSION, TEXAS

## UTILITY FUND

## ENTERPRISE FUND

## BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-24

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Purchased property services	8,660	6,677	1,983
Other purchased services	9,680	3,360	6,320
Supplies	103,290	71,496	31,794
	<u>475,167</u>	<u>425,904</u>	<u>49,263</u>
Northside Water Treatment Plant:			
Personal services	227,336	222,220	5,116
Employee benefits	99,602	99,752	(150)
Professional & technical services	35,000	11,627	23,373
Purchased property services	531,820	450,600	81,220
Other purchased services	4,400	3,910	490
Supplies	1,166,890	1,173,453	(6,563)
Capital outlays	125,000	123,234	1,766
Miscellaneous	80,000	41,510	38,490
	<u>2,270,048</u>	<u>2,126,306</u>	<u>143,742</u>
2006 Refunding Issue			
Capital outlays	34,930	34,930	-
	<u>34,930</u>	<u>34,930</u>	<u>-</u>
2006A Revenue Bond			
Professional & technical services	34,665	28,640	6,025
Capital outlays	595,270	584,710	10,560
	<u>629,935</u>	<u>613,350</u>	<u>16,585</u>
2009 Jr Lien Revenue Bond:			
Professional & technical services	3,064	317	2,747
Capital outlays	939,754	932,139	7,615
	<u>942,818</u>	<u>932,456</u>	<u>10,362</u>
2001 Bonds-Sewer Projects:			
Capital outlays	172,360	172,360	-
	<u>172,360</u>	<u>172,360</u>	<u>-</u>
Total Operating Expenses	<u>14,281,322</u>	<u>13,002,094</u>	<u>1,279,228</u>
Nonoperating Expenses:			
Bond interest expense	1,265,272	1,294,397	(29,125)
Bond fiscal charges	6,000	5,600	400
Bond principal	1,856,000	1,856,000	-
Nonoperating Expenses	<u>3,127,272</u>	<u>3,155,997</u>	<u>(28,725)</u>
Transfers:			
Transfers In (Out)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>393,825</u>	<u>393,825</u>

**CITY OF MISSION, TEXAS****EXHIBIT C-24***UTILITY FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2012*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	19,408,594	17,764,266	1,644,328
Net Income (Budgetary Basis)	(2,739,594)	39,863	2,779,457
Adjustments:			
Current year depreciation of capital assets, not budgeted		(4,423,062)	
Bond principal		1,856,000	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		2,997,882	
		430,820	
Net Income (GAAP Basis)		\$ 470,683	

# CITY OF MISSION, TEXAS

GOLF COURSE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-25

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Pro shop sales	\$ 105,000	\$ 83,837	\$ (21,163)
Cart and club rental	195,000	179,632	(15,368)
Pull carts and club rentals	2,000	2,467	467
Food and beverage sales	105,000	111,302	6,302
Daily green fees	425,000	350,096	(74,904)
Trail fees	70,000	55,788	(14,212)
Juniors' fees	28,000	25,231	(2,769)
Prepaid members	250,000	229,957	(20,043)
Driving range	50,000	42,324	(7,676)
Miscellaneous income	2,000	1,645	(355)
Operating Revenues	1,232,000	1,082,279	(149,721)
Nonoperating Revenues:			
Interest earned	-	7	7
MEDC	100,000	100,000	-
Gain (loss) on disposal of capital assets	2,000	-	(2,000)
Nonoperating Revenues	102,000	100,007	(1,993)
Total Revenues	1,334,000	1,182,286	(151,714)
Operating Expenses:			
Cost of sales-pro shop	69,000	65,347	3,653
Cost of sales-restaurant	54,000	58,216	(4,216)
Total Cost of Sales	123,000	123,563	(563)
Golf Course Operation:			
Club House:			
Personal services	253,409	229,100	24,309
Employee benefits	77,248	73,264	3,984
Professional & technical services	1,500	1,500	-
Purchased property services	46,620	40,376	6,244
Other purchased services	6,750	6,862	(112)
Supplies	22,750	21,692	1,058
Capital outlays	3,000	2,332	668
Miscellaneous	1,200	2,999	(1,799)
	412,477	378,125	34,352
Grounds:			
Personal services	301,353	303,062	(1,709)
Employee benefits	126,089	125,700	389
Purchased property services	56,400	58,089	(1,689)
Other purchased services	1,000	-	1,000
Supplies	112,100	95,531	16,569
Capital outlays	1,000	540	460
Miscellaneous	500	-	500
	598,442	582,922	15,520

# CITY OF MISSION, TEXAS

GOLF COURSE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-25

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Restaurant:			
Personal services	40,974	33,518	7,456
Employee benefits	6,844	5,641	1,203
Supplies	300	-	300
Miscellaneous	700	453	247
	<u>48,818</u>	<u>39,612</u>	<u>9,206</u>
Organizational Expense:			
Other purchased services	6,000	3,556	2,444
Miscellaneous	20,180	15,405	4,775
	<u>26,180</u>	<u>18,961</u>	<u>7,219</u>
Total Golf Course Operation	<u>1,208,917</u>	<u>1,143,183</u>	<u>65,734</u>
Depreciation	-	280,058	(280,058)
Total Operating Expenses	<u>1,208,917</u>	<u>1,423,241</u>	<u>(214,324)</u>
Nonoperating Expenses:			
Capital lease interest expense	3,900	4,078	(178)
Bond and capital lease principal	121,178	101,218	19,960
Nonoperating Expenses	<u>125,078</u>	<u>105,296</u>	<u>19,782</u>
Transfers:			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>1,333,995</u>	<u>1,528,537</u>	<u>(194,542)</u>
Net Income (Budgetary Basis)	<u>\$ 5</u>	<u>(346,251)</u>	<u>\$ (346,256)</u>
Adjustments:			
Bond and Capital Lease principal		101,218	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>2,872</u>	
		<u>104,090</u>	
Net Income (GAAP Basis)		<u>\$ (242,161)</u>	

# CITY OF MISSION, TEXAS

EXHIBIT C-26

SOLID WASTE

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 4,900,000	\$ 5,286,891	\$ 386,891
Brush fees	550,000	622,158	72,158
Roll-off fees	5,000	6,607	1,607
Franchise fees	110,000	116,545	6,545
Miscellaneous income	4,000	2,494	(1,506)
Operating Revenues	<u>5,569,000</u>	<u>6,034,695</u>	<u>465,695</u>
Nonoperating Revenues:			
Interest earned	500	3,038	2,538
Nonoperating Revenues	<u>500</u>	<u>3,038</u>	<u>2,538</u>
Total Revenues	<u>5,569,500</u>	<u>6,037,733</u>	<u>468,233</u>
Operating Expenses:			
Personal services	35,360	40,686	(5,326)
Employee benefits	19,520	19,266	254
Solid waste disposal	5,426,733	5,439,174	(12,441)
Miscellaneous	1,500	2,702	(1,202)
Rental-machinery & equipment	5,000	-	5,000
Supplies	8,000	25	7,975
Total Operating Expenses	<u>5,496,113</u>	<u>5,501,853</u>	<u>(5,740)</u>
Transfers:			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>5,496,113</u>	<u>5,501,853</u>	<u>(5,740)</u>
Net Income (GAAP Basis)	<u>\$ 73,387</u>	<u>\$ 535,880</u>	<u>\$ 462,493</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental Funds Capital Assets:		
Land	\$ 33,363,078	\$ 33,195,035
Buildings and structures	20,244,915	20,678,474
Improvements other than buildings	10,206,304	10,234,018
Furniture and equipment	23,686,603	22,441,461
Construction in progress	8,431,242	4,621,745
Infrastructure	<u>79,589,402</u>	<u>78,519,433</u>
Total Governmental Funds Capital Assets	<u><u>\$ 175,521,544</u></u>	<u><u>\$ 169,690,166</u></u>
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 89,659,595	\$ 89,909,269
Bond funds	31,852,657	29,169,970
Enterprise funds	1,264	1,264
Special funds	16,893,072	13,532,776
Donations	9,858,795	10,377,148
Developers	<u>27,256,161</u>	<u>26,699,739</u>
Total Governmental Funds Capital Assets	<u><u>\$ 175,521,544</u></u>	<u><u>\$ 169,690,166</u></u>

CITY OF MISSION, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY  
 For the fiscal year ended September 30, 2012

<u>Function and Activity:</u>	<u>Governmental Funds Capital Assets September 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2012</u>
General Government	\$ 8,460,323	\$ 619,902	\$ 108,672	\$ 8,971,553
Public Safety	27,677,781	1,681,756	1,084,089	28,275,448
Highways and Streets	109,732,833	3,591,192	130,787	113,193,238
Health and Welfare	189,547	11,495	6,622	194,420
Cultural and Recreational	<u>23,629,682</u>	<u>1,549,601</u>	<u>292,398</u>	<u>24,886,885</u>
Total Governmental Funds Capital Assets	<u>\$ 169,690,166</u>	<u>\$ 7,453,946</u>	<u>\$ 1,622,568</u>	<u>\$ 175,521,544</u>

CITY OF MISSION, TEXAS  
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
September 30, 2012

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 3,323,132	\$ 3,134,386	\$ 542,810	\$ 1,626,027	\$ 36,930	\$ 308,267	\$ 8,971,552
Public Safety	600,757	10,622,311	216,672	16,834,084	1,625	-	28,275,449
Highways and Streets	27,917,692	-	354,917	2,738,113	79,321,860	2,860,656	113,193,238
Health and Welfare	-	10,844	-	183,576	-	-	194,420
Cultural and Recreational	1,521,497	6,477,374	9,091,906	2,304,802	228,987	5,262,319	24,886,885
Total Governmental Funds Capital Assets	\$ 33,363,078	\$ 20,244,915	\$ 10,206,305	\$ 23,686,602	\$ 79,589,402	\$ 8,431,242	\$ 175,521,544



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# *SUPPLEMENTARY SCHEDULES*

CITY OF MISSION, TEXAS  
UTILITY FUND  
SCHEDULE OF REVENUE BOND COVERAGE  
Year Ended September 30, 2012

Operating Revenues	\$ 17,749,796	
Interest Earned by funds Created by the Bond Indenture	<u>4,322</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 17,754,118</u>
Operating Expenses	14,427,273	
Less: Depreciation Expense	<u>(4,423,062)</u>	
Operating Expenses Per Bond Ordinance		<u>10,004,211</u>
Net Revenue Per Bond Ordinance		<u><u>\$ 7,749,907</u></u>
Average Annual Debt Service Requirements		<u><u>\$ 2,625,548</u></u>
Succeeding Fiscal Year Debt Service Requirement		<u><u>\$ 3,125,441</u></u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>295%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>248%</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, 2012

	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 964,609	\$ 219,624	\$ 1,006,108	\$ 252,133	\$ 2,442,474
Investments	350,486	623,179	633,367	53,660	1,660,692
Cash and Investments September 30, 2011	<u>\$ 1,315,095</u>	<u>\$ 842,803</u>	<u>\$ 1,639,475</u>	<u>\$ 305,793</u>	<u>\$ 4,103,166</u>
Cash Receipts:					
Transfer from operating cash	3,145,115	-	-	-	3,145,115
Transfer from construction accts	125	-	-	-	125
Interest received	1,838	300	1,596	588	4,322
Total Cash Receipts	<u>3,147,078</u>	<u>300</u>	<u>1,596</u>	<u>588</u>	<u>3,149,562</u>
Total Cash And Investments Available	<u>4,462,173</u>	<u>843,103</u>	<u>1,641,071</u>	<u>306,381</u>	<u>7,252,728</u>
Cash Disbursments:					
Principal payments	1,856,000	-	-	-	1,856,000
Interest and fiscal charges	1,288,096	-	-	-	1,288,096
Bank Charges	512	-	194	60	766
Transfer to other I&S accounts	-	124	-	-	124
Construction costs	-	823,675	-	-	823,675
Total Cash Disbursments	<u>3,144,608</u>	<u>823,799</u>	<u>194</u>	<u>60</u>	<u>3,968,661</u>
Cash and Investments, September 30, 2012	<u>\$ 1,317,565</u>	<u>\$ 19,304</u>	<u>\$ 1,640,877</u>	<u>\$ 306,321</u>	<u>\$ 3,284,067</u>
Total Cash and Investments Restricted at September 30, 2012 is Composed of the Following:					
Cash and cash equivalents	\$ 966,680	\$ 19,304	\$ 211,449	\$ 10,165	\$ 1,207,598
Investments	350,885	-	1,429,428	296,156	2,076,469
Total	<u>\$ 1,317,565</u>	<u>\$ 19,304</u>	<u>\$ 1,640,877</u>	<u>\$ 306,321</u>	<u>\$ 3,284,067</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	177
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	
Revenue Capacity	184
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	188
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	193
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	195
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									
	2003 <sup>(1)</sup>	2004	2005	2006	2007	2008	2009	2010	2011 <sup>(2)</sup>	2012
<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	\$ 84,133,258	\$ 83,493,816
Restricted	651,534	800,978	802,534	1,288,945	2,061,067	3,366,072	3,176,789	3,438,023	5,637,112	6,781,018
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	7,201,682	3,784,019
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	\$ 96,972,052	\$ 94,058,853
<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	\$ 59,964,330	\$ 58,362,060
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	4,324,052	4,357,163
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	8,521,237	10,924,800
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	\$ 72,809,619	\$ 73,644,022
<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	\$ 144,097,588	\$ 141,855,876
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	9,961,164	11,138,181
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	15,722,919	14,708,819
	\$ 48,177,002	\$ 101,374,913	\$ 116,573,669	\$ 132,510,485	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049	\$ 169,781,671	\$ 167,702,875

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

(2) The 2011 net assets were restated to include Mission Economic Development Authority (MEDA), a blended component unit of the City as of September 30, 2012.

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

	2003 <sup>(1)</sup>	FISCAL YEAR									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Expenses</b>											
Governmental Activities											
General Government											
Public Safety	\$ 7,043,021	\$ 6,905,631	\$ 7,109,520	\$ 8,112,283	\$ 7,742,186	\$ 8,100,542	\$ 7,742,072	\$ 14,511,545	\$ 7,570,043	\$ 8,764,781	
Highways and streets	9,831,094	10,633,900	12,438,467	13,451,482	14,890,373	16,907,573	20,240,072	19,309,796	19,387,472	21,485,642	
Sanitation	1,980,187	3,968,401	4,430,985	5,466,843	5,479,786	5,654,237	4,223,462	6,427,413	6,255,895	6,532,351	
Health and welfare	97,899	-	-	-	-	-	-	-	-	-	
Economic development	105,738	511,520	522,734	526,449	359,073	334,726	374,867	570,197	903,935	1,354,970	
Culture and recreation	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	3,585,902	
Interest on long-term debt	3,593,377	3,200,156	3,494,941	4,619,038	4,320,014	4,905,126	5,125,473	5,661,309	6,044,088	5,904,008	
Total governmental activities expenses	744,599	837,851	930,755	1,096,972	1,027,984	1,512,067	1,730,135	1,525,661	1,582,058	1,457,105	
	23,613,496	26,372,472	29,530,035	34,170,185	34,966,607	39,716,265	42,520,546	51,472,503	45,413,759	49,084,759	
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	15,376,432	15,668,400	
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	1,374,400	1,414,494	
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	5,188,079	5,500,676	
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	21,938,911	22,583,570	
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	\$ 67,352,670	\$ 71,668,329	
<b>Program Revenues</b>											
Governmental Activities											
Charges for services											
General government	\$ 931,665	\$ 1,093,022	\$ 1,217,942	\$ 2,676,159	\$ 2,494,543	\$ 2,038,016	\$ 1,658,320	\$ 1,625,962	\$ 1,647,709	\$ 1,810,743	
Public Safety	756,900	976,726	1,048,893	1,065,521	94,884	98,736	121,003	110,007	105,723	83,142	
Highways and streets	517,402	601,073	607,249	536,943	571,890	593,759	565,910	630,054	644,298	541,497	
Sanitation	83,112	-	-	-	-	-	-	-	-	-	
Health and welfare	68,837	213,159	174,673	165,112	308,457	284,437	256,293	274,502	134,981	235,708	
Culture and recreation	503,797	439,014	272,120	148,885	283,201	350,394	351,378	279,180	306,294	337,112	
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	6,152,917	7,475,190	
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	1,170,433	1,067,989	
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	10,162,353	11,551,381	
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	17,412,060	17,643,636	
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	1,137,503	1,080,635	
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	5,813,098	6,032,202	
Operating grants and contributions	221,327	236,991	210,701	214,527	778,236	518,466	172,971	265,525	17,397	14,463	
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	3,157,395	393,825	
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	27,537,453	25,164,761	
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	\$ 37,699,808	\$ 36,716,142	

	FISCAL YEAR									
	2003 <sup>(1)</sup>	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (35,251,404)	\$ (37,533,378)
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	5,598,542	2,581,191
Total primary government net expense	<u>\$ (11,474,073)</u>	<u>\$ (9,218,750)</u>	<u>\$ (5,093,908)</u>	<u>\$ (9,376,504)</u>	<u>\$ (15,980,793)</u>	<u>\$ (11,665,598)</u>	<u>\$ (29,930,719)</u>	<u>\$ (33,168,690)</u>	<u>\$ (29,652,862)</u>	<u>\$ (34,952,187)</u>
<b>General Revenue and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Property taxes	\$ 8,034,814	\$ 9,087,576	\$ 10,324,334	\$ 12,569,230	\$ 13,778,424	\$ 16,335,934	\$ 17,798,280	\$ 17,795,460	18,143,896	18,087,005
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	10,234,485	10,857,234
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	2,396,994	2,790,119
Hotel/motel taxes	222,384	249,137	283,886	309,496	358,276	479,950	400,690	490,446	496,759	537,574
Alcoholic beverage taxes	25,639	27,189	33,608	51,914	59,529	79,084	86,136	79,864	78,066	73,518
Shared revenue-tax increment zone	-	-	-	1,409,272	421,603	113,975	137,427	2,013,239	1,395,342	201,902
Unrestricted grants and contributions	4,121	8,993	22,130	70,184	-	80,883	1,002	-	-	2
Investment earnings	133,093	103,604	124,325	280,538	371,301	328,642	110,515	29,131	41,545	54,703
Miscellaneous	180,973	95,027	495,068	370,546	678,123	718,583	636,427	533,384	965,999	18,122
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	2,200,000	2,000,000
Total governmental activities	<u>15,935,474</u>	<u>18,834,848</u>	<u>20,234,582</u>	<u>25,600,199</u>	<u>27,276,505</u>	<u>31,170,184</u>	<u>32,392,594</u>	<u>35,182,940</u>	<u>35,953,087</u>	<u>34,620,179</u>
Business-type activities										
Investment earnings	155,387	157,423	108,774	152,995	317,265	179,189	71,342	17,060	16,782	34,678
Miscellaneous	21,319	14,435	99,307	110,121	104,376	101,258	159,822	221,302	107,065	218,534
Transfers	(118,359)	(1,564,172)	(150,000)	(550,000)	(680,000)	(1,000,000)	(1,600,000)	(2,100,000)	(2,200,000)	(2,000,000)
Total business-type activities	<u>58,347</u>	<u>(1,392,314)</u>	<u>58,081</u>	<u>(286,884)</u>	<u>(258,359)</u>	<u>(719,553)</u>	<u>(1,368,836)</u>	<u>(1,861,638)</u>	<u>(2,076,153)</u>	<u>(1,746,788)</u>
Total primary government	<u>\$ 15,993,821</u>	<u>\$ 17,442,534</u>	<u>\$ 20,292,663</u>	<u>\$ 25,313,315</u>	<u>\$ 27,018,146</u>	<u>\$ 30,450,631</u>	<u>\$ 31,023,758</u>	<u>\$ 33,321,302</u>	<u>\$ 33,876,934</u>	<u>\$ 32,873,391</u>
Change in Net Assets										
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	\$ 701,683	\$ (2,913,199)
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)	3,522,389	834,403
Total primary government	<u>\$ 4,519,748</u>	<u>\$ 8,223,784</u>	<u>\$ 15,198,755</u>	<u>\$ 15,936,811</u>	<u>\$ 11,037,354</u>	<u>\$ 18,785,033</u>	<u>\$ 1,093,039</u>	<u>\$ 152,612</u>	<u>\$ 4,224,072</u>	<u>\$ (2,078,797)</u>

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

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
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
2011	18,143,897	10,234,485	2,396,994	496,759	78,066	31,350,202
2012	18,087,005	10,857,234	2,790,119	537,574	73,518	32,345,450

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
<b>GENERAL FUND</b>										
<b>Pre GASB 54</b>										
Reserved	\$ 318,453	\$ 298,568	\$ 232,659	\$ 107,877	\$ 252,164	\$ 1,643,102	\$ 194,874	\$ 189,606	\$ -	\$ -
Unreserved	3,028,383	2,617,788	2,987,048	4,341,125	5,121,470	4,206,593	7,083,203	7,861,173	-	-
<b>Total Pre GASB 54</b>	<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>	<u>\$ -</u>	<u>\$ -</u>
<b>Post GASB 54</b>										
Nonspendable										
Long term receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,400	\$ 32,000
Inventory	-	-	-	-	-	-	-	-	713	885
Prepaid	-	-	-	-	-	-	-	-	9,079	16,380
Committed										
Significant encumbrance	-	-	-	-	-	-	-	-	707,546	-
Funds committed for asset replacement	-	-	-	-	-	-	-	-	95,006	175,221
Funds committed for Boys & Girls Club	-	-	-	-	-	-	-	-	267,196	295,768
Assigned										
Funds assigned for recreation programs	-	-	-	-	-	-	-	-	32,829	-
Subsequent year budget appropriation	-	-	-	-	-	-	-	-	-	1,119,142
Unassigned	-	-	-	-	-	-	-	-	9,179,554	5,610,485
<b>Total Post GASB 54</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,326,323</u>	<u>\$ 7,249,881</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
<b>Pre GASB 54</b>										
Reserved	\$ 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	322,100	178,636	324,931	501,387	768,423	936,206	1,161,627	1,218,688	-	-
<b>Total Pre GASB 54</b>	<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>	<u>\$ -</u>	<u>\$ -</u>
<b>Post GASB 54</b>										
Nonspendable										
MEDA Land for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,862,550	\$ 1,862,550
Restricted										
Capital Improvements	-	-	-	-	-	-	-	-	3,265,269	3,124,863
Debt Service	-	-	-	-	-	-	-	-	1,114,955	1,315,076
Aquatics Programs	-	-	-	-	-	-	-	-	10,000	10,000
Municipal Court	-	-	-	-	-	-	-	-	414,497	464,588
PD Asset Sharing	-	-	-	-	-	-	-	-	935,693	1,773,041
Drainage Improvements	-	-	-	-	-	-	-	-	533,047	514,275
Scholarships and Books	-	-	-	-	-	-	-	-	25,453	25,594
Tourism	-	-	-	-	-	-	-	-	437,435	412,953
Perpetual Care	-	-	-	-	-	-	-	-	33,839	37,541
Records Preservation	-	-	-	-	-	-	-	-	9,929	13,016
Tax Increment	-	-	-	-	-	-	-	-	4,402	3,999
<b>Total Post GASB 54</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,647,069</u>	<u>\$ 9,557,497</u>

(1) The 2011 fund balances were restated to include Mission Economic Development Authority (MEDA), a blended component unit of the City as of September 30, 2012.

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 15,730,176	\$ 17,447,440	\$ 19,450,112	\$ 22,683,237	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749	\$ 30,541,631	\$ 31,976,033	\$ 32,951,668
Licenses and permits	662,923	867,612	999,942	1,176,810	1,048,873	696,135	515,229	552,496	643,827	554,324
Intergovernmental	3,503,489	3,180,900	4,855,473	4,525,130	4,593,260	5,624,673	5,002,401	15,305,799	7,161,137	7,340,271
Charges for services	437,158	486,941	516,484	785,816	1,126,575	1,131,486	954,560	853,506	718,021	905,492
Fines	723,591	908,040	946,280	1,008,935	928,498	845,877	820,359	775,992	613,174	811,498
Investment earnings	208,349	197,213	224,856	462,951	519,103	570,477	132,095	41,819	54,112	57,649
Special assessments	382,484	437,495	426,252	400,179	472,710	494,579	506,520	523,299	-	-
Miscellaneous	1,423,424	2,305,501	1,860,804	966,855	1,397,770	1,896,000	2,636,184	1,639,861	1,711,765	1,160,974
<b>Total Revenues</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>42,878,069</b>	<b>43,781,876</b>
<b>Expenditures</b>										
General government	7,285,978	7,535,033	7,658,126	7,543,408	7,509,552	7,906,361	7,708,433	14,177,581	7,338,930	8,810,604
Public safety	8,900,690	10,160,519	12,804,066	12,739,371	15,400,283	16,849,849	17,265,004	18,642,783	18,575,214	20,738,298
Highways and streets	3,198,793	4,354,478	4,031,056	2,495,682	2,689,557	3,547,259	3,598,796	5,327,032	4,356,144	4,504,778
Sanitation	98,726	-	-	-	-	-	-	-	-	-
Health and Welfare	105,738	465,285	497,496	551,362	357,778	343,248	373,037	566,753	872,624	1,351,381
Economic and physical development	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	5,512,540
Culture and recreation	3,817,905	3,407,854	3,357,198	3,809,523	4,625,680	4,759,234	4,778,975	4,883,052	5,092,616	3,585,902
Capital projects	2,364,827	3,198,994	1,851,950	3,326,307	951,640	4,174,716	4,388,605	2,664,844	6,274,155	3,104,751
Debt service										
Principal	1,085,000	1,065,000	1,340,000	1,640,000	1,479,385	1,803,502	1,723,765	2,010,834	2,299,748	2,202,765
Interest	697,608	797,036	795,997	944,053	1,160,599	1,230,572	1,253,891	1,297,107	1,291,973	1,302,540
Other charges	2,512	6,565	8,280	8,930	8,503	8,630	8,630	7,450	5,950	5,950
<b>Total expenditures</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>49,777,622</b>	<b>51,119,509</b>
Excess of revenues over (under) expenditures	(4,703,764)	(5,474,635)	(3,666,599)	(1,945,841)	(122,757)	(2,976,023)	(3,803,503)	(2,809,615)	(6,899,553)	(7,337,633)

**FISCAL YEAR**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other financing sources (uses)</b>										
Transfers in	2,625,956	4,006,959	3,174,927	4,517,001	4,580,409	2,867,662	5,593,315	6,267,545	4,997,949	4,725,834
Transfers out	(2,507,597)	(2,442,787)	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)	(3,993,315)	(4,167,545)	(2,797,949)	(2,725,835)
Refunding bond issued	-	-	-	-	-	-	-	-	-	3,165,000
Bonds issued	5,140,000	1,285,000	4,115,000	4,100,000	-	7,000,000	5,804,678	-	2,930,000	2,635,000
Long-term debt proceeds	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	168,426	168,441	-	84,236	298,283
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(3,185,773)
Capital leases	-	-	-	-	384,344	-	-	108,326	-	-
Sale of capital assets	1,529	80,448	18,323	20,114	-	105,340	-	46,800	114,205	259,112
Total other financing sources (uses)	5,259,888	2,929,620	4,283,323	4,670,114	1,064,343	8,273,766	7,573,120	2,255,126	5,328,441	5,171,621
<b>Special and extraordinary items:</b>										
Special item	-	-	-	-	-	-	(295,683)	-	-	-
Total special and extraordinary items	-	-	-	-	-	-	(295,683)	-	-	-
Net change in fund balances	\$ 556,124	\$ (2,545,015)	\$ 616,724	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)	\$ (1,571,112)	\$ (2,166,012)

Debt service as a percentage of noncapital expenditures<sup>(1)</sup>

7.63%      7.60%      7.78%      8.32%      8.15%      8.16%      7.91%      7.15%      8.90%      7.90%

<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		Alcoholic Beverage	
				Occupancy Tax	Beverage Tax	Total	
2003	8,057,603	5,706,252	1,560,472	222,383	25,639	15,572,349	
2004	8,988,424	6,390,956	1,692,582	249,137	27,189	17,348,288	
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	16,097,946	9,784,577	2,248,558	479,950	79,084	28,690,115	
2009	17,507,334	9,552,728	2,265,859	400,690	86,136	29,812,747	
2010	17,829,903	9,814,665	2,326,751	490,446	79,864	30,541,629	
2011	18,236,586	10,234,485	2,396,994	496,759	78,066	31,442,891	
2012	18,151,725	10,857,234	2,790,119	537,574	73,518	32,410,170	

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

Fiscal Year Ended September 30,	Real Property		Non-Real 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	Personal					
		Property	Property					
2003	572,280,747	933,981,279	193,622,647	304,326,707	1,395,557,966	0.5500	1,699,884,673	0.82%
2004	665,902,711	1,024,129,078	205,978,259	303,814,908	1,592,195,140	0.5500	1,896,010,048	0.84%
2005	805,549,768	1,141,385,750	245,449,393	347,471,060	1,844,913,851	0.5398	2,192,384,911	0.84%
2006	915,768,153	1,321,705,696	266,242,149	364,403,708	2,139,312,290	0.5589	2,503,715,998	0.85%
2007	997,313,190	1,512,771,351	277,201,924	434,731,656	2,352,554,809	0.5566	2,787,286,465	0.84%
2008	1,201,607,606	1,738,634,339	318,353,327	529,477,247	2,729,118,025	0.5566	3,258,595,272	0.84%
2009	1,308,104,315	1,737,671,626	287,384,742	420,102,009	2,913,058,674	0.5666	3,333,160,683	0.87%
2010	1,401,660,290	1,937,539,558	274,072,218	486,901,384	3,126,370,682	0.5566	3,613,272,066	0.87%
2011	1,463,644,082	2,032,661,499	268,558,129	532,302,145	3,232,561,565	0.5566	3,764,863,710	0.86%
2012	1,468,867,159	2,043,740,424	366,527,219	558,744,227	3,320,390,575	0.5388	3,879,134,802	0.86%

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	Hidalgo County Tax Rate	School District				South Texas ISD Tax Rate	Drainage Dist. No. 1 Tax Rate	South Texas College Tax Rate	
					Mission ISD Tax Rate	Sharyland ISD Tax Rate	La Joya ISD Tax Rate	South Texas ISD Tax Rate				
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	
2011-12	0.4221	0.1167	0.5388	0.5900	1.3000	1.2000	1.3110	0.0492	0.0733	0.1507	5.21	
2012-13	0.4086	0.1202	0.5288	0.5900	1.3000	1.2855	1.3110	0.0492	0.0750	0.1507	5.29	

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

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, 2012**

Taxpayer	Tax Year 2012			Tax Year 2003		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Frontera Generation LTD	70,561,190	1	2.07%	-	-	-
Sharyland Utilities LP	40,228,950	2	1.18%	-	-	-
Shary Retail LTD	34,267,370	3	1.01%	-	-	-
AEP Texas Central Co	12,470,850	4	0.37%	10,853,710	5	0.68%
Bert Odgen Chevrolet	11,673,236	5	0.34%	11,946,612	3	0.75%
Wal-Mart Real Estate Business	11,658,417	6	0.34%	-	-	-
Halliburton Energy Serv	10,999,490	7	0.31%	16,848,320	1	1.06%
VRS Sharyland LLC	10,572,048	8	0.32%	-	-	-
Wal-Mart Stores Texas LLC	10,134,525	9	0.30%	13,336,882	2	0.84%
CNMK Texas Properties LTD	9,903,229	10	0.29%	7,620,355	7	0.48%
Rio Grande Snack Co.	-	-	-	11,511,835	4	0.72%
Southwestern Bell Telephone	-	-	-	10,721,501	6	0.67%
H.E.Butt Grocery Company	-	-	-	9,066,366	7	0.57%
Spikes Motor Company, Inc.	-	-	-	8,928,194	9	0.56%
T-Mobile, Inc.	-	-	-	6,290,057	10	0.40%
Total	<u>\$ 222,469,305</u>		<u>6.53%</u>	<u>\$ 107,123,832</u>		<u>6.74%</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>
2003	7,687,882	7,206,507	93.7%	450,450	7,656,957	99.6%
2004	8,774,242	8,227,346	93.8%	515,245	8,742,591	99.6%
2005	9,928,090	9,342,725	94.1%	535,880	9,878,605	99.5%
2006	12,045,882	11,347,253	94.2%	636,343	11,983,596	99.5%
2007	13,241,161	12,684,294	95.8%	474,912	13,159,206	99.4%
2008	15,893,072	15,035,133	94.6%	734,281	15,769,414	99.2%
2009	17,305,109	16,251,424	93.9%	845,169	17,096,593	98.8%
2010	17,361,554	16,529,835	95.2%	561,128	17,090,963	98.4%
2011	17,803,116	16,989,023	95.4%	401,885	17,390,908	97.7%
2012	17,798,270	17,102,655	96.1%	-	17,102,655	96.1%

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases			
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	29,360,000	168,000	143,232	30,490,000	-	206,332	60,367,564	6.21%	838
2011	30,135,000	96,000	70,484	32,589,000	-	113,252	63,003,736	6.27%	818
2012	30,805,000	24,000	24,719	32,128,000	-	40,730	63,022,449	6.08%	794

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Debt Payable From Business-type Revenues</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
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	29,360,000	1,472,816	-	27,887,184	0.89%	387.30
2011	30,135,000	1,114,955	-	29,020,045	0.90%	376.60
2012	30,805,000	1,722,612	-	29,082,388	0.88%	366.42

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, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 174,275,000	11.87%	\$ 20,686,443
Hidalgo County Drainage District #1	90,305,000	12.73%	11,495,827
Hidalgo Independent School District	43,665,000	0.28%	122,262
La Joya Independent School District	294,898,088 <sup>(1)</sup>	10.45%	30,816,850
Mission Consolidated Independent School District	148,890,222 <sup>(1)</sup>	70.35%	104,744,271
Sharyland Independent School District	125,511,756 <sup>(1)</sup>	57.88%	72,646,204
South Texas College District	50,461,019	12.15%	6,131,014
Subtotal Overlapping Debt			<u>\$ 246,642,871</u>
City of Mission	\$ 30,853,719	100.00%	\$ 30,853,719
Total Direct and Overlapping Debt			<u><u>\$ 277,496,590</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**

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 69,777,898	\$ 79,609,757	\$ 92,245,693	\$ 106,965,615	\$ 117,604,999	\$ 136,482,301	\$ 145,652,934	\$ 156,318,534	\$ 161,628,078	\$ 192,398,836
Total net debt applicable to limit	16,876,570	16,843,912	19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045	29,106,388
Legal debt margin	\$ 52,901,328	\$ 62,765,845	\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033	\$ 163,292,448
Total net debt applicable to the limit as a percentage of debt limit	24.19%	21.16%	21.29%	20.57%	17.50%	18.87%	20.65%	17.95%	17.95%	15.13%
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	\$ 3,232,561,565	\$ 3,847,976,723	\$ -	\$ -
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	\$ 3,232,561,565	\$ 3,847,976,723	\$ -	\$ -
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	161,628,078	192,398,836		
Debt applicable to limit:										
General obligation bonds										
Less: Amount set aside for repayment of general obligation debt	21,840,000	24,030,000	22,250,000	27,180,000	31,440,000	29,528,000	30,135,000	30,829,000		
Less: Business-type general obligations	(581,562)	(732,719)	(828,010)	(989,174)	(1,140,526)	(1,472,816)	(1,114,955)	(1,722,612)		
Total net debt applicable to limit	(1,615,000)	(1,295,000)	(845,000)	(430,000)	(220,000)	-	-	-		
Legal debt margin	19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045	29,106,388		
	\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033	\$ 163,292,448		

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**

<b>Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Charges and Other <sup>(1)</sup></b>	<b>Less: Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service <sup>(3)</sup></b>		<b>Coverage <sup>(4)</sup></b>
				<b>Principal</b>	<b>Interest</b>	
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%
2011	17,530,504	9,422,969	8,107,535	1,856,000	1,265,272	2.60%
2012	17,754,118	10,004,211	7,749,907	1,933,000	1,192,441	2.48%

(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**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>MSA<sup>(2)</sup></b>		<b>Median Age <sup>(1)</sup></b>	<b>Percentage High School Graduates <sup>(3)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
		<b>Personal Income</b>	<b>Capita Personal Income</b>				
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%
2011	77,058	1,004,058,330	13,030	30.90	82.9	15,517	10.20%
2012	79,368	1,037,192,254	21,620	29.80	89.0	20,767	8.10%

(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: Region One, Texas Education Agency, Education.com & Mission Consolidated School District

(4) Source: Labor Market & Career Information, Texas Workforce Commission

# **City of Mission Principal Employers**

<b>Employer</b>	<b>2012<sup>(1)</sup></b>			<b>2003<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	2,330	1	4.11%	-	-	0.00%
Sharyland ISD	1,214	2	2.14%	-	-	0.00%
Mission Regional Medical Center	1,193	3	2.10%	-	-	0.00%
T-Mobile	832	4	1.47%	-	-	0.00%
H.E.B. Grocery	647	5	1.14%	-	-	0.00%
City of Mission	567	6	1.00%	-	-	0.00%
Wal-Mart Super Center	346	7	0.61%	-	-	0.00%
Haliburton Energy Services	182	8	0.32%	-	-	0.00%
Home Depot	176	9	0.31%	-	-	0.00%
Target	145	10	0.26%	-	-	0.00%
Total	<u>7,632</u>		<u>13.46%</u>	<u>-</u>		<u>0.00%</u>

(1) Source: Mission Economic Development Corporation 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	72	74	78	75	76	80	80	79	77	77
Public Safety										
Police										
Officers	100	113	114	116	116	120	126	130	140	146
Civilians	37	41	40	42	44	46	51	52	53	53
Fire										
Firefighters and Officers <sup>(1)</sup>	35	36	51	63	63	64	67	67	66	67
Civilians	6	3	3	2	6	6	6	6	8	7
Highways and Streets										
Engineering <sup>(2)</sup>	2	-	-	-	-	-	-	-	-	-
Streets	26	27	27	26	27	30	33	33	33	32
Health and Welfare										
Health <sup>(3)</sup>	-	9	10	7	7	7	7	7	7	8
Culture and recreation										
Aquatics	3	3	3	2	2	2	3	3	3	2
Museum	3	3	3	2	2	2	3	4	4	4
Parks and Recreation	29	32	34	35	35	38	47	44	45	45
Library	19	25	22	20	20	20	20	20	22	21
Golf Course	31	31	27	20	20	27	17	16	17	17
Sanitation										
Water distribution	65	79	77	78	78	78	79	83	87	86
Wastewater	11	13	12	12	13	13	13	12	12	15
Community Development	4	4	3	3	3	3	3	5	4	3
Total	443	493	504	503	512	536	555	561	578	583

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	2,977	3,779	3,892	3,943	4,592	4,081	4,002	4,373	3,000	4,305
Parking Violation	88	118	59	44	96	64	67	41	35	75
Traffic Violations	10,005	14,850	15,118	12,042	13,217	22,473	20,757	10,957	12,970	13,685
Fire										
Number of calls answered	1,934	2,118	1,938	1,977	2,159	2,270	1,967	2,450	2,738	3,239
Inspections	830	1,191	884	790	2,945	2,479	3,015	2,392	2,154	1,803
Highways and Streets										
Streets resurfacing (miles)	41	39	29	20	8,564	6,088	3,750	5,960	4,240	5,530
Potholes repaired	13,046	18,288	15,379	13,006	24,729	10,217	6,438	12,449	6,710	15,783
Sanitation										
Refuse collected (tons/day) <sup>(1)</sup>	143	145	150	159	193	146	150	173	176	218
Recyclables collected (tons/day)	0.03	0.03	0.07	0.03	0.05	0.08	0.21	0.16	0.26	0.26
Culture and recreation										
Golf Course										
Rounds <sup>(2)</sup>	-	57,040	54,588	53,464	54,125	68,173	65,942	52,491	59,162	54,056
Recreation										
Programs	15	17	17	34	32	32	32	32	32	32
Parks Maintained	22	22	22	24	24	24	25	25	25	25
Water										
New connections (year)	1,320	1,321	1,122	1,237	1,202	650	1,748	463	512	370
Water mains breaks (year)	142	151	486	563	459	603	557	649	452	507
Average daily consumption (millions of gallons)	8.06	8.31	10.56	12.56	10.85	12.44	13.23	11.00	13.63	12.63
Wastewater										
Average daily sewage treatment	4.65	4.35	4.60	6.00	6.03	6.06	5.97	6.57	6.32	6.68

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 2003.

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol Units	74	71	80	85	88	94	96	87	100	111
Fire Protection										
Fire Stations	3	4	4	4	4	4	4	4	5	5
Highways and Streets										
Streets (miles)	289	298	306	535	539.52	543.46	548.67	549.02	554.20	555.66
Number of Streetlights	4,483	4,583	4,673	4,767	2,636	2,679	2,726	4,856	4,945	4,473
Culture and recreation										
Parks acreage	226	226	226	310	310	419	419	419	419	419
Parks	22	22	22	24	24	24	25	25	25	25
Swimming pools	2	2	2	2	2	2	2	2	2	3
Tennis Courts	2	2	2	2	2	3	4	4	4	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	2	2	2	2	2	2	2	2	2	2
Water mains (miles)	152	270	270	410	415.86	422.56	425.36	429.07	436.35	442.21
Fire hydrants	1,890	1,990	3,000	2,254	2,408	2,444	2,457	2,481	2,496	2,784
Number of Service connections	19,245	19,931	20,763	21,995	22,902	23,308	23,785	24,248	24,734	25,157
Number of Gallons Sold (in millions)	2,614.00	2,647.40	3,387.70	4,172.14	3,425.39	3,906.65	4,228,779	3,613,761	4,513,884	4,678,994
Daily Average Consumption (gallons) <sup>(1)</sup>	8.00	8.20	10.60	12.56	10.85	12.44	11.59	9.90	12.37	12.81
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	140	200	200	315	319.45	323.16	325.11	325.93	328.70	328,707
Number of Service connections	15,812	16,682	17,683	18,606	18,632	20,510	21,285	21,694	22,110	22,439
Storm sewers (miles)	75	75	75	110	112.17	114.95	115.91	116.83	118.99	121.16
Daily average treatment in gallons <sup>(1)</sup>	4.40	4.20	4.60	6.00	6.03	6.06	5.97	6.57	6.60	6.70
Maximum daily treatment capacity <sup>(1)</sup>	4.90	4.99	5.16	7.00	7.34	8.12	6.70	12.92	7.87	8.60

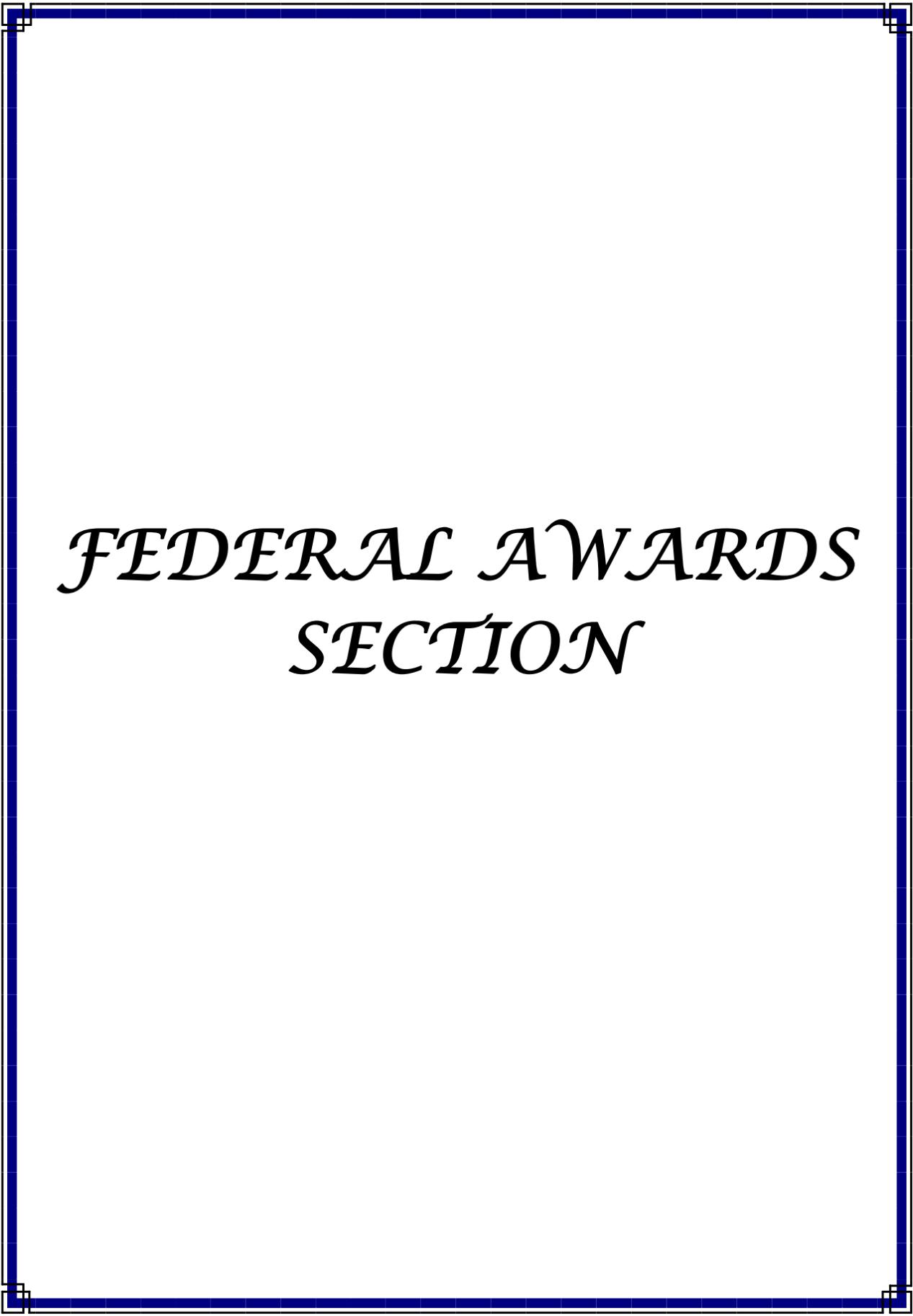
Source: City departments.

(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 City of Mission, Texas, as of and for the year ended September 30, 2012, which collectively comprise City of Mission's basic financial statements and have issued our report thereon dated February 4, 2013. 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.

**Internal Control Over Financial Reporting**

Management of City of Mission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Mission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Mission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mission'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 City of Mission'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*.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies 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.

  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
February 4, 2013

**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 City of Mission, Texas's 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 City of Mission's major federal programs for the year ended September 30, 2012. City of Mission Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Mission's management. Our responsibility is to express an opinion on City of Mission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Mission'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 City of Mission's compliance with those requirements.

In our opinion, City of Mission 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, 2012.

## Internal Control Over Compliance

Management of City of Mission, Texas 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 City of Mission'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 City of Mission'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.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of City of Mission, Texas's major programs and our testing of City of Mission, Texas's compliance but not to provide an opinion on the effectiveness of City of Mission, Texas's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mission, Texas's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
February 4, 2013

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2012

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

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*Financial Statements*

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
  
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   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      X   no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

66.468  
97.067

ARRA-Drinking Water State Revolving Fund  
Homeland Security Grant Program, Operation  
Stonegarden

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

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
For the Year Ended September 30, 2012

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**Section II – Financial Statement Findings**

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None.

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

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

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended September 30, 2012

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**Section II – Financial Statement Findings**

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

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

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

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2012

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

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2012

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Trough Grantor/ Program Title	Federal CDFA 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:			
12TX-EMPG-0715	Emergency Management Assistance	97.042	26,707	-
FEMA-1931-DR	Emergency Management Assistance	97.036	12,329	-
	Total Pass Through Programs		39,036	-
	Total Federal Emergency Management Agency		39,036	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division Of Emergency Management:			
	Homeland Security Grant Program:			
2009-SJ-T90011	Operation Stonegarden Grant	97.067	8,085	
2010-SS-T0-0008	Operation Stonegarden Grant	97.067	133,000	
2011-H5276-TX-DJ	Edward Byrne Memorial Justice Assistance Grant	16.738	10,244	
DJ-08-A10-24722-01	Operation Safeguard	16.738	13,230	
2011-SR-48768-01	State Homeland Security Program	97.067	17,663	
	Total Pass Through TX Governor's Division Of Emergency Management		182,222	-
	Total U.S. Department of Homeland Security		182,222	-
	<u>National Highway Traffic Safety Administration</u>			
582EGF6162	STEP	20.600	68,288	
	Total National Highway Traffic Safety Administration		68,288	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	1,388,929	
	Bullet Proof Vest Program	16.607	4,143	
80018	Juvenile and Delinquency Prevention	16.727	10,990	
	Total Direct Programs		1,404,062	-
	Total U.S. Department of Justice		1,404,062	-
	<u>U.S. Department of Housing and Urban Development</u>			
	Direct Programs:			
B-09-MC-48-0511	Community Development Block Grant	14.218	2,490	
B-10-MC-48-0512	Community Development Block Grant	14.218	451,738	
B-11-MC-48-0513	Community Development Block Grant	14.218	493,880	10,169
	Total Direct Programs		948,108	10,169
	Total U.S. Department of Housing and Urban Development		948,108	10,169

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*CONTINUED*)  
Year Ended September 30, 2012

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Trough Grantor/ Program Title	Federal CDFA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
70090015	<u>U.S. Department of Housing and Urban Development</u> Passed Through Texas Dept. of Housing and Community Affairs Community Development Block Grant-Disaster Recovery	14.228	26,092	-
DRS010117	<u>U.S. Department of Housing and Urban Development</u> Passed Through Texas Department of Rural Affairs Texas Community Development Block Grant Program	14.228	495,638	-
	Total Passed Through Programs		521,730	-
	<u>U.S. Department of Energy</u> Direct Programs:			
SC0003145	ARRA Energy Efficiency and Conservation Block Grant	81.128	20,000	-
	Total Direct Programs		20,000	-
61740	ARRA Water and Wastewater System Revenue Bonds, Series 2009 Drinking Water State Revolving Fund	66.468	932,456	-
	TOTAL FEDERAL AWARDS EXPENDED		\$ 4,115,902	\$ 10,169

CITY OF MISSION, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2012

**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.

