



# **Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2015**

**City of Mission, Texas** 

# CITY OF MISSION, TEXAS

# Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2015

> Prepared By: Finance Department

# MISSION CITY COUNCIL



Norberto "Beto" Salinas Mayor



Jessica Ortega-Ochoa Council Member



Ruben Plata Council Member



Norie Gonzalez Garza Mayor Pro Tem



Dr. Armando O'Cana Council Member



# TABLE OF CONTENTS

	<u>Exhibit</u>	Page No.
INTRODUCTORY SECTION		
Transmittal Letter GFOA Certificate of Achievement List of Principal Officials Organizational Chart		3-7 8 9 10
FINANCIAL SECTION		
Independent Auditor's Report		13-15
Management's Discussion and Analysis		16-28
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	31
Statement of Activities	A-2	32-33
Fund Financial Statements:		
Balance Sheet – Governmental Funds	A-3	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-4	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	A-5	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	A-6	37
Statement of Net Position – Proprietary Funds	A-7	39
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	A-8	40-41

TABLE OF CONTENTS (Commune)	<u>Exhibit</u>	Page No.
Statement of Cash Flows – Proprietary Funds	A-9	43
Statement of Fiduciary Net Position – Fiduciary Funds	A-10	44
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	A-11	45
Notes to the Financial Statements		46-113
Required Supplementary Information:		
Budgetary Comparison Schedule – General Fund	B-1	117-124
Reconciliation of the General Fund Budgetary Schedule to the Statement of Revenues and Expenditures	B-2	125
Schedule of Changes in Net Pension Liability and Related Ratios For Agent Multiple-Employer Pension Plan-Texas Municipal Retirement System		126
Schedule of City's Proportionate Share of the Net Pension Liabilities Of Cost-Sharing Multiple-Employer Pension Plan-Texas Emergency Services Retirement System (TESRS)		127
Schedule of City's Contribution for all Pension Plans		128
Schedule of Funding Progress – Health Care Plan		129
Notes to Required Supplementary Information		130-132
Other Supplementary Information:		
Combining Balance Sheet – Non-Major Governmental Funds	C-1	137
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	C-2	139
Combining Balance Sheet – Non-Major Special Revenue Funds	C-3	140-143
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	C-4	144-147
Community Development Fund – Budgetary Comparison Schedule	C-5	148

<u>TABLE OF CONTENTS (Commune)</u>	<u>Exhibit</u>	Page No.
Aquatics Fund – Budgetary Comparison Schedule	C-6	149
Police Department Special Fund - Budgetary Comparison Schedule	C-7	150
Police Federal Sharing Fund - Budgetary Comparison Schedule	C-8	151
Municipal Court Technology Fund - Budgetary Comparison Schedule	C-9	152
Designated Purpose Fund - Budgetary Comparison Schedule	C-10	153-156
Drainage Assessment Fund - Budgetary Comparison Schedule	C-11	157
Cemetery Fund - Budgetary Comparison Schedule	C-12	158
Records Preservation Fund – Budgetary Comparison Schedule	C-13	159
Speer Memorial Library – Budgetary Comparison Schedule	C-14	160
Hotel/Motel Tax Fund - Budgetary Comparison Schedule	C-15	161
Mun. Court Bldg Security Fund – Budgetary Comparison Schedule	C-16	162
Park Dedication Fund – Budgetary Comparison Schedule	C-17	163
Juvenile Case Manager Fund – Budgetary Comparison Schedule	C-18	164
PEG Capital Fund - Budgetary Comparison Schedule	C-19	165
Tax Increment Reinvestment Zone Fund - Budgetary Comparison Schedule	C-20	166
Debt Service Fund - Budgetary Comparison Schedule	C-21	167
Combining Balance Sheet – Non-Major Capital Projects Funds	C-22	168
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Projects Funds	C-23	169
Utility Fund - Budgetary Comparison Schedule	C-24	171-174
Golf Course Fund - Budgetary Comparison Schedule	C-25	175-176
Solid Waste Fund – Budgetary Comparison Schedule	C-26	177-178

	<u>Exhibit</u>	Page No.
Capital Assets Used In the Operation of Governmental Funds:		
Capital Assets Used in the Operation of Governmental Funds Comparative Schedule by Source	D-1	181
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	D-2	182
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	D-3	183
Supplemental Schedules:		
Utility Fund - Schedule of Revenue Bond Coverage		186
Utility Fund - Schedule of Cash Receipts and Disbursements - Restricted Accounts Required by Revenue Bond Ordinance		187
STATISTICAL SECTION		
Net Position by Component		191
Changes in Net Position		192-193
Governmental Activities Tax Revenue By Source		194
Fund Balances of Governmental Funds		195
Changes in Fund Balances of Governmental Fund and Governmental Activities Tax Revenues by Source		196-197
Assessed Value and Estimated Actual Value of Taxable Property		198
Property Tax Rates Direct and Overlapping Governments		199
Principal Property Taxpayers		200
Property Tax Levies and Collections		201
Ratios of Outstanding Debt by Type		202

	Page No.
Ratios of General Bonded Debt Outstanding	203
Direct and Overlapping Governmental Activities Debt	204
Legal Debt Margin Information	205
Pledged-Revenue Coverage	206
Demographic and Economic Statistics	207
Principal Employers	208
Full-time Equivalent City Government Employees by Function	209
Operating Indicators by Function	210
Capital Assets Statistics by Function	211
FEDERAL AWARDS SECTION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	215-216
Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	217-218
Schedule of Findings and Questioned Costs	219-220
Schedule of Findings and Questioned Costs-Status of Prior Year Findings	221
Schedule of Findings and Questioned Costs-Corrective Action Plan	222
Schedule of Expenditures of Federal Awards	223
Notes to Schedule of Expenditures of Federal Awards	224





Norberto "Beto" Salinas, Mayor Norie Gonzalez Garza, Mayor Pro Tem Jessica Ortega-Ochoa, Councilwoman



Ruben Plata, Councilman Dr. Armando O'caña, Councilman

Martin Garza Jr., City Manager

February 13, 2016

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, 2015, 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 unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2015. 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.

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 a 15% increase compared to prior fiscal year.

The economic turmoil facing the nation has affected the City's economic development; however, the City has continued to bring in residential and commercial development, though at a slower pace.

Over the past eight years, the City of Mission has experienced significant economic growth and investment. More than \$515 million in residential and commercial development has been completed or is in various phases throughout the City. Building permits increased 8.8% from prior fiscal year. The increase in commercial and residential development has contributed to the decline in the unemployment rate for the City of Mission. According to the Texas Labor Market Review website, the City's unemployment rate decreased from 7% to 6.2% as of November 2015.

The City of Mission, Mission Regional Medical Center, Sharyland Independent School District, and Mission Consolidated Independent School District, also have a significant economic presence, employing more than 5,200 professionals, teachers, and support staff.

The City continues to work very closely with the MRA and Hunt Valley Development to promote development along the Anzalduas Highway, which was completed during FY 2013. The MRA issued revenue bonds for the installation of wastewater infrastructure in the area, which construction will be completed in FY 2016. It is expected that once the area is fully developed, both property and sales tax revenues will increase. For FY 2015, sales tax reflected a decrease of less than 1% compared to prior year.

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

#### Fiscal Year 2014-2015 Accomplishments

- > Maintained the Tax Freeze for the elderly and disabled as well as the \$10,000 Tax Exemption for the elderly and disabled.
- > The City was awarded \$1.8 million in State and Federal Grants for housing, public safety services and equipment, park improvements, homeless prevention programs, and education programs.
- Sixteen new homes were reconstructed and three homes were rehabilitated by the CDBG Housing Program during the year.
- Completed the first year of operation for the City's Sanitation Department Program to collect residential trash and brush pickup.
- Commenced the Bentsen Palm Development Lift Station Project, which is an estimated cost of \$850,000.

- Completed various projects including the Gerlach Drainage Project, the Stonegate Waterline Improvement Project, and the Oleander Sewer Line Improvement Project.
- > Completed the fourteen-block Downtown Conway Streetscape Project.
- Completed the renovation of the Old Central Fire Station Building, which is housed by the Texas State Troopers.
- > Installed decorative color streetlights under the overpass on Shary Road and Expressway 83 Intersection.
- Started the process of obtaining financing from the Texas Water Development Board for the Wastewater Plant Expansion Project. The estimated cost for the project is \$19 million. This project will be funded through a Jr. Lien Revenue Bond-\$16M and a buyout from Agua Special Utility District-\$3M.
- > Commenced the design phase of the propose event center.
- Created an in-house Legal Department. The Department consists of 2 full-time inhouse lawyers and an administrative assistant.

#### Major Initiatives For Fiscal Year 2015-2016

- > 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.
- > 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 to affect economic growth and create opportunities for the community.
- > Continue the planning for a new water tower to demolish and replace the one on Lucksinger and finalize the location for the new water tower.
- > Commence the plans and specs for the Taylor Road Expansion Project Phase II.
- Complete the Anzalduas Highway Wastewater Project, which is funded by the Mission Redevelopment Authority through a reimbursable agreement between the City and Mission Redevelopment Authority. As of 9/30/15, this project was approximately 98% completed.
- > Complete the park improvements at the Arnulfo "Tatan" Jr. Park.
- Complete the Mile 2 North Expansion Project from Conway Avenue to Inspiration Road.
- > Commenced the Water Loop Project.

#### 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 at year-end with an ending Unrestricted Fund Balance of \$8,012,355. 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 2016 Budget was prepared very conservatively based on current economic activity within our City. 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, 2014. This is the fourteenth 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,

Martin Garza, Jr. City Manager

Assistant Finance Director



Government Finance Officers Association

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, 2014

hey R. Eng

Executive Director/CEO

# CITY OF MISSION, TEXAS List of Principal Officials Year Ended September 30, 2015

#### <u>CITY OFFICIALS</u>

Mayor Mayor Pro Tem Council Member Council Member Council Member Norberto "Beto" Salinas Norie Gonzalez Garza Dr. Armando O'Cana Jessica Ortega-Ochoa Ruben Plata

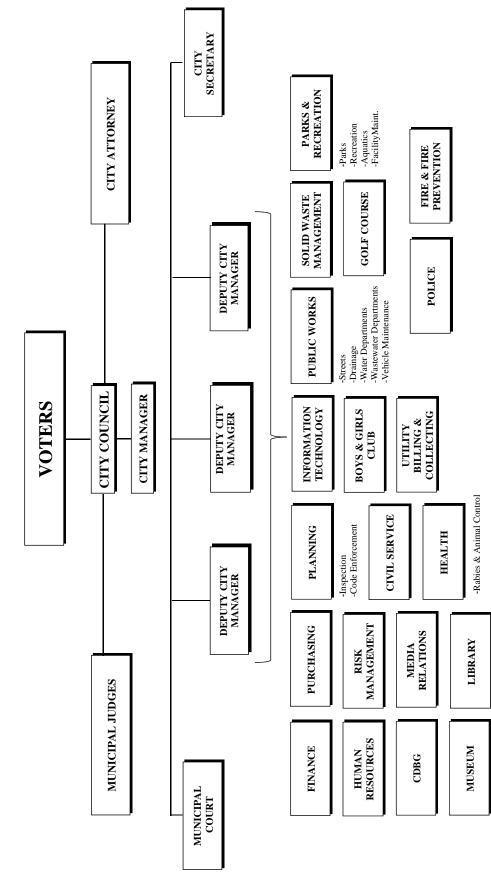
#### <u>CITY ADMINISTRATION</u>

City Manager Deputy City Manager Deputy City Manager City Secretary Interim Finance Director Assistant Finance Director City Attorney Deputy City Attorney Boys & Girls Club Director **CDBG** Director Civil Service Director Fire Chief Golf Course Director Health Director Human Resources Director Information Technology Director Library Director Media Relations Director Municipal Judge Museum Director Parks and Recreation Director Planning and Zoning Director Police Chief Public Works Director **Purchasing Director** Risk Management Director

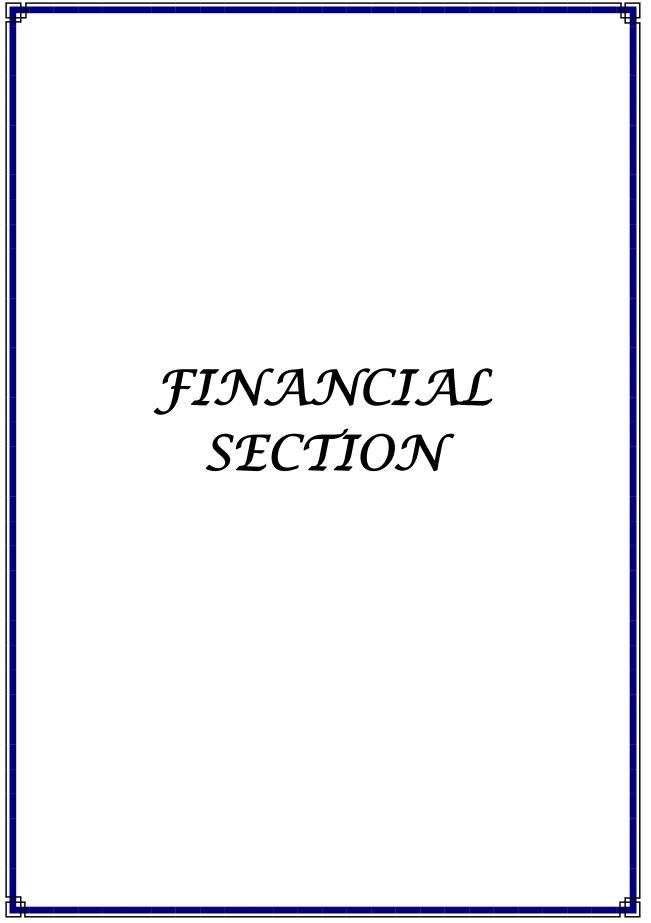
Martin Garza, Jr. Aida Lerma Randy Perez Anna Carrillo Janie Flores Angie Vela Abiel Flores Jaime Tijerina Luduvico Martinez Joanne Longoria Jesse Lerma Rene Lopez, Jr. Mario Flores Noel Barrera Noemi Munguia Roland Rodriguez Mayra Rocha Humberto Garcia Jonathan Wehrmeister Luis Contreras Brad Bentsen Daniel Tijerina Robert Dominguez **Roberto** Salinas Eduardo Belmarez Robert Hinojosa

#### <u>OFFICIALS ISSUING REPORT</u>

Angie Vela Assistant Finance Director CITY OF MISSION, TEXAS ORGANIZATIONAL CHART



10







Members - Division of Firms, American Institute of CPAs 4100 N. 23rd McAllen, Texas 78504 (956) 686-3701 Fax (956) 686-6830 www.longchilton.com

#### INDEPENDENT AUDITOR'S REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the businesstype activities, the aggregate discretely presented component units (except for the Mission Redevelopment Authority), each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Mission Redevelopment Authority, which is a discretely presented component unit.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Mission Redevelopment Authority, which represent 75 percent, 101 percent, and 52 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mission Redevelopment Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Mission Redevelopment Authority were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the City implemented new accounting guidance, *GASB Statement No.* 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to these matters.

#### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule information, 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.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mission, Texas's basic financial statements. The introductory section, the other supplementary information section, the capital assets used in the operation of governmental funds section, the supplemental schedules section and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information section, the capital assets used in the operation of governmental funds section, the supplemental schedules section and schedule of expenditures of federal awards are the responsibility of management and were derived from the relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the capital assets used in the operation of governmental funds section, the supplemental schedules section and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reported dated February 12, 2016, on our consideration of the City of Mission's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mission, Texas' internal control over financial reporting and compliance.

Long Chitton, ZXP

LONG CHILTON, LLP Certified Public Accountants

McAllen, Texas February 12, 2016

# 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, 2015. 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 \$168,293,007 (net position). Of this amount, \$10,792,969 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,717,212. Governmental activities contributed an increase of \$2,877,454 while the Business-type activities contributed a decrease of \$1,160,242. Both total revenues and total expenses reflect decreases compared to prior year with revenues decreasing by 1.69% and expenses by 6.54%.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17,696,318 a \$143,224 increase in comparison with the prior year. Approximately 19.7% of this amount (\$3,487,394) 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 \$3,487,394 or 9.6% of total General Fund expenditures.

## **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 Position* presents information on all the City of Mission's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position is 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 31-33 of this report.

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

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

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

The City of Mission maintains twenty-six (26) 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 two additional 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 137 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 34-37 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 39-43 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 44-45 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 46-113 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 117-132 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. The combining statements and individual fund schedules begin on page 137 of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net position 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 \$168,293,007 at the close of the most recent fiscal year.

The following table summarizes the City's net position at September 30, 2015.

City of Mission Net Position September 30, 2015													
	Governmen	tal Activities	Business-ty	ype Activities	То	tal							
		RESTATED		RESTATED		RESTATED							
	2015	2014	2015	2014	2015	2014							
Current and other assets	\$ 25,834,931	\$ 25,952,015	\$ 18,189,889	\$ 21,257,430	\$ 44,024,820	\$ 47,209,445							
Capital assets	113,282,929	112,409,983	87,014,658	88,122,859	200,297,587	200,532,842							
Total assets	139,117,860	138,361,998	105,204,547	109,380,289	244,322,407	247,742,287							
Total deferred outflows of resources	2,189,295	1,422,535	877,206	785,111	3,066,501	2,207,646							
Long-term liabilities	36,451,857	37,599,377	32,939,584	35,164,320	69,391,441	72,763,697							
Other liabilities	4,270,999	4,481,929	5,429,843	6,128,512	9,700,842	10,610,441							
Total liabilities	40,722,856	42,081,306	38,369,427	41,292,832	79,092,283	83,374,138							
Total deferred inflows of resources	3,618	-	-	-	3,618	-							
Net position													
Net investment in capital assets	89,565,991	90,947,382	55,987,443	54,832,203	145,553,434	145,779,585							
Restricted	8,551,701	8,343,486	3,394,903	3,451,514	11,946,604	11,795,000							
Unrestricted (deficit)	2,462,989	(1,587,640)	8,329,980	10,588,851	10,792,969	9,001,211							
Total net position	\$ 100,580,681	\$ 97,703,227	\$ 67,712,326	\$ 68,872,568	\$ 168,293,007	\$ 166,575,796							

By far the largest portion of the City's net position (86 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.

At the end of the current fiscal year, the City of Mission is able to report positive balances in all three categories of net position; 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.

The City's overall net position increased \$1,717,212 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities -** During the current fiscal year, net position for governmental activities increased \$2,877,454 from the prior fiscal year for an ending balance of \$100,580,681.

#### **Analysis of Changes in Net Position**

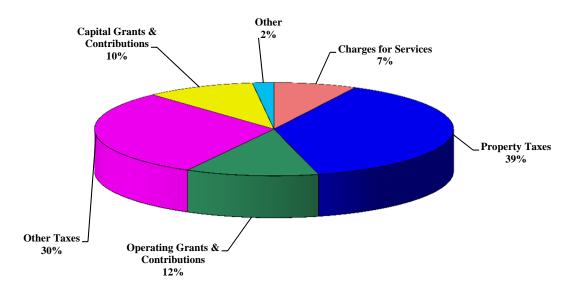
The following table summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2015.

Changes in Net Position September 30, 2015													
	Governmenta		Business-ty	pe Activities	То	Total							
	2015	RESTATED 2014	2015	RESTATED 2014	2015	RESTATED 2014							
Revenues:	2015	2014	2015	2014	2015	2014							
Program revenues:													
Charges for services	\$ 3.684.835	\$ 3.698.748	\$ 24,973,715	\$ 26,465,117	\$ 28.658.550	\$ 30,163,865							
Operating grants and	\$ 5,001,000	\$ 5,576,716	0 21,970,710	\$ 20,100,117	\$ 20,000,000	\$ 50,105,005							
contributions	5,896,938	7,905,942	13,587	24,921	5,910,525	7,930,863							
Capital grants and	-,,	.,		,/	-,	.,,							
contributions	4,870,238	1,962,278	324,385	836,355	5,194,623	2,798,633							
General Revenues:	,,		- ,			··· - · ·							
Property taxes	19,020,437	18,913,123	-	-	19,020,437	18,913,123							
Other taxes	14,914,564	14,830,903	-	-	14,914,564	14,830,903							
Other	955,403	1,288,270	1,110,979	1,456,189									
Total revenues	49,342,415	48,599,264	25,467,263	27,494,312	74,809,678	76,093,576							
Expenses:													
General government	8,014,892	8,446,306	-	-	8,014,892	8,446,306							
Public safety	21,729,071	23,499,056	-	-	21,729,071	23,499,056							
Highways and streets	7,450,999	6,963,677	-	-	7,450,999	6,963,677							
Economic development	4,544,891	4,231,038	-	-	4,544,891	4,231,038							
Culture and recreation	6,499,768	7,073,892	-	-	6,499,768	7,073,892							
Health and welfare	1,290,357	1,200,976	-	-	1,290,357	1,200,976							
Interest on long-term debt	1,334,983	1,458,261	-	-	1,334,983	1,458,261							
Utility system	-	-	16,226,988	16,581,213	16,226,988	16,581,213							
Golf course operations	-	-	1,272,835	1,396,091	1,272,835	1,396,091							
Solid waste operations			4,727,682	7,360,428	4,727,682	7,360,428							
Total expenses	50,864,961	52,873,206	22,227,505	25,337,732	73,092,466	78,210,938							
Increases in net position before													
transfers	(1,522,546)	(4,273,942)	3,239,758	2,156,580	1,717,212	(2,117,362)							
Transfers	4,400,000	4,400,000	(4,400,000)	(4,400,000)		-							
Changes in net position	2,877,454	126,058	(1,160,242)	(2,243,420)	1,717,212	(2,117,362)							
Net position - 10/01/14	97,703,227	97,577,169	68,872,568	71,115,988	166,575,795	168,693,157							
Net position - 09/30/15	\$ 100,580,681	\$ 97,703,227	\$ 67,712,326	\$ 68,872,568	\$ 168,293,007	\$ 166,575,795							

City of Mission Changes in Net Position September 30, 2015

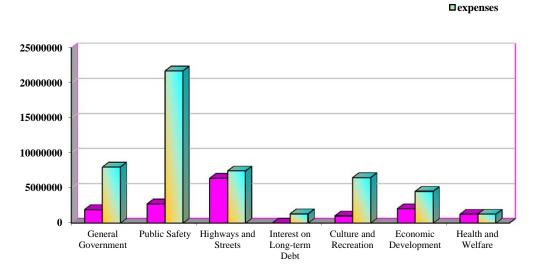
Total revenues generated from governmental activities for this year were \$49,342,415 reflecting an increase of \$743,151 compared to last year.

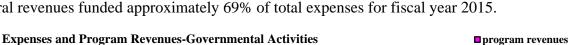
- Capital grants and contributions increased by \$2,907,960 from prior year while the operating grants and contributions decreased by \$2,009,004 compared to prior year.
- Other general revenue decreased by \$332,867 compared to prior year.



# **Revenues by Source-Governmental Activities**

The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 69% of total expenses for fiscal year 2015.





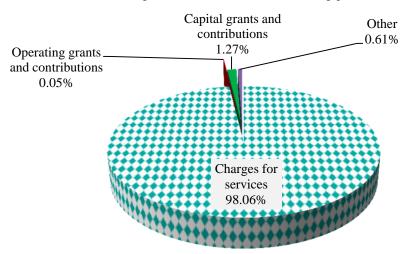
Expenses for governmental activities of the City totaled \$50,864,961 for the year ended September 30, 2015, a decrease of 3.8% compared to fiscal year 2014. The decrease is due to the restatement of fiscal year 2014 expenses due to GASB Statement No.68 "Accounting and Financial Reporting for Pensions". The City implemented GASB Statement No. 68 in fiscal year 2015 and the total adjustment was for \$1,882,232 for governmental activities. The most significant changes occurred in the following areas:

• Public Safety Activities decreased by \$1,769,985.

- Highways and Streets increased by \$487,322.
- General Government Activities decreased by \$431,414.
- Culture and Recreation decreased by \$574,124.

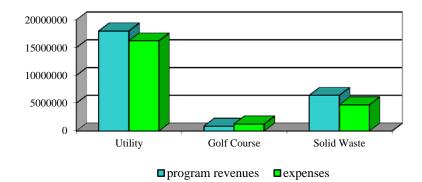
**Business-type Activities -** Results of Business-type activities decreased the City of Mission's net position by \$1,160,242. Revenues decreased by 7.4% and expenses decreased by 12.3% in comparison with prior year.

- Charges for Services decreased 5.6% in comparison to the prior year due to an unusual wet season in the Rio Grande Valley.
- Charges for Service are 98.06% of the source of revenues for the Business-type activities.



# **Revenues by Source-Busines-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 \$22,227,505 a decrease of \$3,110,227 compared to prior year. The majority of the decrease in the business-type activities is from the Solid Waste System. Solid Waste System commenced operations in fiscal year 2014 and incurred all the start-up costs in that fiscal year.

#### **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's financing requirements. In particular, unassigned fund balances 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 a particular purpose by either the City of Mission, an external party, a group or individual that has been delegated authority to assign resources to be used for particular purposes by the City of Mission City Council.

As of September 30, 2015, the City of Mission's governmental funds reported a combined fund balance of \$17,696,317, an increase of \$143,224 compared with the prior year. Approximately 19.7% of this amount (\$3,487,394) constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is categorized as either: non-spendable, restricted, or assigned to indicate that it is: a) not in spendable form (\$846,545), b) restricted for particular purposes (\$8,837,418), or c) assigned for particular purposes (\$4,524,961).

The General Fund is the main operating fund of the City of Mission. At the end of the current fiscal year, the total fund balance was \$8,053,946, a decrease of \$343,426 compared to prior year, with the unassigned portion of the fund balance being \$3,487,394. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 9.6% of total General Fund expenditures, while total fund balance represents approximately 22% of the same amount.

The Debt Service Fund, a major fund, had a \$363,662 increase in fund balance during the current fiscal year. The increase was attributed to a Refunding Bond that was issued in fiscal year 2014 which lowered principle and interest payments.

Other governmental funds had an increase of \$122,988 in fund balance during the current fiscal year. The overall revenues for other governmental funds increased by \$3,361,846; with the majority of the increase in intergovernmental revenues, and the overall expenditures for other governmental funds increased by \$3,336,584. The increase in both revenues and expenditures is attributed to various capital projects undertaken by the City and reimbursable by Texas Department of Transportation and other government entities.

#### **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, 2015 and 2014.

- Intergovernmental revenues increase is due to funds received from Texas Department of Transportation and Mission Redevelopment Authority for reimbursement of expenditures incurred with the Mile 2 Road Expansion Project and the Mission Streetscape Project.
- Miscellaneous revenues decrease is attributed to a reimbursement from Mission Economic Development Corporation which was applied to capital projects in fiscal year 2015 and recognized as Intergovernmental rather than a miscellaneous reimbursement.
- Charges for services reflected a slight increase due to increase in building permits and various recreational programs added during fiscal year 2015.

Revenues & Transfers-In	 2015 Amount	% of 2014 Increas				Amount of Increase Decrease)	% Increase (Decrease)		
Taxes	\$ 34,854,148		61.36%	\$	34,642,934	\$	211,214	0.61%	
Licenses and permits	550,463		0.97%		573,875		(23,412)	-4.08%	
Intergovernmental	10,068,205		17.73%		8,414,336		1,653,869	19.66%	
Charges for services	1,249,276		2.20%		1,048,380		200,896	19.16%	
Fines and forfeitures	848,264		1.49%		1,016,847		(168,583)	-16.58%	
Investment income	90,627		0.16%		87,731		2,896	3.30%	
Miscellaneous	1,433,159		2.52%		2,107,848		(674,689)	-32.01%	
Transfers-in	7,706,335		13.57%		7,399,432		306,903	4.15%	
Bond proceeds	 -		0.00%		2,653,865		(2,653,865)	100.00%	
Total	\$ 56,800,477	_	100.00%	\$	57,945,248	\$	(1,144,771)	-1.98%	

• There were no general obligation bonds issued in fiscal year 2015.

#### **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, 2015 and 2014. Major differences are due to:

- Highways and streets expenses decreased due to the classification of various street projects to Capital Projects. Also a factor in the reduction is the completion of the Streetscape Project in fiscal year 2015.
- Capital projects reflected an increase due to the Mile 2 Road Expansion Project and Inspiration Expansion Road Project. Construction on Mile 2 Road Expansion Project

began during fiscal year 2015. Construction on Inspiration Road will commence during fiscal year 2016.

• No general obligation bonds were issued in fiscal year 2015.

Expenditures & Transfer-Out		2015 Amount	Percent of Total	 2014 Amount	]	Amount of Increase Decrease)	Percent of Increase (Decrease)
General government	\$	9,057,775	15.99%	\$ 9,391,353	\$	(333,578)	-3.55%
Public safety		21,544,529	38.03%	20,727,655		816,874	3.94%
Highways and streets		5,336,817	9.42%	7,276,217		(1,939,400)	-26.65%
Health and welfare		426,037	0.75%	426,376		(339)	-0.08%
Culture and recreation		5,454,124	9.63%	5,518,783		(64,659)	-1.17%
Economic development		4,544,891	8.02%	4,231,038		313,853	7.42%
Capital projects		3,862,838	6.82%	797,446		3,065,392	384.40%
Debt service:							
Principal		2,088,321	3.69%	1,970,000		118,321	6.01%
Interest and fiscal charges		1,035,587	1.83%	1,144,687		(109,100)	-9.53%
Payment to refunded bond escrow agent		-	0.00%	2,232,849		(2,232,849)	100.00%
Transfers-out		3,306,335	5.84%	 2,999,433		306,902	10.23%
Total	\$	56,657,254	100.00%	\$ 56,715,837	\$	(58,583)	-0.10%

*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 position amounted to \$7,744,123. The Utility Fund and the Solid Waste Fund had unrestricted net position of \$6,035,061 and \$3,690,687 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net position of \$1,981,625. The Utility Fund unrestricted net position decreased by \$4,123,181. The decrease was largely due to the increase in construction in progress, which impacted an increase to net investment in capital assets. A second factor that reduced the unrestricted net position is the transfer to the General Fund for \$4.4 million.

The Golf Course Fund borrowed working capital from the Utility Fund in order to meet its daily operational expenses during the current year. Golf Course operating revenues reflect a decrease of \$34,476 or 3.7% from prior year. Expenses decreased by \$79,831 or 5.9% in comparison to prior year. Revenues decreased due to the unusual wet season that the City of Mission, as well as the entire Rio Grande Valley, experienced during fiscal year 2015. Management is closely monitoring expenses and continues to promote the Golf Course not only in the surrounding communities but also nationwide through various advertisement sources including Twitter, Facebook, and Google Plus.

The Solid Waste Fund commenced residential collections at the end of fiscal year 2014 and completed its first year of operations as of September 30, 2015. Total change in net position reflected a positive amount of \$1,711,715. Revenues increased by \$76,334 and expenses

decreased by \$2,624,450 compared to prior year. The commercial collection service is outsourced for the next four years at which time the City will also provide this service in-house.

# **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 \$289,561 while budgeted appropriations were increased by \$781,443 during the year.

- The most significant revenue variance (\$289,680) is reflected in total tax revenue with property tax reflecting \$126,428 higher than original budget.
- Charges for Service revenues reflect a positive net variance of \$134,773 compared to the budgeted amount.
- Miscellaneous revenues also reflected a positive variance of \$203,640. 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 to departments keeping a very close watch on expenditures and staying in line with the budget. The most significant savings are reflected in the Public Safety with a savings of \$1,178,887. Savings is due to various grants received throughout the year and unfilled vacancies. General Government also had a savings of \$1,021,533 primarily in the Organization Department. This department is a catch-all department for expenditures which can't be accounted for in other departments. Expenditures include engineering fees not tied to specific projects, legal fees, right-of-way purchases, and assistance to other entities.

## **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, 2015, amounts to \$200,297,587 (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 \$235,258.

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

• Construction in progress in the governmental activities increased by \$5,471,973. Some of the projects were completed to include the Streetscape Project project and various drainage improvements. Projects added include the Mile 2 North Expansion Project (Westside) and the expansion of the Inspiration Road to Mile 3.

• Construction in progress in the business-type activities increased by \$3,620,174. Projects included are the Bentsen Palm Lift Station, Waterloop Project, and the Anzalduas Lift Station.

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

#### City of Mission Capital Assets Net of Depreciation

		Government	ctivities	Business-type Activities				Total										
	2015		2015		2014		2014		2014		2015		2014		2015			2014
Land and water rights	\$	33,704,031	\$	33,705,337	\$	7,479,120	\$	7,534,120	\$	41,183,151	\$	41,239,457						
Buildings and system		13,104,785		13,086,472		67,111,241		70,958,554		80,216,026		84,045,026						
Improvements other than buildings		9,126,562		9,892,998		1,012,733		1,200,286		10,139,295		11,093,284						
Machinery and equipment		6,608,506		7,020,691		5,288,787		5,927,298		11,897,293		12,947,989						
Infrastructure		38,514,823		41,952,237		-		-		38,514,823		41,952,237						
Construction in progress		12,224,221		6,752,248		6,122,778		2,502,604		18,346,999		9,254,852						
Total	\$	113,282,928	\$	112,409,983	\$	87,014,659	\$	88,122,862	\$	200,297,587	\$	200,532,845						

Additional information on the City of Mission's capital assets can be found in note 6 on pages 70-71 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 \$69,391,441, a decrease of \$3,372,257 compared to prior year. The primary reason for the decrease is attributed to the reduction of the principal balance. Additional information on the City of Mission's long-term debt can be found in note 9 on pages 72-80 of this report.

Moody's Investors Service rated the City of Mission's outstanding bonds as "A2".

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

#### City of Mission Outstanding Debt (net of depreciation)

	Governmental Activities RESTATED				Business-ty	•	ctivities ESTATED		Т	otal RESTATED		
		2015		2014		2015		2014		2015		2014
General obligation debt	\$	25,758,810	\$	27,903,296	\$	-	\$	-	\$	25,758,810	\$	27,903,296
Revenue bonds		-		-		31,536,210		33,912,906		31,536,210		33,912,906
Taxnotes		-		-		-		-		-		-
Capital leases		-		-		15,644		28,762		15,644		28,762
Compensated absences		3,179,423		3,316,101		410,946		398,739		3,590,369		3,714,840
City of McAllen-Anzalduas bridge		2,254,349		1,918,717		-		-		2,254,349		1,918,717
Pension related debt		4,560,089		3,866,550		801,289		678,235		5,361,378		4,544,785
OPEB related debt		699,187		594,714		175,494		145,678		874,681		740,392
Total	\$	36,451,858	\$	37,599,378	\$	32,939,583	\$	35,164,320	\$	69,391,441	\$	72,763,698

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

- According the November 2015 issue of the Texas Labor Market Review, the unemployment rate for the City of Mission was 6.2 percent, slightly decreasing from 7 percent in prior year. The state and national average unemployment rates are 4.5 percent and 4.8 percent respectively.
- Appraised values provided by the Hidalgo County Appraisal District and used in preparing the 2015-2016 Budget were \$303.5 million higher than the prior year.
- The 2015 Budget was prepared using an adopted tax rate of \$0.4988 per \$100 valuation. The tax rate decreased by 3.9% compared to prior year.
- Water and sewer rates remained unchanged in the 2016 Budget.
- The 2015 General Fund operating budget was prepared using \$2,952,465 as the estimated unrestricted fund balance at September 30, 2015. The actual unrestricted fund balance for the General Fund was \$8,012,355. For the upcoming 2015-16 fiscal year, \$2,835,482 is the projected unrestricted fund balance at September 30, 2016. Projected revenues reflect an 8.5% increase and expenditures also reflect an 8.3% increase compared to FY 2015 original budget.
- 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 2015, 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.

Martin Garza Jr. ' City Manager

Assistant Finance Director

# BASIC FINANCIAL STATEMENTS



# **CITY OF MISSION, TEXAS** *STATEMENT OF NET POSITION*

SEPTEMBER 30, 2015

	1	Primary Governme	<b>Component Units</b>				
	Governmental Activities	Business-type Activities	Total	MEDC	MRA		
ASSETS							
Cash and cash equivalents	\$ 12,167,759	\$ 3,218,128	\$ 15,385,887	\$ 2,124,821	\$ 7,186,248		
Investments	6,979,560	4,769,375	11,748,935	1,102,643	2,634,844		
Receivables, net	6,117,065	3,217,715	9,334,780	701,640	-		
Internal balances	(524,466)	524,466	-	-	-		
Due from primary government	-	-	-	2,602	97,292		
Due from component unit	107,988	103,552	211,540	-	-		
Inventory	500	257,642	258,142	-	-		
Land held for resale	804,955	-	804,955	-	-		
Prepaid items	156,770	181,345	338,115	360	-		
Redevelopment assets	-	-	-	76,911	2,705,196		
Notes receivable current	2,400	-	2,400	-	-		
Long-term receivable	22,400	-	22,400	-	-		
Restricted assets	-	5,917,666	5,917,666	249,727	-		
Capital assets:	45 000 050	12 (01 907	50 520 140		-		
Land, water rights, and construction in progress	45,928,252	13,601,897	59,530,149	-	-		
Other capital assets, net of accumulated depreciation Total Assets	<u>67,354,677</u> 139,117,860	73,412,761 105,204,547	140,767,438 244,322,407	4,272,787	12,623,580		
10tal Assets	139,117,800	103,204,347	244,322,407	4,272,787	12,025,580		
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge-loss on refunding	187,548	525,089	712,637	-	-		
Deferred outflows related to pensions	2,001,747	352,117	2,353,864	-	-		
Total Deferred Outflow of Resources	2,189,295	877,206	3,066,501				
LIABILITIES							
Accounts payable	1,472,426	610,747	2,083,173	400,435	2,000		
Customer deposits	-	2,232,194	2,232,194	-	-		
Accrued interest payable	128,498	114,671	243,169	18,246	84,917		
Other liabilities	1,578,406	116,626	1,695,032	2,241	-		
Subdividers deposits	-	1,911,740	1,911,740	-	-		
Retainage payable	415,137	344,625	759,762	-	-		
Accrued payroll	171,458	55,776	227,234	2,321	-		
Due to primary government	-	-	-	15,366	196,173		
Due to component unit	99,895	-	99,895	-	-		
Unearned revenues	405,179	43,464	448,643	-	-		
Non-current liabilities:					-		
Due in more than one year	32,912,136	29,634,124	62,546,260	2,730,000	20,681,168		
Due within one year	3,539,721	3,305,460	6,845,181	1,036,535	1,427,361		
Total Liabilities	40,722,856	38,369,427	79,092,283	4,205,144	22,391,620		
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	3,618		3,618	-	-		
Total Deferred Inflows of Resources	3,618	-	3,618		-		
NET POSITION							
Net investment in capital assets	89,565,991	55,987,443	145,553,434	14,084	-		
Restricted for:							
Debt Service	2,636,986	1,496,307	4,133,293	231,481	2,549,927		
Construction	-	1,365,893	1,365,893	-	-		
Capital improvements	1,605,655	532,703	2,138,358	-	-		
Federal and state awards	1,051,581	-	1,051,581	-	-		
Tourism	849,426	-	849,426	-	-		
Municipal court	371,415	-	371,415	-	-		
MEDA	1,937,871	-	1,937,871	-	-		
Other purposes	98,767	-	98,767	-	-		
Unrestricted	2,462,989	8,329,980	10,792,969	(177,921)	(12,317,967)		
Total Net Position	\$ 100,580,681	\$ 67,712,326	\$ 168,293,007	\$ 67,644	\$ (9,768,040)		

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

#### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

				Prog	gram Revenues	;		
					Operating	Capital		
			Charges for		Grants and	Grants and		
Functions/Programs	Expenses		 Services	С	ontributions	Contributions		
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$	8,014,892	\$ 1,940,954	\$	-	\$	1,820	
Public safety		21,729,071	61,898		2,254,606		434,687	
Highways and streets		7,450,999	902,318		369,163		4,104,732	
Health and welfare		1,290,357	225,047		1,047,724		-	
Culture and recreation		6,499,768	554,618		152,572		328,999	
Economic development		4,544,891	-		2,060,675		-	
Interest and fiscal charges on long-term debt		1,334,983	-		12,198		-	
Total Governmental Activities		50,864,961	 3,684,835		5,896,938		4,870,238	
Business-type activities:								
Utility		16,226,988	17,674,185		13,587		324,385	
Golf Course		1,272,835	874,434		-		-	
Solid Waste		4,727,682	6,425,096		-		-	
Total Business-type Activities		22,227,505	 24,973,715		13,587		324,385	
Total Primary Government	\$	73,092,466	\$ 28,658,550	\$	5,910,525	\$	5,194,623	
COMPONENT UNITS:								
Mission Economic Development Corporation		3,568,962	-		81,284		-	
Mission Redevelopment Authority		4,145,060	-		392		-	
Total Component Units	\$	7,714,022	\$ -	\$	81,676	\$	-	

General revenues:

Property taxes

Sales taxes

Franchise taxes

Hotel/motel taxes

Alcoholic beverage taxes

Shared revenue-tax increment zone

Interest earned

Miscellaneous

Transfers

Total General Revenues

#### Change in Net Position

#### Net Position - Beginning Prior Period Adjustment Adjusted Net Position - Beginning

Net Position - Ending

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

		Prima	ary Government				Compo	nent U	Jnits
(	Governmental	В	usiness-type						
	Activities		Activities		Total MED		MEDC		MRA
\$	(6,072,118)	\$	-	\$	(6,072,118)	\$	-	\$	-
	(18,977,880)		-		(18,977,880)		-		-
	(2,074,786)		-		(2,074,786)		-		-
	(17,586)		-		(17,586)		-		-
	(5,463,579)		-		(5,463,579)		-		-
	(2,484,216)		-		(2,484,216)		-		-
	(1,322,785)				(1,322,785)		-		-
	(36,412,950)				(36,412,950)				-
	-		1,785,169		1,785,169		-		-
	-		(398,401)		(398,401)		-		-
	-		1,697,414		1,697,414		-		-
	-		3,084,182		3,084,182		-		-
\$	(36,412,950)	\$	3,084,182	\$	(33,328,768)	\$	-	\$	-
	-		-		-		(3,487,678)		-
\$	-	\$	-	\$	-	\$	- (3,487,678)	\$	(4,144,668) (4,144,668)
φ		φ		φ		φ	(3,487,078)	φ	(4,144,008)
	19,020,437		-		19,020,437		-		-
	11,479,463		-		11,479,463		3,826,488		-
	2,650,031		-		2,650,031		-		-
	748,812		-		748,812		-		-
	36,258		-		36,258		-		-
	210,674		-		210,674		-		4,213,485
	101,357		81,229		182,586		20,644		15,627
	643,372		74,347		717,719		5,005		-
	4,400,000		(4,400,000)		-		-		-
	39,290,404		(4,244,424)		35,045,980		3,852,137		4,229,112
	2,877,454		(1,160,242)		1,717,212		364,459		84,444
	99,601,800		69,204,478		168,806,278		(296,815)		(9,878,606)
	(1,898,573)		(331,910)		(2,230,483)		-		26,122
	97,703,227		68,872,568		166,575,795		(296,815)		(9,852,484)
\$	100,580,681	\$	67,712,326	\$	168,293,007	\$	67,644	\$	(9,768,040)

Net (Expenses) Revenues and Changes in Net Position

SEPTEMBER 30, 2015

		General Fund		Debt Service Fund	Go	Other overnmental Funds	G	Total overnmental Funds	
ASSETS									
Cash and cash equivalents	\$	3,741,540	\$	2,013,405	\$	5,764,100	\$	11,519,045	
Investments		2,812,169		402,833		1,261,622		4,476,624	
Prepaid items Receivables:		16,290		-		-		16,290	
Taxes, including interest and penalties		1,684,857		510,275		_		2,195,132	
Accounts		1,627,873				492,814		2,120,687	
Special assessments		-		-		139,470		139,470	
Less: allowance for uncollectable		(1,666,230)		(161,028)		(5,398)		(1,832,656)	
Due from other governments		2,447,711		-		1,046,561		3,494,272	
Due from other funds		546,787		-		-		546,787	
Due from component unit		20,226		-		87,757		107,983	
Long-term receivable		22,400		-		-		22,400	
Inventory		500		-		-		500	
Land held for resale	_	-	<u>+</u>	-	*	804,955	<u>_</u>	804,955	
Total Assets	\$	11,254,123	\$	2,765,485	\$	9,591,881	\$	23,611,489	
LIABILITIES									
Accounts payable	\$	604,242	\$	-	\$	637,112	\$	1,241,354	
Other liabilities		1,296,205		-		282,202		1,578,407	
Retainage payable		-		-		415,137		415,137	
Accrued payroll		168,250		-		3,207		171,457	
Due to other funds		126,065		-		538,878		664,943	
Due to component unit Unearned revenue		2,602		-		97,292 405,179	99,894 405 170		
Total Liabilities		2,197,364				2,379,007		405,179	
		2,197,304				2,379,007		4,576,371	
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes		1,002,814		335,986	_	-		1,338,800	
Total Deferred Inflows of Resources		1,002,814		335,986		-		1,338,800	
FUND BALANCES:									
Nonspendable		41,590		-		804,955		846,545	
Restricted		-		2,429,499		6,407,919		8,837,418	
Assigned		4,524,961		-		-		4,524,961	
Unassigned		3,487,394		-		-		3,487,394	
Total Fund Balances		8,053,945		2,429,499		7,212,874		17,696,318	
Total Liabilities and Fund Balances	\$	11,254,123	\$	2,765,485	\$	9,591,881	\$	23,611,489	

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet	\$ 17,696,318

Amounts reported for governmental activities in the statement of net position

("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	113,282,929
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,338,800
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,516,833
Payables for bond principal which are not due in the current period are not reported in the funds.	(25,085,544)
Payable for bond interest which are not due in the current period are not reported in the funds.	(128,498)
Payables for long term liability not due in the current period and not reported in the funds.	(2,254,349)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,179,423)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(5,262,894)
Unamortized pension unavailabe for current-period expenditures and are deferred in the SNP.	2,001,747
Unamortized pre-paid bond insurance unavailable for current-period expenditures and are deferred in the SNP.	140,480
Unamortized bond deferred charges unavailable for current-period expenditures and are deferred in the SNP.	187,548
Unamortized premium unavailable for current-period expenditures and are deferred in the SNP.	(673,266)

Net position of governmental activities - statement of net position

\$ 100,580,681

#### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	\$ 29,352,180	\$ 3,850,838	\$ 1,651,130	\$ 34,854,148
Licenses and permits	550,463	-	-	550,463
Intergovernmental	1,577,132	-	8,491,073	10,068,205
Charges for services	845,542	-	403,733	1,249,275
Fines	848,264	-	-	848,264
Interest	65,972	12,199	12,457	90,628
Miscellaneous	655,426	-	481,577	1,137,003
Total Revenues	33,894,979	3,863,037	11,039,970	48,797,986
EXPENDITURES				
Current:				
General government	7,986,779	-	1,070,996	9,057,775
Public safety	19,573,173	-	1,971,357	21,544,530
Highways and streets	3,849,920	-	1,486,897	5,336,817
Health and welfare	358,700	-	67,337	426,037
Culture and recreation	4,394,386	-	1,059,738	5,454,124
Economic development	-	-	4,544,891	4,544,891
Capital projects	-	-	3,862,838	3,862,838
Debt service:				
Principal	48,321	2,040,000	-	2,088,321
Interest and fiscal charges	11,058	1,024,529	-	1,035,587
Total Expenditures	36,222,337	3,064,529	14,064,054	53,350,920
Excess (Deficiency) of				
Revenue over Expenditures	(2,327,358)	798,508	(3,024,084)	(4,552,934)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	55,025	-	241,131	296,156
Transfers in	4,780,000	-	2,926,335	7,706,335
Transfers out	(2,851,094)	(434,846)	(20,394)	(3,306,334)
Total Other Financing Sources (Uses)	1,983,931	(434,846)	3,147,072	4,696,157
Net Change in Fund Balances	(343,426)	363,662	122,988	143,224
Fund Balances at Beginning of Year	8,397,372	2,065,837	7,089,884	17,553,094
Fund Balances at End of Year	\$ 8,053,946	\$ 2,429,499	\$ 7,212,872	\$ 17,696,318

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, 2015

Net change in fund balances - total governmental funds	\$ 143,224
Amounts reported for governmental activities in the statement of activities	
("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA	8,322,669
The depreciation of capital assets used in governmental activities is not reported in the funds.	(7,618,051)
The gain or loss on the sale of capital assets is not reported in the funds.	(321,902)
Donation of capital assets increase net assets in the SOA but not in the funds.	459,129
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(16,829)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,088,321
Pension expense for current period	86,021
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(440,105)
Bond pre-paid insurance costs and similar items are amortized in the SOA but not in the funds.	27,664
(Increase) decrease in accrued interest from beginning of period to end of period.	8,572
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	2,062
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	 136,678
Change in net position of governmental activities - statement of activities	\$ 2,877,454



STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2015

SEPTEMBER 30, 2015		Busines	ss-type	Activities-Enterp	orise Fu				In	Nonmajor ternal Service Fund
		Utility		Golf Course		Solid Waste				Group Health mployee Plan
ASSETS		Fund		Fund		Fund		Total		Fund
Current Assets: Cash and cash equivalents	\$	392,287	\$	650	\$	2,825,191	\$	3,218,128	\$	648,714
Investments		4,668,312		-		101,064		4,769,376		2,502,936
Restricted assets:										
Cash and cash equivalents Investments		3,125,482 2,468,494		66,097		257,592		3,449,171 2,468,494		-
Prepaid items		179,345		2,000		_		181,345		-
Receivables		2,332,067		2,587		979,652		3,314,306		2,560
Less: allowance for uncollectable		(76,246)		-		(20,344)		(96,590)		-
Due from other funds		-		-		-		102.552		179,864
Due from component unit Inventories (at cost)		103,552 222,074		35,568		-		103,552 257,642		5
Total Current Assets		13,415,367		106,902		4,143,155		17,665,424		3,334,079
		10,110,007		100,002		1,110,100		17,000,121		5,55 1,075
Noncurrent Assets:										
Advance of funds receivable		1,741,867		-		-		1,741,867		-
Capital assets: Land, water rights, and construction in progress		11,853,846		1,748,052				13,601,898		
Land, water rights, and construction in progress Other capital assets, net of accumulated depreciation		67,486,461		2,539,127		3,387,173		73,412,761		-
Total Noncurrent Assets		81,082,174		4,287,179		3,387,173		88,756,526		-
Total Assets	s	94,497,541	\$	4,394,081	s	7,530,328	s	106,421,950	\$	3,334,079
	\$	74,477,541	9	4,394,081	9	7,550,528		100,421,950	φ	3,334,079
DEFERRED OUTFLOWS OF RESOURCES										
Deferred charge-loss on refunding		525,089		-		-		525,089		-
Deferred inflow related to pensions		297,751		49,021		5,344		352,116		-
Total Deferred Outflows of Resources		822,840		49,021		5,344		877,205		-
LIABILITIES										
Current Liabilities:										
Accounts payable	\$	501,680	\$	16,331	\$	92,736	\$	610,747	\$	61,197 169,874
Claims payable Accrued payroll		42,212		5,216		8,349		55,777		109,874
Compensated absences payable		140,063		40,484		9,454		190,001		-
Due to other funds		47,663		7,683		6,045		61,391		316
Unearned revenue		-		43,464		-		43,464		-
Accrued interest		103,697		46		10,928		114,671		-
Other liabilities Subdividers deposits		20,051 1,911,740		23,862		72,714		116,627 1,911,740		-
Retainage payable		344,625		_		-		344,625		-
Customer deposits		2,232,194		-		-		2,232,194		-
Current portion of long-term debt		2,360,000		10,460		745,000		3,115,460		-
Total Current Liabilities		7,703,925		147,546		945,226		8,796,697		231,387
Other Non-Current Liabilities:										
Long term compensated absences		158,264		62,681		-		220,945		-
Capital lease payable Advance of funds payable		-		5,184 1,741,867		-		5,184 1,741,867		-
Other post employment benefit obligations		832,181		133,679		10,923		976,783		-
Public Property Finance Contractual Obligations payable, net of current portion		-		-		3,930,000		3,930,000		-
Revenue bonds, net of current portion, discount, and deferred amount on refunding		24,501,212		-		-		24,501,212		-
Total Other Non-Current Liabilities		25,491,657		1,943,411		3,940,923		31,375,991		-
Total Liabilities		33,195,582		2,090,957		4,886,149		40,172,688		231,387
NET POSITION										
Net investment in capital assets		53,004,184		4,271,085		(1,287,827)		55,987,442		-
Restricted for:										
Debt service		1,408,681		-		87,626		1,496,307		-
Construction Capital Projects		1,365,893 310,979		62,685		159,038		1,365,893 532,702		-
Unrestricted	_	6,035,061	_	(1,981,625)	_	3,690,687	_	7,744,123	_	3,102,692
Total Net Position	\$	62,124,798	\$	2,352,145	\$	2,649,524	\$	67,126,467	\$	3,102,692
Adjustment to reflect consolidation of internal semice for a strictly state to										
Adjustment to reflect consolidation of internal service fund activities related to enter	aprise fu	nus.						585,857		

Net Position of Business-type Activities

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

67,712,324

\$

#### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activi	pe Activities-Enterprise Fund					
		Golf					
	Utility	Course					
	Fund	Fund					
Operating Revenues: Charges for services	\$ 17,744,003	\$ 876,201					
charges for services	φ 17,744,005	φ 070,201					
Operating Expenses:							
Insurance claim drafts	-	-					
Health insurance cost	-	-					
Utility administration	869,470	-					
Water distribution	2,424,585	-					
Water treatment	1,418,375	-					
Wastewater treatment and collection	2,001,380	-					
Industrial pretreatment	291,460	-					
Utility collection	506,472	-					
Organizational expenses	679,280	-					
Meter readers	376,183	-					
Northside water treatment plant	1,886,156	-					
Depreciation	4,979,739	229,839					
Cost of sales	-	106,991					
Golf course operation	-	930,230					
Solid waste disposal	-						
Total Operating Expenses	15,433,100	1,267,060					
Operating Income (Loss)	2,310,903	(390,859)					
Non operating revenues (expenses)							
Gain (Loss) on disposal of capital assets	1	-					
Interest earned	88,426	134					
Bond interest expense	(762,306)	-					
Bond fiscal charges	(3,500)	-					
Other interest expense	-	(1,048)					
Total Non-Operating Revenues (Expenses)	(677,379)	(914)					
Net Income (Loss) Before Transfers							
and Capital Contributions	1,633,524	(391,773)					
r r	_,,	(=, =, = =)					
Transfers In (Out)	(4,400,000)	-					
Capital Contributions	324,385	-					
Change in Net Position	(2,442,091)	(391,773)					
Net Position-Beginning of Year	64,854,267	2,788,291					
Prior Period Adjustment	(287,378)	(44,372)					
Adjusted Net Position-Beginning of Year	64,566,889	2,743,919					
Net Position-End of Year	\$ 62,124,798	\$ 2,352,146					

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

So	siness-type Activi lid aste	ities-Enterp	rise Fund	Inte Gr	najor Internal ernal Service Fund oup Health ployee Plan
Fu			Total		Fund
\$	6,427,857	\$	25,048,061	\$	3,365,608
	_		-		2,634,175
	-		-		822,383
	-		869,470		-
	-		2,424,585		-
	-		1,418,375		-
	-		2,001,380		-
	-		291,460		-
	-		506,472		-
	-		679,280		-
	-		376,183		-
	-		1,886,156		-
	381,551		5,591,129		-
	-		106,991 930,230		-
	4,251,688		4,251,688		-
	+,251,088		4,231,000		
	4,633,239		21,333,399		3,456,558
	1,794,618		3,714,662		(90,950)
	1,794,010		5,714,002		()0,)30)
	-		1		-
	6,257		94,817		23,820
	(88,860)		(851,166)		-
	(300)		(3,800)		-
			(1,048)		-
	(82,903)		(761,196)		23,820
			0.050.466		(67.120)
	1,711,715		2,953,466		(67,130)
			(4,400,000)		
	-		324,385		-
			324,385		
	1,711,715		(1,122,149)		(67,130)
	937,971				3,169,821
	(160)				-
	937,811				3,169,821
\$	7 640 526			\$	3,102,691
ф	2,649,526			φ	3,102,091
Some amounts reported for business-type act	ivities in the				
statement of activities (EXHIBIT A-2) are di					
the net revenue (expense) of the internal serv					
reported with business-type activities.			(38,093)		
Change in net assets of business-type activitie	20	\$	(1,160,242)		
change in net assets of busiless-type activitie		φ	(1,100,242)		



STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

									Inte	ernal Service
				Enterpri						Fund
		Utility Fund	Go	lf Course Fund	So	lid Waste Fund		Totals		Group Health
Cash Flows from Operating Activities:										
Cash Received from Customers	\$	17,603,740	\$	857,116	\$	6,396,666	\$	24,857,522	\$	-
Cash Received from Interfund Services Used		-		-		-		-		3,300,387
Cash Payments from Interfund Services Used		-		-		-		-		(3,424,560)
Cash Payments to Employees for Services		(4,135,515)		(713,033)		(926,433)		(5,774,981)		-
Cash Payments to Other Suppliers for Goods and Services		(6,512,004)		(158,553)		(3,575,197)		(10,245,754)		-
Net Cash Provided (Used) by Operating Activities		6,956,221		(14,470)		1,895,036		8,836,787		(124,173)
Cash Flows from Non-Capital Financing Activities:										
Transfers From (To) Other Funds		(4,400,000)		-		-		(4,400,000)		-
Net Cash Provided (Used) by Non-Capital Financing Activities		(4,400,000)		-		-		(4,400,000)		-
Cash Flows from Capital and Related Financing Activities:										
Proceed from Sale of Capital Assets		1		55,000		-		55,001		-
Principal and Interest Paid		(2,853,306)		(14,166)		(294,160)		(3,161,632)		-
Acquisition or Construction of Capital Assets		(4,165,699)		(557)		(72,372)		(4,238,628)		-
Net Cash Provided (Used) for Capital & Related Financing Activities		(7,019,004)		40,277		(366,532)		(7,345,259)		-
Cash Flows from Investing Activities:										
Purchase of Investment Securities		(1,128,803)		-		(641)		(1,129,444)		(11,205)
Proceeds from Sale and Maturities of Securities		5,108,769		-		100,026		5,208,795		303,085
Interest on Investments		97,740		134		6,657		104,531		24,981
Net Cash Provided (Used) for Investing Activities		4,077,706		134		106,042		4,183,882		316,861
Net Increase (Decrease) in Cash and Cash Equivalents		(385,077)		25,941		1,634,546		1,275,410		192,688
Cash and Cash Equivalents at Beginning of Year		3,902,847		40,806		1,448,237		5,391,890		456,026
Cash and Cash Equivalents at End of Year	\$	3,517,770	\$	66,747	\$	3,082,783	\$	6,667,300	\$	648,714
Reconciliation of Operating Income to Net Cash										
Provided by Operating Activities:										
Operating Income (Loss)	\$	2,310,903	\$	(390,859)	\$	1,794,618	\$	3,714,662	\$	(90,950)
Adjustments to Reconcile Operating Income to Net Cash										
Provided by Operating Activities:										
Depreciation		4,979,739		229,839		381,551		5,591,129		-
Change in Assets and Liabilities:										
Decrease (Increase) in Receivables		62,673		(18,084)		(31,191)		13,398		(2,005)
Decrease (Increase) in Inventories		15,968		(11,662)		-		4,306		-
Decrease (Increase) in Prepaid Expenses		-		652		-		652		-
Decrease (Increase) in Due from Other Funds		(166,347)		-		-		(166,347)		(63,192)
Decrease (Increase) in Due from Other Governments		12,281		-		-		12,281		-
Increase (Decrease) in Accounts Payable		(84,321)		4,855		(237,274)		(316,740)		-
Increase (Decrease) in Customer Deposits		80,340		-		-		80,340		-
Increase (Decrease) in Accrued Wages Payable		(85,204)		(13,222)		-		(98,426)		-
Increase (Decrease) in Due to Other Funds		24,094		171,825		4,378		200,297		(25)
Increase (Decrease) in Other Liabilities		72,796		17,487		(17,046)		73,237		31,998
Increase (Decrease) in Subdividers Deposits Payable		(283,277)		-		-		(283,277)		-
Increase (Decrease) in Compensated Absences Payable		16,576		(4,301)		-		12,275		-
Increase (Decrease) in Unearned Revenue		-		(1,000)		-		(1,000)		-
Total Adjustments Not Cosh Provided (Used) by Operating Activities	¢	4,645,318	¢	376,389	¢	100,418	¢	5,122,125	¢	(33,224)
Net Cash Provided (Used) by Operating Activities	\$	6,956,221	\$	(14,470)	\$	1,895,036	\$	8,836,787	\$	(124,174)
Noncash Investing, Capital and Financing Activities:										
Contributed Capital Assets	\$	324,385	\$	-	\$	-	\$	324,385	\$	-
Increase in fair value investments	¢	-	¢	-	<u>~</u>	-	<b></b>	-	<u>_</u>	-
Total Noncash Investing, Capital and Financing Activities	\$	324,385	\$	-	\$	-	\$	324,385	\$	-

**EXHIBIT A-10** 

#### STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS SEPTEMBER 30, 2015

ASSETS	Private-purpose Trust Fund Speer Library Breyfogle			
Cash and cash equivalents Investments Accrued interest receivable	\$	6,812		
Total Assets	\$	6,812		
LIABILITIES Accounts payable Total Liabilities				
NET POSITION				
Held in trust for scholarships and books	\$	6,812		
Total Net Position	\$	6,812		

#### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Private-purpose Trust Fund Speer Library Breyfogle		
Additions:			
Investment Income	\$	7	
Total Additions		7	
Deductions: Scholarship Awards Miscellaneous Total Deductions			
Change in Net Position		7	
Net Position-Beginning of the Year		6,805	
Net Position-End of the Year	\$	6,812	

#### 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.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report. The effect of implementing this statement required a restatement of Net Position – Beginning at the government-wide level financial statements in the Statement of Activities. See related Note 33 for further details on the impact of this change.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report.

#### 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, 4 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 of the City as MEDA's current limited activity exclusively benefits the City.

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

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 whom is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. MEDC's primary source of revenues is sales tax revenues generated by the City of Mission. In addition, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC's bylaws and Articles of Incorporation. MEDC is presented as a governmental fund type and has a September 30 year end.

Complete financial statements for the above component unit may be obtained at its administrative office at:

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

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

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

Complete financial statements for the above mentioned component unit may be obtained at is administrative office at:

Mission Redevelopment Authority 901 Business Park Drive Suite 200 Mission, Texas 78572

#### B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary 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.

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

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

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

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

<u>General Fund</u> – 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.

<u>Special Revenue Funds</u> – 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.

<u>Debt Service Fund</u> – 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.

<u>Capital Projects Funds</u> – 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:

<u>Enterprise Funds</u> – 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.

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

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

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

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

<u>Internal Service Funds</u> – 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 who have 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.

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

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

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

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

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.

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

#### 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.

#### F. Receivables

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.

#### G. 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.

#### H. 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.

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

#### I. 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.

#### J. 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.

#### K. 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 Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Assets	Useful Lives
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

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

#### L. 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.

#### M. Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

*Deferred outflows of resources*—a consumption of net assets by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expenditure/expenses) until then. It has a positive effect on net position, similar to assets.

*Deferred inflows of resources*—an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

In the government-wide financial statements, deferred amounts from a refunding of debt (debits) are reported as deferred outflows of resources and deferred amounts from refunding debt (credits) are reported as deferred inflows of resources and amortized over the lesser life of the refunded bonds or refunding debt.

Grant amounts received in advance of meeting timing requirements and advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level.

Deferred outflows/inflows of resources related to pensions, as described in Note 1-S, are reported in the government-wide and proprietary funds financial statements of net position.

*Continued Use of Other Assets and Liabilities*—Prepayments continue to be reported as assets. Grant amounts received in advance of meeting requirements other than timing and receipts of prepayments continue to be reported as liabilities.

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

#### N. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and 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.

#### O. 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 are unearned charges amortized over the term of the related debt.

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

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

#### P. 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, 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 can be used only for the specific purpose determined by formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by an adoption of an ordinance, commit fund balance. Once committed, the funds cannot be used for any other purpose unless such constraints are removed or modified by the adoption of another ordinance by City Council.
- 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. The City's policy dictates that any funds set aside by management as assigned fund balance, must be reported to City Council on the next regular Council meeting. Council has the authority 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.

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

• 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.

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.

#### Q. 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 total assets.

#### R. 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.

#### S. 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 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### T. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earning on qualified pension plan investments are recognized as component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows or resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

#### 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, 2015 budgets were not adopted for the Fiduciary Funds, but were adopted for the Internal Service Funds. Budget comparisons to actual expenditures for these funds are not required to be included in the financial statements. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds, except for the Capital Projects Funds. Budgets for the Capital Projects Funds are adopted over the multiple-year term of the projects.

#### **NOTE 3 – PROPERTY TAXES**

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

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

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

The City is a Home-Rule Charter City with a maximum authorized tax rate for all purposes of \$2.50 per \$100 valuation. The combined tax rate for the year ended September 30, 2015 (2014 levy), was \$0.5188 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,195,132 and sales taxes of \$1,935,028 for a total taxes receivable of \$4,130,160.

#### **NOTE 4 – DEPOSITS AND INVESTMENTS**

#### A. Primary Government

*Deposits* – At September 30, 2015, the carrying value of the City's deposits was \$18,835,537 and the bank balance was \$18,972,426. 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 type of deposits held at year end was demand accounts.

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

The 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 position 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.

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.

#### Interest Rate Risk

Interest rate risk is 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 three years or less. The maximum final stated maturity of any investment shall not exceed five years. Portfolio diversification is employed as a way to control the risk. The City's investment portfolio is required to have sufficient liquidity to meet anticipated cash flow requirements.

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

		Maturity Period			
	Amortized	3 Months	4-12		
Investment Type	Cost	or Less	Months		
TexPool	\$ 2,076,147	\$ 2,076,147	\$ -		
Federal Farm Credit Bank	5,008,615	-	5,008,615		
Federal National Mortgage	4,016,819	-	4,016,819		
Federal Home Loan Mortgage	2,115,941		2,115,941		
Federal Home Loan Bank	999,910		999,910		
	\$ 14,217,431	\$ 2,076,147	\$ 12,141,284		

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2015:

#### 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 Interlocal 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 that AAA or AAA-m or an equivalent rating by at least one nationally recognized rating services; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

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

As of September 30, 2015, the following was the composition of the City's credit rating by investment:

Credit Quality Distribution of Securities						
With Credit Exposure as a Per	centage of Tot	al Investments				
Investment Type	Rating	Exposure				
TexPool	AAA	15%				
Federal Farm Credit Bank	AAA	35%				
Federal National Mortgage	AAA	28%				
Federal Home Loan Mortgage	AAA	15%				
Federal Home Loan Bank	AAA	7%				

#### Concentrations of Credit Risk

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

As of September 30, 2015, the following was the composition of the City's investment portfolio:

Investment Type	Rating	Exposure
TexPool	AAA	15%
Federal Farm Credit Bank	AAA	35%
Federal National Mortgage	AAA	28%
Federal Home Loan Mortgage	AAA	15%
Federal Home Loan Bank	AAA	7%
		100%

#### Custodial Credit Risk

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

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

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

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.

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

Cash on hand	\$	6,334		
Carrying amount deposit	18	3,835,537		
Investments	14	,217,431		
Less: Statement of Fiduciary Net Position - investments		(6,812)		
Cash and Investments Statement of Net Position	\$ 33,052,490			
Cash and cash equivalents	\$ 15	5,385,888		
Investments	11	,748,936		
Restricted assets	5	5,917,666		
Cash and Investments Statement of Net Position	\$ 33	3,052,490		

#### B. Component Units

#### Mission Economic Development Corporation

*Deposits* - At September 30, 2015, the carrying value and bank balance of the Mission Economic Development Corporation's deposits was \$2,374,928. Deposits include demand accounts, money market and certificate of deposits. All deposits were fully insured or collateralized.

*Investments* - During the year, MEDC's investments consisted of obligations of the U.S. Government or its Agencies and instrumentalities and public funds investment pools.

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

MEDC is required by 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 allowed 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.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies, federally insured certificates of deposit issued by Texas banks or saving and loans and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically.

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 position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, MEDC'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.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies; MEDC reports its information to the City of Mission Council. Additionally, investment practices of MEDC were in accordance with local policies. The MEDC's management believes that it complied with the requirements of the PFIA and its adopted investment policies.

#### Interest Rate Risk

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

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

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2015:

			Maturity Period									
	Amortized		Amortized		Amortized		31	Months or	4-]	12	C	Over One
Investment Type	Cost		Cost Le		Less	Months		Year				
Texpool	\$ 19	8,341	\$	198,341	\$	-	\$	-				
Federal Natl Mtg Assn Medium Term NTS	50	2,603		-		-		502,603				
Federal Home Ln Mtg Corp Medium Term NTS	30	2,480						302,480				
Federal Farm CR Bks Cons Systemwide BDS	9	9,219		-		-		99,219				
	\$ 1,10	02,643	\$	198,341	\$	-	\$	904,302				

#### Credit Risk

Credit risk is the risk that 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 Interlocal 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 (Chapter 2256, Texas Government Code).

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

As of September 30, 2015, 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	18%
Federal Natl Mtg Assn Medium Term Nts	AAA	46%
Federal Home Ln Mtg Corp Medium Term NTS	AAA	27%
Federal Farm CR Bks Cons System BDS	AAA	9%

#### Concentrations of Credit Risk

Risk is controlled through portfolio diversification, which shall be achieved limiting investments to those instruments allowed by the Act, avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits and risk of liquidity due to technical complications shall be controlled by the selection of securities dealers.

As of September 30, 2015, the following was the composition MEDC's investment portfolio:

Investment Type	Rating
Texpool	AAA
Federal Natl Mtg Assn Medium Term NTS	AAA
Federal Home Ln Mtg Corp Medium Term NTS	AAA
Federal Farm CR Bks Cons Systemwide BDS	AAA

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. Broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public funds Investment Act, the MEDC'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.

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

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. Therefore MEDC is not exposed to custodial credit risk.

A reconcilement of cash and investments as shown on the statement of net position for MEDC follows:

Petty Cash Carrying amount deposit Investments	,	250 4,298 2,643
Cash and Investments Statement of Net Position	\$ 3,47	7,191
Cash and cash equivalents Investments Restricted Assets	,	4,821 2,643 9,727
Cash and Investments Statement of Net Position	\$ 3,47	7,191

#### Mission Redevelopment Authority

*Investment Accounting Policy* - 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 requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with local policies.

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.

The Authority's management believes that it has complied in all material respects with the requirements of the Act and the Authority's investment policies.

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

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the Authority'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.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation 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. The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. For the deposit and investment balances noted below, \$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.

#### **Deposits**

As of the fiscal year end, the bank balance and the carrying value of the Authority's deposits was \$7,186,248.

#### **Investments**

As of September 30, 2015, the Authority had the following investments and maturities:

		Maturity Period
Fund and		Less than
Investment Type	Fair Value	One Year
Debt Service Fund -		
Money Market Mutual Fund	\$ 2,634,844	\$ 2,634,844

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

#### Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy identifies the types of allowable investments as governed by the Public Funds Investments Act, to reduce the credit risk associated with the investments. At September 30, 2015, the Authority's Money Market Mutual Fund investment rating was AAA by Standard & Poor's Rating Service.

#### 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 maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value. The Authority's investment policy limits money market mutual funds to those with a stable net asset value of \$1 per share and those with a weighted average maturity of less than two years.

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

A. Interfund receivable and payable balances at S	September 30, 2015 were as follows:
---	-------------------------------------

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 535,243
General Fund	Utility Fund	11,227
General Fund	Group Health Fund	316
Group Health Fund	General Fund	126,065
Group Health Fund	Non-Major Governmental Funds	3,635
Group Health Fund	Utility Fund	36,436
Group Health Fund	Golf Course Fund	7,683
Group Health Fund	Solid Waste Fund	6,045
		\$ 726,650

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.

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

B. Due to/from the primary government and component units at September 30, 2015 were as follows:

Receivable Entity	Payable Entity	_	Amount
Primary Gov't - General Fund	Component Unit - MEDC	\$	15,361
Primary Gov't - Group Health Fund	Component Unit - MEDC		5
Primary Gov't - General Fund	Component Unit - MRA		4,865
Primary Gov't - Utility Fund	Component Unit - MRA		103,552
Primary Gov't - Special Revenue Fund	Component Unit - MRA		9,523
Primary Gov't - Capital Projects Fund	Component Unit - MRA		78,234
Component Unit - MEDC	Primary Gov't - General Fund		2,602
Component Unit - MRA	Primary Gov't - Special Revenue Fund	_	97,292
		\$	311,434

### C. Interfund Transfers:

	Transfer In:					
			N	Ion-Major		
	Governmental					
Transfer Out:	General Fund Funds Total				Total	
General Fund	\$	-	\$	2,851,094	\$	2,851,094
Utility Fund	4,4	400,000		-		4,400,000
Debt Service Fund		-		434,846		434,846
Non-Major Governmental Funds		-		20,395		20,395
Total Transfer Out	\$ 4,4	400,000	\$	3,306,335	\$	7,706,335

Transfers out from the General to Non-Major Governmental Funds were to sustain the operating activities of those funds.

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.

# **NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015 was as follows:

		Balance at					Balance at
	Septe	ember 30, 2014	 Increases	Ι	Decreases	Sept	ember 30, 2015
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$	33,705,337	\$ 54,954	\$	(56,260)	\$	33,704,031
Construction in progress		6,752,248	 5,543,253		(71,280)		12,224,221
Total capital assets, not being depreciated		40,457,585	 5,598,207		(127,540)		45,928,252
Capital assets, being depreciated:							
Buildings		20,709,434	852,076		(98,593)		21,462,917
Improvements other than buildings		16,322,246	264,578		-		16,586,824
Machinery and equipment		26,119,460	1,687,662		(857,820)		26,949,302
Infrastructure		89,399,528	 458,770		-		89,858,298
Total capital assets, being depreciated		152,550,667	 3,263,086		(956,413)		154,857,340
Less accumulated depreciation for:							
Buildings		(7,622,962)	(735,169)		-		(8,358,131)
Improvements other than buildings		(6,429,249)	(1,031,013)		-		(7,460,262)
Machinery and equipment		(19,098,769)	(1,955,684)		713,656		(20,340,797)
Infrastructure		(47,447,290)	 (3,896,183)		_		(51,343,473)
Total accumulated depreciation		(80,598,270)	 (7,618,049)		713,656		(87,502,663)
Total capital assets, being depreciated, net		71,952,397	(4,354,963)		(242,757)		67,354,677
Governmental activities capital assets, net	\$	112,409,982	\$ 1,243,244	\$	(370,297)	\$	113,282,929
<b>Business-type Activities:</b>							
Capital assets, not being depreciated:							
Land	\$	3,663,556	\$ -	\$	(55,000)	\$	3,608,556
Water rights		3,870,564	-		-		3,870,564
Construction in progress		2,502,603	 3,713,489		(93,315)		6,122,777
Total assets, not being depreciated		10,036,723	3,713,489		(148,315)		13,601,897
Capital assets, being depreciated:							
Buildings and system		128,753,780	541,449		-		129,295,229
Improvements other than buildings		3,439,029	15,072		-		3,454,101
Furniture and equipment		12,124,206	 361,233		(2,483)		12,482,956
Total assets, being depreciated		144,317,015	 917,754		(2,483)		145,232,286
Less accumulated depreciation for:							
Buildings and system		(57,795,227)	(4,388,761)		-		(62,183,988)
Improvements other than buildings		(2,238,744)	(202,625)		-		(2,441,369)
Furniture and equipment		(6,196,908)	 (999,743)		2,483		(7,194,168)
Total accumulated depreciation		(66,230,879)	 (5,591,129)		2,483		(71,819,525)
Total capital assets, being depreciated, net		78,086,136	 (4,673,375)		-		73,412,761
Business-type activities capital assets, net	\$	88,122,859	\$ (959,886)	\$	(148,315)	\$	87,014,658

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

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

Governmental Activities.	
General government	\$ 228,228
Public safety	1,781,208
Highways and streets, including depreciation of	4,115,355
general infrastructure assets	
Sanitation	17,775
Culture and recreation	 1,475,484
Total depreciation expense - governmental activities	\$ 7,618,050
Business-type Activities:	
Utility	\$ 4,979,739
Golf course	229,839
Solid waste	 381,551
Total depreciation expense - business-type activities	\$ 5,591,129

# **NOTE 7 – RECEIVABLES**

Receivables at September 30, 2015 were as follows:

			Special	Due form other		Allowance for	Net
	Taxes	Accounts	Special Assessments	Governments	Other	Uncollectibles	Receivables
Governmental Activities:		Accounts	71350351101113	Governments	Oulei	Onconcettores	Receivables
General	\$1,684,857	\$ 1,628,034	\$-	\$ 2,447,711	\$-	\$(1,666,230)	\$4,094,372
Debt Service	510,275	-	-	-	-	(161,028)	349,247
Other Governmental		492,814	139,470	1,046,561		(5,398)	1,673,447
Total Governmental							
Activites	\$2,195,132	\$ 2,120,848	\$ 139,470	\$ 3,494,272	\$ -	\$(1,832,656)	\$6,117,066
<b>Business-type Activities:</b>							
Utility	\$-	\$ 2,332,067	\$ -	\$-	\$-	\$ (76,246)	\$2,255,821
Golf Course	-	2,587	-	-	-	-	2,587
Solid Waste		979,652			_	(20,344)	959,308
Total Business-type							
Activities	\$ -	\$ 3,314,306	\$ -	\$ -	\$ -	\$ (96,590)	\$3,217,716

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

		3	ond waste
τ	Utility Fund		Fund
\$	17,805,736	\$	6,452,740
	(61,733)		(24,883)
\$	17,744,003	\$	6,427,857
	<u> </u>	\$ 17,805,736 (61,733)	Utility Fund \$ 17,805,736 (61,733)

# NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES

At September 30, 2015 the City had the following other liabilities:

	Go	overmental	Bus	siness-type	
Payable To	A	Activities	А	ctivities	 Total
Due to State	\$	145,216	\$	70,538	\$ 215,754
Due to Other Government Agencies		189		-	189
Wages & Deductions		119,893		23,081	142,974
Court Deposits/Refunds		5,233		-	5,233
Due to Others		1,307,875		23,007	 1,330,882
	\$	1,578,406	\$	116,626	\$ 1,695,032

# 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, 2015 are comprised of the following:

# Governmental activities:

\$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 February 15, 2017 interest at 4.00% to 4.375%.	\$ 200,000
\$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%.	2,805,000
\$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 4.25% to 5.00%.	4,170,000
\$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, 2029, interest at 3.00% to 5.25%.	4,320,000

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

<ul> <li>\$2,930,000 Combination Tax &amp; 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%.</li> <li>\$2,635,000 Combination Tax &amp; Limited Pledge Revenue Certificates of Obligation Series 2012, neuroble in current installments ranging</li> </ul>		1,365,000
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%		2,240,000
Total Certificates of Obligation	<u>\$</u>	15,100,000

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

	Governmental				
Year Ending		Activities			
September 30,	Principal Interest			Interest	
2016	\$	1,230,000	\$	626,194	
2017		1,275,000		578,444	
2018		945,000		534,962	
2019		985,000		496,381	
2020		1,030,000		455,868	
2021-2025		5,845,000		1,567,735	
2026-2030		3,450,000		354,744	
2031-2032		340,000		13,800	
Total	\$	15,100,000	\$	4,628,128	

### **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, 2015 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%.	\$	4,690,000
\$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%.		2,915,000
\$2,285,000 Texas General Obligation Refunding Bonds, Series 2014, payable in annual installments ranging from \$165,000 to \$240,000 through February 15, 2025, interest at 2.63%.		2,060,000
Total General Obligation Bonds	<u>\$</u>	9,665,000

General Obligation debt service requirements to maturity are as follows:

	Governmental			
Year Ending		Activ	vities	
September 30,		Principal	Interest	
2016	\$	820,000	\$	321,460
2017		825,000		297,183
2018		850,000		270,252
2019		875,000		242,405
2020		900,000		213,421
2021-2025		4,360,000		582,314
2026-2029		1,035,000		48,344
Total	\$	9,665,000	\$	1,975,379

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

#### Public Property Finance Contractual Obligations

The City also issued Public Property Finance Contractual Obligations to finance acquisition of equipment for the Fire Department.

Public Property Finance Contractual Obligations payable at September 30, 2015 are comprised of the following:

#### Governmental activities:

\$368,865 Public Property Finance Act Contract No. 6564, payable in annual installments of \$59,379, including principal and interest,		
through March 1, 2021, interest at 3.091%.	 320,698	
Total Public Property Finance Contractual Obligations	\$ 320,698	

Public Property Finance Contractual Obligation debt service requirements to maturity are as follows:

	Governmental			
Year Ending	Activities			
September 30,	Principal Interest			
2016	49,620	9,913		
2017	50,995	8,384		
2018	52,571	6,808		
2019	54,196	5,183		
2020	55,871	3,507		
2021	57,445	1,780		
Total	\$ 320,698	\$ 35,575		

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

#### 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, 2015 are comprised of the following:

#### **Business-type activities:**

#### <u>Utility Fund</u>:

\$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 August 15, 2006 through February 15, 2027; interest at 4.0% to 5.0%.	\$ 9,910,000
\$7,780,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds payable in annual installments ranging from \$ 275,000 to \$465,000 from December 30, 2009 through February 15, 2029; non-interest bearing.	6,405,000
<ul> <li>\$10,370,000 2014 Waterworks and Sewer System Junior Lien Refunding Bonds payable in annual installments ranging from \$675,000 to \$1,100,000 from February 15, 2015 through February 15, 2026; interest at 2.0% to 5.0%.</li> </ul>	9,695,000
Total Revenue Bonds Payable	<u>\$ 26,010,000</u>

Revenue bonds debt service requirements to maturity are as follows:

	Business-type			
Year Ending	Activ	vities		
September 30,	Principal Interest			
2016	2,360,000	792,799		
2017	2,255,000	723,774		
2018	1,850,000	664,330		
2019	1,905,000	607,581		
2020	1,965,000	545,451		
2021-2025	10,960,000	1,638,500		
2026-2029	4,715,000	101,600		
Total	\$ 26,010,000	\$ 5,074,035		

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

#### Public Property Finance Contractual Obligations

\_\_\_\_

The City also issued Public Property Finance Contractual Obligations to finance acquisition of equipment for the Solid Waste Fund.

Public Property Finance Contractual Obligations payable at September 30, 2015 are comprised of the following:

#### **Business-type activities:**

### Solid Waste Fund:

\$4,880,000 Texas Public Property Finance Contractual Obligation, Series 2014,		
payable in annual installments ranging from \$205,000 to \$815,000		
through February 15, 2021, interest at 1.87%.	<u>\$</u>	4,675,000
Total Public Property Finance Contractual Obligations	<u>\$</u>	4,675,000

Public Property Finance Contractual Obligation debt service requirements to maturity are as follows:

	Governmental			
Year Ending	Activities			
September 30,	Principal Interest			
2016	745,000	80,457		
2017	760,000	66,386		
2018	770,000	52,080		
2019	785,000	37,540		
2020	800,000	22,720		
2021	815,000	7,620		
Total	\$ 4,675,000	\$ 266,803		

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

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 were used for projects to make water system improvements. The DWSRF funding mechanism allowed the City to issue as many bond coupons in installments as needed to fund the authorized projects. At the completion of the authorized project, the total amount of coupons issued by the City was \$7,780,000.

#### Arbitrage Compliance

The City of Mission is subject to federal arbitrage regulations and as of September 30, 2015, 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. The City adheres to its adopted written procedures to monitor post-issuance compliance of the federal tax laws applicable to the Bonds as requested by the Internal Revenue Service.

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

# Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015 was as follows:

Governmental Activities:	Se	Balance at eptember 30, 2014 as restated)	Ob	Additional ligations and et Increases		tirement and t Decreases		Balance at eptember 30, 2015		Amounts Due within One Year
Bonds payable:										
Certificates of obligation	\$	16,285,000	\$	-	\$	1,185,000	\$	15,100,000	\$	1,230,000
Public property finance	Ŧ	, ,	Ŧ		Ŧ	-,	Ŧ	,,	-	-,,
contractual obligations		368,865		-		48,321		320,544		49,466
General obligations		10,520,000		-		855,000		9,665,000		820,000
Plus bond premium		729,431		-		56,165		673,266		-
Total bonds payable		27,903,296		-		2,144,486		25,758,810		2,099,466
Compensated absences		3,316,101		1,400,651		1,537,329		3,179,423		1,440,255
Net pension liability		3,866,550		693,539		-		4,560,089		-
Net other postemployment										
benefit obligation		594,714		104,473		-		699,187		-
Anzalduas bridge payable		1,918,717		335,632		-		2,254,349		-
Governmental activity										
long-term liabilities	\$	34,482,237	\$	2,534,295	\$	3,681,815	\$	36,451,858	\$	3,539,721
<b>Business-type Activities:</b>										
Bonds payable:										
Revenue bonds	\$	28,101,000	\$	-	\$	2,091,000	\$	26,010,000	\$	2,360,000
Public property finance										
contractual obligations		4,880,000		-		205,000		4,675,000		745,000
Plus bond premium		931,906		-		80,696		851,210		-
Total bonds payable		33,912,906		-		2,376,696		31,536,210		3,105,000
Capital leases		28,762		-		13,118		15,644		10,460
Compensated absences		398,739		210,306		198,099		410,946		190,000
Net pension liability		678,235		123,054		-		801,289		-
Net other postemployment										
benefit obligation		145,678		29,816		-		175,494		-
Business-type activity										
long-term liabilities	\$	35,164,320	\$	363,176	\$	2,587,913	\$	32,939,583	\$	3,305,460

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

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

After adoption of GASB 65, the deferred gain/loss on refunding is now reported as deferred outflows/inflows of resources. See Note 12.

The Utility Fund capitalized \$68,231 of bond interest expense as part of various construction projects for the year ended September 30, 2015.

Additional disclosures on capital lease commitments are presented in Note 21.

# 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, 2015 for the MEDC is comprised of the following:

\$4,380,000 Sales Tax Revenue Refunding Bonds, Series 2010 due in annual principal installments ranging from \$90,000 to \$325,000, from February 15, 2011 through 2024; Interest at 3.85%. <u>\$3,065,000</u>

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

Year Ending		
September 30,	Principal	Interest
2016	335,000	111,554
2017	350,000	98,368
2018	365,000	84,603
2019	380,000	70,263
2020	395,000	55,344
2021-2024	1,240,000	97,405
Total	\$ 3,065,000	<u>\$517,537</u>

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

Sales tax revenue notes payable at September 30, 2015 for the MEDC is comprised of the following:

\$3,000,000 2009 Sales Tax Revenue Note due in semi-annual principal Installments ranging from \$109,259 to \$366,273 including Interest at 3.9%. Note matures August 15, 2016. Collateralized by first priority perfected security interest in sales tax revenues collected pursuant to Section 4B of the Development Corporation Act of 1979.
\$701,535

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

Year Ending				
September 30,	P	rincipal	I	nterest
2016		701,535		20,870
Total	\$	701,535	\$	20,870

The following is a summary of changes in long-term debt obligations for MEDC for the year ended September 30, 2015:

			Add	litional						
			Obliga	tions and	Reti	rements and	Se	ptember 30,	Due	within One
	Sep	tember 30, 2014	Net Ir	ncreases	Net	Decreases		2015		Year
Sales Tax Refunding Bond	\$	1,385,920	\$	-	\$	684,385	\$	701,535	\$	701,535
Sales Tax Revenue Note		3,390,000		-		325,000		3,065,000		335,000
	\$	4,775,920	\$	_	\$	1,009,385	\$	3,766,535	\$	1,036,535

The above listed refunding bond issue is to be repaid from the 1/2 cent sales tax levied under the Section 4B referred to in Note 1(A).

#### B. Mission Redevelopment Authority

#### Revenue Bonds Payable

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

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

Bonds payable at September 30, 2015 for the MRA are comprised of the following:

\$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 4.375% to 5.125%.	\$	5,465,000
\$10,620,000 Tax Increment Contract Revenue Bonds Series 2009 payable in annual installments ranging from \$365,000 to \$790,000 from September 1, 2010 through 2029; with interest rates ranging from 3.0% to 5.25%.		8,250,000
\$7,455,000 Tax Increment Contract Revenue Bonds Series 2013 The interest rates on the bonds range from 2.00% - 4.00%. Interest on the bonds is payable on each March 1st and September 1st. The bonds mature serially September 1st beginning 2014 and ending 2030.	_	6,740,000
	<u>\$</u>	20,455,000

As of September 30, 2015, the debt service requirements on the bonds outstanding were as follows: Year Ending

real Ending			
September 30,	Principal	Interest	Total
2016	1,230,000	917,788	2,147,788
2017	1,270,000	872,525	2,142,525
2018	1,325,000	820,825	2,145,825
2019	1,380,000	766,187	2,146,187
2020-2024	7,860,000	2,858,036	10,718,036
2025-2029	6,815,000	1,062,745	7,877,745
2030	575,000	25,156	600,156
Total	\$ 20,455,000	\$ 7,323,262	\$ 27,778,262

#### 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.

<u>\$ 1,808,836</u>

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

Year Ending September 30,	Principal	Interest	Total
<u>2016</u>	197,361	69,640	267,001
2017	204,959	52,042	257,001
2017	212,850	54,151	267,001
2018	,	,	,
_ • - •	221,045	45,956	267,001
2020-2024	229,555	37,446	267,001
2025-2029	743,066	57,936	801,002
Total	\$ 1,808,836	\$ 317,171	\$ 2,126,007

As of September 30, 2015, the debt service requirements on the loan agreement were as follows:

The following is a summary of changes in long-term obligations debt for MRA for the year ended September 30, 2015:

	Beginning				
	Balance	Due Within			
Governmental Activities	Oct. 1, 2014	Increase	Decrease	Sept. 30, 2015	One Year
Tax increment contract revenue					
bonds series 2005	\$ 5,880,000	\$ -	\$ 415,000	\$ 5,465,000	\$ 435,000
Tax increment contract revenue					
bonds series 2009	8,665,000	-	415,000	8,250,000	435,000
Tax increment contract revenue					
bonds series 2013	7,090,000	-	350,000	6,740,000	360,000
Less issuance discounts	(260,842)	-	(20,346)	(240,496)	-
Plus issuance premiums	90,867	-	5,678	85,189	-
Total contract revenue bonds	21,465,025	-	1,165,332	20,299,693	1,230,000
State infrastructure bank loan	1,998,880		190,044	1,808,836	197,361
Total governmental activities	\$ 23,463,905	\$ -	\$ 1,355,376	\$ 22,108,528	\$ 1,427,361

### 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, September 1, 2020 or September 1, 2024 for Series 2005 and Series 2009, and series 2013 bonds respectively.

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

#### 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<sup>st</sup> 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<sup>st</sup> in the years and amounts as reflected in the debt service schedules.

The Series 2013 Term bonds due September 1, 2030 are subjected to mandatory sinking fund redemption in part, prior to their stated maturity at the redemption prices of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

#### **NOTE 11 – INTERFUND ADVANCES**

Extreme weather affected revenues for the Golf Course during the year. Twenty-four days of inclement weather were experienced in the peak winter season which resulted in a 3,000 round decrease from the prior year. The Golf Course staff will be looking to increase tournament play and use specials to entice players to golf during off-peak times. In addition, the Media Relations Department and social media are being utilized to increase play. An increase in rentals of the dining area and meeting room has been observed and staff will continue working towards increasing this source of revenue. The expenditures continue to be closely monitored with increased efforts to complete projects in-house in order to decrease expenditures for external contractors. The Advance payable increased by \$166,347 compared to prior year's balance. At September 30, 2015, the balance of the Advance in the amount of \$1,741,867 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 OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows 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 government-wide financial statements, deferred outflows include deferred charges on refunding of the bonds.

At the end of the fiscal year, the various components of deferred outflows and inflows of resources were as follows:

At the fund level financial statements, the City has the following Deferred Inflows of Resources:

			Total
		Debt Service	Deferred Inflows
	General Fund	Fund	of Resources
Delinquent property			
taxes, unavailable	\$ 1,002,814	\$ 335,986	\$ 1,338,800

At the government-wide financial statements, the City reports cumulative deferred charges on refundings as Deferred Outflows of Resources in the amount of \$712,636 which is net of cumulative amortization of \$113,380.

Deferred outflows of resources and deferred inflows of resources related to pensions are \$2,353,864 and \$3,618, respectively. See Note 16 for details regarding pensions.

### NOTE 13 – UNEARNED REVENUES

The following summarizes unearned revenues in governmental activities:

Park dedication fees	\$ 261,496
Grants	5,052
Loan receivable - HOME	 138,631
Total unearned revenue	\$ 405,179

Unearned revenues of \$43,464 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 14 – LONG-TERM RECEIVABLE

Long-Term Notes Receivables at September 30, 2015 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	
is payable in equal monthly installments of \$200 on the	
ninth day of each month, beginning November 9, 2007 and	
continuing until the principal has been paid in full. The	
final maturity date is January 9, 2026.	<u>\$ 24,800</u>
Total Long-Term Notes Receivables	24,800
e	,
Less: Current Portion	(2,400)
	<u>\$ 22,400</u>

# NOTE 15 – 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.

## **NOTE 15 – RESTRICTED ASSETS (Continued)**

Restricted assets included in the Utility Fund as of September 30, 2015 consist of:

	Cash and h Equivalents	In	vestments	 Total
Revenue bond reserve fund	\$ 40,342	\$	424,077	\$ 464,419
Bond interest and sinking	903,566		144,393	1,047,959
Cash with fiscal agent	481,759		-	481,759
Revenue bond extension and				
improvement fund	66,444		244,535	310,979
Subdividers deposits	980,868		942,099	1,922,967
Capital recovery fund	 652,503		713,390	 1,365,893
	\$ 3,125,482	\$	2,468,494	\$ 5,593,976

Restricted assets included in the Golf Course Fund as of September 30, 2015 consist of reserves for capital projects in the amount of \$66,097.

Restricted assets included in the Solid Waste Fund as of September 30, 2015 consist of reserves for capital projects and debt service in the amount of \$257,592.

### A. <u>Mission Economic Development Corporation</u>

Restricted assets held by Mission Economic Development Corporation at September 30, 2015 consisted of Debt Service Reserves in cash and cash equivalents in the amount of \$249,727.

#### B. Mission Redevelopment Authority

Restricted assets held by Mission Redevelopment Authority at September 30, 2015 consisted of Debt Service Reserves required by the Tax Increment Contract Bonds in the amount of \$2,549,927.

#### **NOTE 16 – PENSION PLANS**

#### Plan Descriptions:

The City participates in two defined benefit pension plans. All eligible employees of the City are required to participate in the Texas Municipal Retirement System (TMRS). In addition, the City contributes to the Texas Emergency Services Retirement System (TESRS), which provides benefits to the City's volunteer emergency services personnel. A brief description of each of the pension plans follows:

- 1. The City of Mission participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a sixmember Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at <u>www.tmrs.com</u>.
- 2. The Texas Emergency Services Retirement System (TESRS) is 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 nine member Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at <u>www.tesrs.org</u>.

#### **NOTE 16 – PENSION PLANS (Continued)**

#### Benefits Provided:

#### <u>TMRS</u>

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Employees can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The contribution rate for employees is 6% and the matching percentage for the City is 200%. The City has also adopted 100% updated service credit (USC) on a repeating basis and annuity increases (AI) on a repeating basis, at 70% of the change in the CPI. Employees are vested after 5 years of service.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

#### TESRS

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. 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 becomes 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. There is no provision for automatic postretirement benefit increases.

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 or continuing monthly payments to a member's surviving spouse and dependent children.

### **NOTE 16 – PENSION PLANS (Continued)**

#### Employees covered by benefit terms

As of most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	TMRS	TESRS
Inactive employees or beneficiaries currently receiving benefits	144	12
Inactive employees entitled to but not yet receiving benefits	220	0
Active employees	630	7
Total participants	994	19

#### Contributions:

### TMRS

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mission were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mission were 7.92% and 8.08% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$2,076,956, and were equal to the required contributions.

#### TESRS

Under TESRS, contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

### **NOTE 16 – PENSION PLANS (Continued)**

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments has a different contribution arrangement which is being phased out over time. Such arrangement funds 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. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System. For the City of Mission, total additional deposit was \$1,200 for the fiscal year ending September 30, 2015.

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. The City's total contributions to TESRS (including the deposit for TLFFRA) for the year ending September 30, 2015, were \$4,224, equal to the contributions required under both S.B. 411 and H.B. 258 for the year.

#### *Net Pension Liability:*

The city's Net Pension Liability (NPL) was measured as of December 31, 2014 for TMRS and August 31, 2014 for TESRS, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates.

#### **NOTE 16 – PENSION PLANS (Continued)**

#### **Actuarial Assumptions**

Schedule of Actuarial Assumptions	TMRS	TESRS
Valuation Date	12/31/14	8/31/14
Inflation	3.0%	3.50%
Overall payroll growth	3.0% per year	N/A
Investment Rate of	7.0%, net of pension plan	7.75%, net of pension plan
Return	investment expense, including inflation	investment expense, including inflation
Salary Increases	Based on service-related table	N/A
Mortality Assumption	RP-2000 Combined Healthy	RP-2000 Combined Healthy Lives
	Mortality Table scaled BB by	Mortality Tables for males and for
	109% for males and 103% for females	females projected to 2018 by scale AA

#### <u>TMRS</u>

For TMRS, actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

#### **NOTE 16 – PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
17.5%	4.80%
17.5%	6.05%
30.0%	1.50%
10.0%	3.50%
5.0%	1.75%
10.0%	5.25%
5.0%	4.25%
5.0%	8.50%
100.0%	
	Allocation 17.5% 17.5% 30.0% 10.0% 5.0% 5.0% 5.0%

#### **NOTE 16 – PENSION PLANS (Continued)**

#### <u>TESRS</u>

For TESRS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Cla	SS	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities			
Large cap dom	estic	32%	5.2%
Small cap dom	estic	10%	5.8%
Developed		21%	5.5%
International			
Emerging mar	kets	6%	5.4%
Master	limited	5%	7.1%
partnership			
Fixed income			
Domestic		21%	1.4%
International		5%	1.6%
Cash		0%	0.0%
Total		100%	

#### **Discount Rate**

#### TMRS

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### **NOTE 16 – PENSION PLANS (Continued)**

#### <u>TESRS</u>

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability for the TMRS pension and the City's proportionate share of the net pension liability for the TESRS pension, calculated using the discount rate, as well as what the City's net pension liability and proportionate share of the net pension liability allocated would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Citar's Nat Dension Linkilian	6.0%	7.0%	8.0%
City's Net Pension Liability - TMRS	\$ 16,697,749	\$ 5,347,022	\$ (3,937,295)
~	6.75%	7.75%	8.75%
City's Proportionate Share of the Net Pension Liability - TESRS	\$29,583	\$14,356	\$5,472

## **NOTE 16 – PENSION PLANS (Continued)**

### Changes in the Net Pension Liability – TMRS

Changes in the City's net pension liability for the TMRS pension for the fiscal year ended September 30, 2015 are as follows:

	Increase (Decrease)					
	T			lan Fiduciary		
		Liability	1	Net Position		Liability
		(a)		(b)		(a) - (b)
Balance at 9/30/2014	\$	65,952,040	\$	61,427,592	\$	4,524,448
Changes for the year:						
Service cost		2,887,755		-		2,887,755
Interest		4,642,161		-		4,642,161
Change of benefit terms		-		-		-
Difference between expected and actual experience		270,001		-		270,001
Changes of assumptions		-		-		-
Contributions - employer		-		1,973,751		(1,973,751)
Contributions - employee		-		1,528,747		(1,528,747)
Net investment income		-		3,514,549		(3,514,549)
Benefit payments, including refunds of employee contributions		(2,158,651)		(2,158,651)		-
Administrative expense		-		(36,688)		36,688
Other changes		-		(3,016)		3,016
Net changes	\$	5,641,266	\$	4,818,692	\$	822,574
Balance at 9/30/2015	\$	71,593,306	\$	66,246,284	\$	5,347,022

#### City Proportion of Net Pension Liability - TESRS

The City's proportionate share of the net pension liability of the TESRS at September 30, 2015 is \$14,356, and the proportion percentage of the aggregate net pension liability allocated to the City is 0.079%. Since this is the first year of implementation, the City does not have the proportion measured as of the previous fiscal period. The City's proportion of the net pension liability was based on actual required contributions of each of the participating departments for the plan's fiscal year.

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plans' Fiduciary Net Position is available in a separatelyissued financial report. The TMRS financial report may be obtained on the Internet at <u>www.tmrs.com</u>. The TESRS financial report may be obtained on the Internet at <u>www.tesrs.org</u>.

### NOTE 16 – PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2015, the city recognized pension expense of \$1,940,765 for the TMRS pension plan and \$2,145 for the TESRS pension plan for a total pension expense of \$1,942,910.

At September 30, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TMRS		TESRS		TOTAL		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual economic experience	\$ 227,254	\$ -	\$ -	\$ -	\$ 227,254	\$ -	
Changes in actuarial assumptions	-	-	-	-	-	-	
Differences between projected and actual investment earnings Contributions subsequent to the	628,306	-	-	3,618	628,306	3,618	
measurement date	1,495,280		3,024		1,498,304		
Total	\$2,350,840	\$ -	\$ 3,024	\$ 3,618	\$2,353,864	\$ 3,618	

\$1,524,669 of contributions paid to the pension plans subsequent to measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining deferred outflows and (inflows) of resources related to pensions will be amortized and recognized in pension expense as follows:

		 TMRS		TESRS
Year ending Septemb	ber 30:			
	2016	\$ 199,823	\$	(905)
	2017	199,823		(905)
	2018	199,823		(904)
	2019	199,823		(904)
	2020	42,749		-
Thereafter		13,519		-
	Total	\$ 855,560	\$	(3,618)

### 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 for retirees who complete 25 years of service. Employees who do not meet the 25 years of service are required to pay for coverage for themselves at 100% after retirement. All employees pay 100% of the dependent coverage. The City does not issue separate audited financial statements for the postemployment benefit plan.

#### Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums and health claims for fiscal year 2014 were \$62,749 for retirees, contributed by the City.

#### 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.

### **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	\$ 217,028
Interest on net OPEB obligation	28,135
Adjustment to annual required contribution	(48,125)
Annual OPEB cost (expense)	197,038
Contributions made	(62,749)
Increase in net OPEB Obligation	134,289
Net OPEB obligation - beginning of year	740,391
Net OPEB obligation - end of year	\$ 874,680

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, 2015 is as follows:

Fiscal	Annual	Percentage of Annual	Net OPEB
Year Ended	OPEB Cost	Cost Contributed	Obligation
9/30/2013	181,616	41.61%	583,221
9/30/2014	206,277	23.81%	740,391
9/30/2015	197,038	31.85%	874,680

#### Funded Status and Funding Progress

As of September 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,520,543, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,520,543.

The covered payroll (annual payroll of active employees covered by the plan) was \$20,262,429 and the ratio of the UAAL to the covered payroll was 7.5%.

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.

### **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, 2014
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 2014 to 2069	7.0% - 3.8%
Rate of Inflation (2014-2026)	2.5%
Rate of Inflation (2027-2036)	2.4%
Rate of Inflation (2037+)	2.3%
Rate of Growth in Real Income/GDP per capita	1.5%
Income Multiplier for Health Spending	1.3
Extra Trend due to Technology and other factors	1.1%
Health Share of GDP Resistance Point	23.0%
Year of Limiting Cost Growth to GDP Growth	2060

#### 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<sup>st</sup> of any year to be effective the following January 1<sup>st</sup>.

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

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:	Plan Year 2014	Plan Year 2015
Active employees	Yes	Yes
Retirees	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were \$35,480, \$30,283, and \$30,703 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, 2015, the City had several active construction projects. The projects include renovation of parks and improvements of infrastructure.

#### A. Primary Government

	Spent to	Remaining	Financing
Project	Date	Commitment	Sources
Inspiration Rd US 83 Exp N to Mile 3	\$ 2,943,109	\$ 332,753	2010 CO
Mile 2 N Conway W to Inspiration	960,482	39,900	Operating
Conway Ave Streetscape Project	1,903,802	150,197	Operating/Grant
CWV Center Building Improvements	-	297,000	2009 CO
Taylor Rd US 83 Exp to N Dove	1,202,982	2,250,010	Operating
Mile 2 North Project	1,874,031	4,411,348	Capital Projects
Perkins Ave Drainage Project	55,000	11,000	Operating
Jayce & Bannworth Irrigation Project	160,022	70,258	Operating
WL, Military Rd Loop Improvement	157,712	34,130	Operating
Bentsen Palms Lift Station Project	19,912	70,036	Operating
WL, US 83 Inspiration Overpass	53,185	110,123	Operating
NWTP 4.5 MGD Expansion Project	865,662	789,338	Operating
NW EDAP 4.5 mi To 7 mi Sewer Project	80,241	446,759	Grant
	\$10,276,140	\$ 9,012,851	

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, 2015, the Authority has commitments of \$88,094 and \$21,052, for the engineering contracts on the Inspiration Road overpass project and the Military Highway west wastewater and water trunklines project, respectively.

#### **NOTE 20 – OPERATING LEASE COMMITMENTS**

#### A. Primary Government

The City leases office equipment and golf carts under operating leases. Total costs for such leases were \$90,924 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

\$	90,494
	90,494
	65,135
	65,135
	1,192
\$ 3	312,450
	÷

#### B. Mission Economic Development Corporation

MEDC has entered into an operating lease for office equipment. The future minimum lease payments for the lease are as follows:

\$ 3,077
3,077
3,077
 3,077
\$ 12,308

#### NOTE 21 – CAPITAL LEASE COMMITMENTS

The City has entered into lease agreements as a lessee for financing the acquisition of equipment for the golf course owned by the City reflected here under business-type 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, 2015 are as follows:

	Govern Activ	nmental vities	Business-type Activities		
Assets: Machinery & Equipment	\$	-	\$	51,833	
Less: Accumulated Depreciation Total	\$		\$	(22,351) 29,482	
September 30,					
2016	\$	-	\$	10,947	
2017		-		5,310	
Total minimum lease payments		-		16,257	
Less: amount representing interest		-	_	(612)	
Present value of minimum lease paymen	\$	-	\$	15,645	

#### 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' compensation 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.

#### 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:

	 2015	 2014
Unpaid claims, beginning of fiscal year	\$ 175,221	\$ 113,231
Incurred claims (including IBNRs) and adjustments	2,634,175	2,375,659
Claims payments	 (2,639,522)	 (2,313,669)
Unpaid claims, end of fiscal year	\$ 169,874	\$ 175,221

#### NOTE 23 – COMPONENT UNIT TRANSACTIONS

A. The City's economic development activities via City Council Resolution 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. During the year ended September 30, 2015 Mission Redevelopment Authority reimbursed the City for costs incurred related to various projects in the amount of \$2,692,816. At September 30, 2015, the MRA owed the City \$4,865 for administrative costs. Additionally, the City owed MRA \$97,292 for property taxes collected but not yet remitted.

#### NOTE 24 – CONDUIT DEBT OBLIGATIONS

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

	Balance at September 30, 2015		
\$1,702,000 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009A dated February 1, 2009	\$	162,635	
\$1,341,250 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009B dated August 1, 2013		113,252	

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

\$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
\$40,200,000 Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 dated March 1, 2011	32,815,000
\$24,000,000 Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI Texas Corporation Project) Series 2007 dated March 1, 2007	24,000,000
\$9,000,000 Taxable Power Purchase Agreement Revenue Bonds (Nelson Garden Energy, LLC) Series 2015 dated September 30, 2015	9,000,000
<ul><li>\$56,800,000 Solid Waste Disposal Revenue Bonds</li><li>(Republic Service, Inc) Series 2012 A dated August 1, 2013</li></ul>	56,800,000
\$6,000,000 Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007 dated May 1, 2007	4,770,000
\$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
\$3,650,000 Western Emulsions, Series 2014 dated February 7, 2015	2,896,764
	<u>\$295,507,651</u>

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

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

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

In connection with the process which ultimately may lead to the issuance of conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2015, MEDC received \$7,500 of which \$3,750 was paid to the advisors.

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, 2015, MEDC received \$153,207 of which \$76,603 was paid to the advisor for local access fees.

In total, MEDC collected \$160,707 in fees related to conduit debt of which \$80,353 was paid to its advisors for application, issuance, 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 disclosures 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, 2015 the City's Utility Fund met these coverage requirements.

#### NOTE 26 – TAX INCREMENT REINVESTMENT ZONE

On September 24, 2001, the City established a Tax Increment Reinvestment Zone Number One (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The zone was formed to facilitate the provision of public works or improvements. A portion of the real property advalorem taxes levied by participating taxing entities is set aside for this purpose beginning with taxes levied after 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 \$2,060,675 and \$2,152,810 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 exofficio 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.

#### 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, 2015, the amount advanced since the inception for the City of Mission is \$2,254,349 and is reflected as part of Non-current liabilities due in more than one year in the Statement of Net Position. 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, 2015 the City complied with the budgetary requirements for the General Fund.

#### Deficit Fund Balance or Fund Net Position of Individual Funds:

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

Fund Name	Deficit Amount	Remarks
None Reported	Not Applicable	Not Applicable

#### **NOTE 29 – FUND BALANCES**

At September 30, 2015 the City of Mission has classified its fund balances with the following hierarchy:

Assigned – The City Council has assigned resources for the purpose of meeting subsequent year's budget-appropriation of fund balance. In addition, resources have been assigned 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.

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

	General Fund		Debt Service Fund		Other Governmental Funds		Gov	Total ernmental Funds
Fund balance:								
Nonspendable								
Long term receivable	\$	24,800	\$	-	\$	-	\$	24,800
Inventory		500		-		-		500
Prepaid		16,290		-		-		16,290
MEDA-land for resale		-		-		804,955		804,955
Restricted								
Capital improvements		-		-	1,	298,158	1	,298,158
Debt service		-	2,42	29,499		-	2	2,429,499
Aquatics programs		-		-		10,000		10,000
Municipal court								
Technology		-		-		179,410		179,410
Building security		-	-		54,249			54,249
Juvenile case manager		-		-		137,756		137,756
PD asset sharing		-		-	1,	051,581	1	,051,581
Drainage improvements		-		-	1,	278,474	1	,278,474
Scholarships and books		-		-		25,826		25,826
Tourism		-		-		849,426		849,426
Perpetual care		-		-		52,487		52,487
Records preservation		-		-		6,918		6,918
PEG (public, educational, and governmental)		-		-		327,181		327,181
Economic Development		-		-	1,	132,916	1	,132,916
Tax increment		-		-		3,536		3,536
Assigned								
Asset replacement		6,000		-		-		6,000
Boys and Girls Club		87,141		-		-		87,141
Subsequent year's budget-appropriation								
of fund balance	4	4,431,820		-		-	4	,431,820
Unassigned	3	3,487,394		-		-	3	3,487,394
Total Fund Balances	\$ 8	3,053,945	\$ 2,42	29,499	\$7,	212,873	\$ 17	,696,317

#### 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:

Incentinves	Commited	Expended to	Remaining	
		Date	Commitment	
Colimar International	\$ 110,000	\$ 99,409	\$ 10,591	
Royal Technology	1,300,000	600,000	700,000	
Southwest Steel Coil	450,000	-	450,000	
Wonderful Citrus	3,000,000	300,000	2,700,000	
Other Infrastructure projects	360,000	69,410	290,590	
Infrastructure projects *	1,000,000	380,958	619,042	
	\$ 6,220,000	\$ 1,449,777	\$ 4,770,223	

\*\$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, \$56,770 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 \$37,500 for the Conway and Kika Loop Paving Project.

When these construction projects are completed, the redeveloped asset will be transferred to the City of Mission. During FY 2015, \$231,914 in completed projects was conveyed to City of Mission or Texas Department of Transportation.

Balance at						В	alance at	
	Octo	ber 1, 2014	Ir	ncreases	Decreases		September 30, 2015	
Redevelopment Assets	\$	214,555	\$	94,270	\$ 231,914		\$	76,911

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

#### 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, 2015 are as follows:

	Balance			Balance
Redevelopment Projects	Oct. 1, 2014	Increase	Decrease	Sept. 30, 2015
US 83 Overpass at Inspiration Road-Phase I	339,750	-	-	339,750
US 83 Overpass at Inspiration Road-Phase II	1,856,962	-	-	1,856,962
US 83 Overpass at Inspiration Road-Phase III Military Highway West Wastewater & Water	36,906	41,250	-	78,156
Trunklines Project	83,948	-	-	83,948
Anzalduas Lift Stations	341,505	4,875		346,380
Total Redevelopment Assets	\$ 2,659,071	\$ 46,125	\$	\$ 2,705,196

During the fiscal year, the Authority recorded redevelopment expenditures as follows:

Bryan Lift Station	\$ 2,022,647
Bentson Palm Lift Station	19,912
Conway Streetscape	577,711
Inspiration Road	26,503
Waterloop	 98,607
Total	2,745,380
Transfers for completed projects	 -
	\$ 2,745,380

Of this amount, a total of \$2,692,816 represents payments to the City of Mission for redevelopment projects managed by the City. The remaining balance is attributed to engineering expenses.

#### 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. During the year, a property was sold. At September 30, 2015 the remaining properties are stated at a cost of \$804,955, which is less than their estimated fair value. These lots will continue to be sold to attract development to further benefit the City.

# NOTE 33 – EFFECT OF IMPLEMENTATION OF NEW AND CHANGE IN ACCOUNTING STANDARD

Due to the implementation of GASB 68, as discussed in Note 1, net position was restated at October 1, 2014. With the adoption of GASB 68, the City is reporting the difference between the Net Pension Obligation calculation and the Net Pension Liability calculation for all pension plans as a reduction to the prior year net position.

	Governmental	B	usiness Type	
	Activities		Activities	Total
October 1, 2014, as previously reported	\$99,601,800	\$	69,204,478	\$168,806,278
Prior period adjustment	(1,898,573)		(331,910)	(2,230,483)
October 1, 2014, as restated	\$97,703,227	\$	68,872,568	\$166,575,795

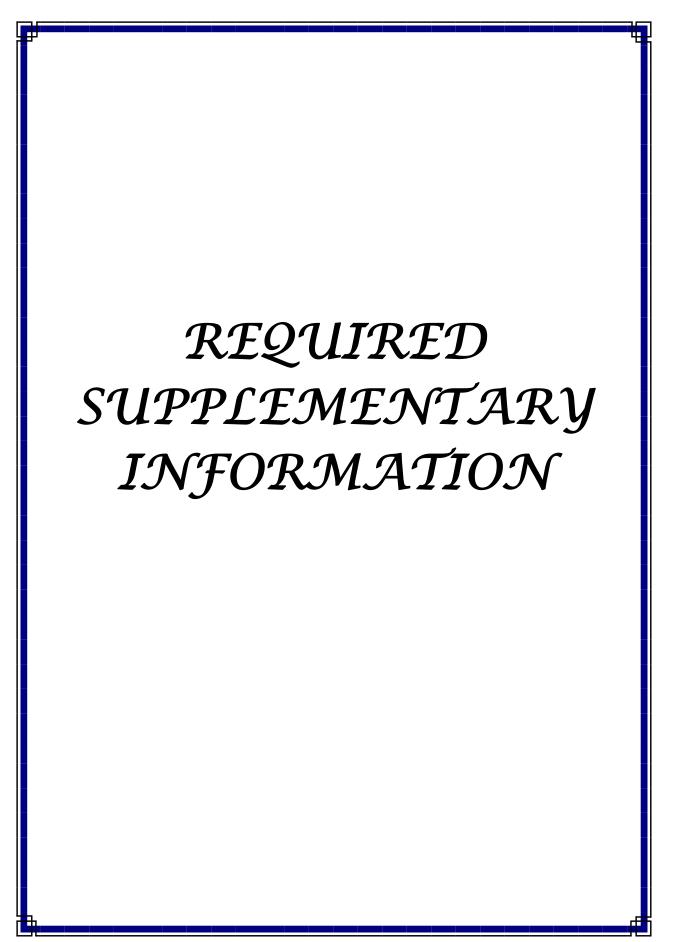
#### **NOTE 34 – SUBSEQUENT EVENTS**

Subsequent to year end, the following events or transactions occurred.

On October 28, 2015, the City closed on \$16,140,000 in bonds with the Texas Water Development Board, under its Clean Water State Revolving Fund program. The 2015 Junior Lien Revenue Bonds will be used for the City's Waste Water Treatment Plant Expansion Project.

On January 2016, the City entered an Interlocal Wastewater Treatment Agreement with Agua Special Utility District. Under such agreement, Agua intends to purchase from Mission dedicated capacity of one million gallons per day in the Waste Water Treatment Plant Expansion Project for the total sum of \$3,500,000.







## CITY OF MISSION, TEXAS

	Budgeted	Amounts	Actual Budget	Final Budget Positive
	Original Budget	Final Budget	Basis	(Negative)
Revenues:	onginal Dadger	T mai D daget	20010	(1 (egui (e)
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 14,300,000	\$ 14,300,000	\$ 14,402,163	\$ 102,163
Delinquent ad valorem taxes	430,000	430,000	443,644	13,644
Interest and penalties on taxes	330,000	330,000	340,621	10,621
Net Ad Valorem Tax Revenue	15,060,000	15,060,000	15,186,428	126,428
Sales tax	7,600,000	7,600,000	7,652,975	52,975
Sales tax-tax abatement	3,800,000	3,800,000	3,826,488	26,488
Franchise business tax	2,325,500	2,325,500	2,416,128	90,628
Telecommunication access fee	217,000	217,000	233,903	16,903
Mixed drink tax	60,000	60,000	36,258	(23,742)
Total Taxes	29,062,500	29,062,500	29,352,180	289,680
Licenses and permits:				
Occupational licenses	50,000	50,000	39,536	(10,464)
Moving and building permits	250,000	250,000	264,705	14,705
Health permits	27,000	27,000	32,710	5,710
Electrical permits	60,000	60,000	79,594	19,594
Mechanical permits	30,000	30,000	35,330	5,330
Plumbing permits	55,000	55,000	60,686	5,686
Alarm permits	12,000	12,000	11,950	(50)
Miscellaneous	35,000	35,000	25,953	(9,047)
Total Licenses and Permits	519,000	519,000	550,464	31,464
Intergovernmental:				
MCISD and SISD Dare Program	587,500	587,500	697,281	109,781
Reimb TXDOT/ROW	469,397	469,397	211,755	(257,642)
ReimbHidalgo CoTaylor Rd.	-	-	143,365	143,365
ReimbCity of McAllen-Taylor Rd.	-	-	143,365	143,365
County contribution-rural fires	40,000	40,000	15,525	(24,475)
County restitution reimbursement	1,500	1,500	100	(1,400)
Overhead-MRA	175,000	175,000	210,674	35,674
FEMA reimbursement	-	-	40,657	40,657
FBI overtime	-	-	1,509	1,509
Task Force Peace Officers Fire Prev.	22,000	22,000	27,675 975	5,675 975
DEA Overtime Task Force	30,000	30,000		
Hidalgo County-library	30,000	14,513	15,971	(14,029) (14,513)
Total Intergovernmental	1,325,397	1,339,910	1,508,852	168,942
-				
Charges for services: Birth certificate service	1 100	1 100	1 115	15
Inspection fee-2%	1,100 25,000	1,100 25,000	1,115 46,014	
Construction material testing fee	10,000	10,000	46,014 37,196	21,014 27,196
Fire inspection fee	22,000	22,000	23,626	1,626
Judicial fee-City	5,500	5,500	5,079	(421)
Corporation court fines tax	50,000	50,000	49,089	(421) (911)
corporation court miles an	50,000	50,000	77,007	()11)

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

Variance with

## CITY OF MISSION, TEXAS

			A / 1	Variance with	
			Actual	Final Budget	
	Budgeted Original Budget	Amounts Final Budget	Budget Basis	Positive (Negative)	
Abandoned motor vehicle fee	Oliginal Budget		2,790	2,790	
Library reservations fee	60	60	125	2,790	
Lot cleaning	25,000	25,000	49.008	24,008	
Lot cleaning-admin. Fee	10,000	10,000	30,738	20,738	
Lease-service center complex	6,000	6,000	6,000		
Library copies	30,000	30,000	40,733	10,733	
Rent-City buildings	6,000	6,000	6,033	33	
Basketball fees & charges	8,500	8,500	3,735	(4,765)	
Softball fees & charges	11,000	11,000	2,650	(8,350)	
Football fees & charges	7,500	7,500	6,329	(1,171)	
Kickball fees & charges	2,400	2,400	1,600	(800)	
Volleyball fees & charges	4,100	4,100	3,150	(950)	
Park facility rentals	8,000	8,000	24,567	16,567	
Other recreational fees	8,000	8,000	8,356	356	
Bannworth pool fees	39,500	39,500	42,197	2,697	
Year-round swim program	16,200	16,200	19,891	3,691	
Library rentals	75	75	240	165	
Cemetery charges	75,000	75,000	92,445	17,445	
Vital statistics	115,000	115,000	115,239	239	
Burial transit permit	1,000	1,000	1,083	83	
Animal control & shelter fee	3,000	3,000	1,996	(1,004)	
Zoning and subdivision fees	40,000	40,000	38,438	(1,562)	
5% credit card fee	11,000	11,000	11,749	749	
Food manager/handler ID fee	18,000	18,000	18,675	675	
Restitution fee-Local	-	-	142	142	
Arrest fees-M.P.D.	46,000	46,000	43,502	(2,498)	
Truancy prevention & diversion	2,500	2,500	7,193	4,693	
Police Dept. service charges	8,000	8,000	9,485	1,485	
Total Charges for Services	615,435	615,435	750,208	134,773	
Fines:					
Corporation court fines	690,000	690,000	700,174	10,174	
Warrant execution fee	155,000	155,000	136,973	(18,027)	
Library fines	7,500	7,500	11,116	3,616	
Total Fines	852,500	852,500	848,263	(4,237)	
Interest:					
Interest earned on investments	35,000	35,000	52,478	17,478	
Interest earned on demand deposits	8,500	8,500	13,154	4,654	
Total Interest	43,500	43,500	65,632	22,132	
Miscellaneous:					
ReimbTX Citrus Fiesta	45,000	45,000	31,125	(13,875)	
ReimbOther state agencies	-	-	82,207	82,207	
Child safety fees	10,000	10,000	10,472	472	
Library donations/memorial	200	200	495	295	
Insurance settlement	25,000	25,000	30,139	5,139	
Miscellaneous income	35,000	35,000	165,778	130,778	
Coke machine & vending machines	2,000	2,000	1,379	(621)	

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

Variance with

## CITY OF MISSION, TEXAS

			Actual	Final Budget
	Budgeted	Amounts	Budget	Positive
	Original Budget	Final Budget	Basis	(Negative)
Street signs reimbursement	1,000	1,000	225	(775)
Universal service fund rebate	-	25,048	25,084	36
Reimbursement-MEDA	-	250,000	250,000	-
Oil lease	2,000	2,000	2,484	484
Contribution and donations	500	500		(500)
Total Miscellaneous	120,700	395,748	599,388	203,640
Total Revenues	32,539,032	32,828,593	33,674,987	846,394
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	1,800	1,800	1,800	-
Employee benefits	1,365	1,365	1,342	23
Other purchased services	16,120	16,120	20,800	(4,680)
Supplies	2,000	2,000	1,816	184
Miscellaneous	600	600	253	347
	21,885	21,885	26,011	(4,126)
Executive Administration:				
Personal services	389,050	435,357	332,129	103,228
Employee benefits	108,907	118,732	90,479	28,253
				28,233 573
Purchased property services	2,000	5,650	5,077	
Other purchased services	21,550	22,350	10,465	11,885
Supplies	4,350	5,550	3,753	1,797
Capital outlays	-	8,100	-	8,100
Miscellaneous	1,000	1,000	1,795	(795)
	526,857	596,739	443,698	153,041
Finance Department:				
Personal services	417,729	417,729	403,185	14,544
Employee benefits	114,502	114,502	104,750	9,752
Purchased property services	4,100	4,100	3,606	494
Other purchased services	7,450	7,450	6,695	755
Supplies	5,300	5,300	4,390	910
Miscellaneous	1,000	1,000	770	230
	550,081	550,081	523,396	26,685
Municipal Court:				
Personal services	497,468	497,468	533,725	(36,257)
Employee benefits	141,660	141,660	140,716	944
Professional & technical services	12,000	12,000	6,150	5,850
Other purchased services	4,200	4,200	4,687	(487)
Supplies	4,200 5,700	4,200 5,700	4,087 5,659	(487)
Miscellaneous	5,780	5,780	5,279	501
111500114110005				
	666,808	666,808	696,216	(29,408)

## CITY OF MISSION, TEXAS

	Budgeted	Budgeted Amounts		Final Budget Positive	
	Original Budget	Final Budget	Budget Basis	(Negative)	
Planning:	onginal Dudgor	T mai D ddgot	24515	(1 (egua (e)	
Personal services	530,895	530,895	484,129	46,766	
Employee benefits	161,301	161,301	147,784	13,517	
Purchased property services	8,691	7,023	7,560	(537)	
Other purchased services	23,600	24,530	23,325	1,205	
Supplies	18,200	15,800	15,659	141	
Miscellaneous	14,950	68,088	31,102	36,986	
	757,637	807,637	709,559	98,078	
Facilities Maintenance:					
Personal services	349,059	349,059	330,543	18,516	
Employee benefits	129,032	129,032	118,512	10,520	
Purchased property services	55,500	39,300	28,220	11,080	
Other purchased services	2,800	2,800	3,701	(901)	
Supplies	159,800	177,200	178,878	(1,678)	
Miscellaneous	1,200		80	(80)	
	697,391	697,391	659,934	37,457	
Fleet Maintenance:					
Professional & technical services	903,000	903,000	834,372	68,628	
Capital outlay	9,000	9,000	6,398	2,602	
Miscellaneous	60,000	60,000	51,281	8,719	
	972,000	972,000	892,051	79,949	
Organizational Expense:					
Professional & technical services	1,224,522	1,224,522	980,890	243,632	
Purchased property services	154,300	154,300	133,798	20,502	
Other purchased services	107,900	109,200	130,981	(21,781)	
Supplies	9,250	9,250	5,174	4,076	
Capital outlays	218,089	246,089	262,975	(16,886)	
Miscellaneous	978,987	1,152,687	734,100	418,587	
	2,693,048	2,896,048	2,247,918	648,130	
Purchasing:	105.050		105 550	(100)	
Personal services	127,070	127,070	127,558	(488)	
Employee benefits	40,452	40,452	39,423	1,029 76	
Purchased property services	2,550	2,250	2,174		
Other purchased services Supplies	13,400 1,450	13,988 1,350	13,170 1,076	818 274	
Miscellaneous	800	612	612	274	
Wiscenaneous	185,722	185,722	184,013	1,709	
	165,722	183,722	184,015	1,709	
City Secretary: Personal services	221,117	221,117	221,288	(171)	
Employee benefits	68,399	68,399	66,039	2,360	
Professional & technical services	10,200	10,200	10,200	2,300	
Purchased property services	1,400	1,400	1,352	48	
Other purchased services	17,800	17,300	12,987	4,313	
Supplies	800	1,300	1,299	1,515	
Miscellaneous	1,700	1,700	809	891	
	321,416	321,416	313,974	7,442	
	- , •	7 -		- 7 -	

## CITY OF MISSION, TEXAS

	Budgeted Amounts		Actual Budget	Final Budget Positive
	Original Budget	Final Budget	Basis	(Negative)
Risk Management:				
Personal services	81,744	81,744	82,055	(311)
Employee benefits	27,442	27,442	26,747	695
Professional & technical services	10,500	10,500	5,425	5,075
Purchased property services	1,750	1,750	2,258	(508)
Other purchased services	307,000	307,000	322,176	(15,176)
Supplies	10,950	10,950	9,492	1,458
Miscellaneous	100	100	-	100
	439,486	439,486	448,153	(8,667)
Civil Service:				
Personal services	85,090	85,090	85,416	(326)
Employee benefits	23,324	23,324	22,839	485
Professional & technical services	41,000	38,310	42,920	(4,610)
Other purchased services	6,100	4,650	5,105	(455)
Supplies	7,000	11,140	12,320	(1,180)
	162,514	162,514	168,600	(6,086)
Human Resources:				
Personal services	166,550	166,550	167,048	(498)
Employee benefits	45,622	45,622	43,967	1,655
Professional & technical services	12,000	12,000	15,516	(3,516)
Purchased property services	1,500	1,500	1,758	(258)
Other purchased services	3,050	3,050	2,975	75
Supplies	1,750	1,750	1,647	103
Miscellaneous	1,685	1,685	1,356	329
	232,157	232,157	234,267	(2,110)
Information Technology:				
Personal services	162,088	162,088	162,620	(532)
Employee benefits	51,934	51,934	49,907	2,027
Purchased property services	82,000	82,000	68,033	13,967
Other purchased services	4,500	4,100	1,553	2,547
Supplies	700	1,100	735	365
Capital outlay	-	-	5,865	(5,865)
Miscellaneous	18	18	18	-
	301,240	301,240	288,731	12,509
Media Relations:				
Personal services	79,024	79,024	76,280	2,744
Employee benefits	22,266	22,266	20,681	1,585
Other purchased services	1,000	1,000	1,985	(985)
Supplies	4,900	4,900	1,314	3,586
	107,190	107,190	100,260	6,930
Total General Government	8,635,432	8,958,314	7,936,781	1,021,533

## CITY OF MISSION, TEXAS

			Actual	Final Budget	
	Budgeted		Budget	Positive	
	Original Budget	Final Budget	Basis	(Negative)	
Public Safety:					
Police Department: Personal services	10 247 822	10 247 922	0 724 012	513,820	
	10,247,832	10,247,832	9,734,012	,	
Employee benefits	2,799,436 92,000	2,799,436	2,574,277 108,602	225,159	
Professional & technical services Purchased property services	414,837	112,000 439,837	427,053	3,398 12,784	
Other purchased services	233,400	233,400	219,993	12,784	
Supplies					
Miscellaneous	473,263 24,150	428,263 24,150	310,555 21,070	117,708	
Miscellaneous				3,080	
	14,284,918	14,284,918	13,395,562	889,356	
Fire Department:					
Personal services	4,154,119	4,154,119	4,067,239	86,880	
Employee benefits	1,122,197	1,122,197	1,015,546	106,651	
Purchased property services	174,800	175,225	148,118	27,107	
Other purchased services	88,100	88,100	88,639	(539)	
Supplies	189,900	189,065	136,594	52,471	
Capital outlays	7,500	7,500	7,653	(153)	
Miscellaneous	19,250	19,660	8,143	11,517	
	5,755,866	5,755,866	5,471,932	283,934	
Fire Prevention Bureau:					
Personal services	406,067	406,067	416,668	(10,601)	
Employee benefits	104,836	104,836	100,409	4,427	
Purchased property services	7,500	6,500	4,349	2,151	
Other purchased services	10,200	10,200	7,938	2,151	
Supplies	22,300	23,300	15,965	7,335	
Miscellaneous	365	365	342	23	
Miscenaneous	551,268	551,268	545,671	5,597	
		551,208	545,071	5,597	
Total Public Safety	20,592,052	20,592,052	19,413,165	1,178,887	
Highways and Streets:					
Street Department:					
Personal services	829,929	829,929	780,300	49,629	
Employee benefits	368,651	368,651	335,624	33,027	
Professional & technical services	45,000	39,800	52,825	(13,025)	
Purchased property services	1,145,000	1,145,000	1,150,925	(5,925)	
Other purchased services	9,300	9,300	8,998	302	
Supplies	453,800	459,000	439,025	19,975	
Capital outlays	1,249,743	1,249,743	1,081,284	168,459	
Miscellaneous	1,570	51,570	50,934	636	
	4,102,993	4,152,993	3,899,915	253,078	
Total Highways and Streets	4,102,993	4,152,993	3,899,915	253,078	

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

Variance with

## CITY OF MISSION, TEXAS

	Budgeted	Amounts	Actual Budget	Final Budget Positive
	Original Budget	Final Budget	Basis	(Negative)
Health and Welfare:				
Health Regulations and Inspections:				
Personal services	240,631	240,631	235,800	4,831
Employee benefits	79,637	79,637	75,859	3,778
Purchased property services	400	400	1,085	(685)
Other purchased services	7,050	7,060	6,693	367
Supplies	38,000	36,990	27,447	9,543
Capital outlays	10,500	10,500	10,044	456
Miscellaneous	1,300	2,300	1,773	527
	377,518	377,518	358,701	18,817
Total Health and Welfare	377,518	377,518	358,701	18,817
Culture and Recreation:				
Mission Historical Museum:				
Personal services	159,022	159,022	159,623	(601)
Employee benefits	56,218	56,218	54,062	2,156
Purchased property services	24,900	24,900	21,013	3,887
Other purchased services	10,400	10,315	9,314	1,001
Supplies	2,350	2,400	2,016	384
Miscellaneous		35	90	(55)
	252,890	252,890	246,118	6,772
Parks and Recreation Administration:				
Personal services	201,998	201,998	187,821	14,177
Employee benefits	57,403	57,403	47,599	9,804
Purchased property services	27,000	26,500	27,930	(1,430)
Other purchased services	2,250	2,250	2,691	(441)
Supplies	2,500	3,000	2,954	46
Miscellaneous	<u> </u>	201 251	51 269,046	49 22,205
	291,231	291,251	209,040	22,203
Parks: Personal services	970 429	970 409	772 287	07 141
	870,428 345,071	870,428 345,071	773,287 312,293	97,141 32,778
Employee benefits	461,000	469,320		
Purchased property services Other purchased services	16,000	16,000	381,132 13,715	88,188 2,285
Supplies	184,450	176,130	144,893	31,237
Capital outlays	184,450	5,000	11,035	(6,035)
Miscellaneous	2,300	2,300	1,124	1,176
Wiscenarcous	1,879,249	1,884,249	1,637,479	246,770
			,,	
Recreation: Personal services	198,708	198,708	191,973	6,735
Employee benefits	50,928	50,928	46,282	4,646
Professional and technical services	73,000	72,568	33,586	38,982
Other purchased services	31,000	31,000	28,631	2,369
Supplies	23,400	23,400	22,719	681
Miscellaneous	3,500	3,932	3,699	233
	380,536	380,536	326,890	53,646

#### EXHIBIT B-1 Page 8 of 8

Variance with

## CITY OF MISSION, TEXAS

	Budgeted Amounts		Actual Budget	Final Budget Positive	
	Original Budget	Final Budget	Basis	(Negative)	
Library:					
Personal services	762,212	762,212	720,156	42,056	
Employee benefits	218,413	218,413	201,471	16,942	
Purchased property services	110,430	116,264	104,603	11,661	
Other purchased services	40,050	51,063	34,939	16,124	
Supplies	31,670	36,558	34,555	2,003	
Capital outlays	-	4,326	4,177	149	
Miscellaneous	64,900	78,400	78,460	(60)	
	1,227,675	1,267,236	1,178,361	88,875	
Bannworth Pool:					
Personal services	88,394	88,394	64,773	23,621	
Employee benefits	24,831	24,831	15,134	9,697	
Purchased property services	36,800	36,800	41,950	(5,150)	
Other purchased services	8,800	8,800	2,996	5,804	
Supplies	19,800	19,800	15,284	4,516	
Miscellaneous	900	900	330	570	
	179,525	179,525	140,467	39,058	
Total Culture and Recreation	4,211,126	4,255,687	3,798,361	457,326	
Debt Service:					
Principal retirement	48,168	48,168	48,321	(153)	
Interest	11,212	11,212	11,058	154	
increst	59,380	59,380	59,379	134	
	57,500				
Total Debt Service	59,380	59,380	59,379	1	
Total Expenditures	37,978,501	38,395,944	35,466,302	2,929,642	
Excess (Deficiency) of					
Revenue Over Expenditures	(5,439,469)	(5,567,351)	(1,791,315)	3,776,036	
Other Financing Sources (Uses):					
Sale of capital assets	7,247	7,247	55,025	47,778	
Transfers in	4,400,000	4,400,000	4,400,000	-	
Transfers out	(3,124,826)	(3,488,826)	(2,851,094)	637,732	
Total Other Financing Sources (Uses)	1,282,421	918,421	1,603,931	685,510	
Net Change in Fund Balance	(4,157,048)	(4,648,930)	(187,384)	4,461,546	
Fund Balance at Beginning of Year	8,148,192	8,148,192	8,148,192		
Fund Balance at End of Year	\$ 3,991,144	\$ 3,499,262	\$ 7,960,808	\$ 4,461,546	

RECONCILIATION OF THE GENERAL FUND BUDGETARY SCHEDULE TO THE STATEMENT OF REVENUES AND EXPENDITURES SEPTEMBER 30, 2015

Net Changes in the General Fund Fund Balance	\$ (187,384)
Amounts included in the Statement of Revenues and Expenditures for funds which did not meet the requirements for GASB 54 and were merged into the General Fund.	
Budgets were approved for these funds.	
Revenues:	
Capital Assets Fund revenues and transfers-in	80,097
Boys and Girls Club Fund revenues and transfers-in	519,896
Expenditures:	
Capital Assets expenditures	(160,006)
Boys and Girls Club expenditures	 (596,026)
Net Change in Fund Balances	\$ (343,423)

The accompanying notes are an integral part of this statement.

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR AGENT MULTIPLE-EMPLOYER PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

	2015	
Total Pension Liability		
Service cost	\$	2,887,755
Interest (on the Total Pension Liability)		4,642,161
Changes of benefit terms		-
Difference between expected and actual experience		270,001
Changes of assumptions		-
Benefit payments, including refunds of		
employee contributions		(2,158,651)
Net change in total pension liability	\$	5,641,266
Total pension liability - beginning		65,952,040
Total pension liability - ending (a)	\$	71,593,306
Plan Fiduciary Net Position		
Contributions - employer	\$	1,973,751
Contributions - employee		1,528,747
Net investment income		3,514,549
Benefit payments, including refunds of		
employee contributions		(2,158,651)
Administrative expense		(36,688)
Other		(3,016)
Net change in plan fiduciary net position	\$	4,818,692
Plan fiduciary net position - beginning		61,427,592
Plan fiduciary net position - ending (b)	\$	66,246,284
Net Pension Liability (a-b)	\$	5,347,022
Plan Fiduciary Net Positioon as a Percentage		00.500
of the Total Pension Liability [b/a]		92.53%
Covered - Employee Payroll	\$	25,321,089
Net Pension Liability as a Percentage of Covered Employee Payroll		21.12%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-yer trend is compiled, this schedule provides the information of those years for which information is available.

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITIES OF COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

	 2015	
City's proportion of the net pension liability	0.079%	
City's proportionate share of the net pension liability	\$ 14,356	
City's number of active members*	7	
City's net pension liability per active member	\$ 2,051	
Plan fiduciary net position as a percentage of the total		
pension liability	83.5%	

\* There is no compensation for active members, so number of active members is used instead.

Notes to Schedule of City's Proportionate Share of the Net Pension Liabilities

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-yer trend is compiled, this schedule provides the information of those years for which information is available.

## SCHEDULE OF CITY CONTRIBUTIONS FOR ALL PENSION PLANS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015

		2015
Texas Emergency Services Retirement System (TESRS)		
Contractually required contribution	\$	4,224
Contributions in relation to the contractually		
required contribution	\$	4,224
Contribution deficiency (excess)	\$	-
Number of active members*		7
Contributions per active member	\$	603

\* There is no compensation for active members, so number of active members is used instead.

	 2015
<b>Texas Municipal Retirement System (TMRS)</b>	
Actuarially determined contribution	\$ 2,041,476
Contributions in relation to the actuarially	
determined contribution	\$ 2,041,476
Contribution deficiency (excess)	-
Covered employee payroll	\$ 25,843,740
Contribution as a percentage of covered	
employee payroll	7.90%

Notes to Schedule of Contributions

Valuation Date:

Notes-Actuarially determined contribution rates are calculated as of December 31,

and become effective in January, 13 months later.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-yer trend is compiled, this schedule provides the information of those years for which information is available.

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

			Actuarial				UAAL as a
Actuarial	Actuarial		Accrued		Unfunded	Annual	Percentage
Valuation	Value of		(AAL)	Percent	AAL	Covered	Covered
Date	Assets		Liability	Funded	(UAAL)	Payroll	Payroll
July 1,	(a)		(b)	(a/b)	(b-a)	( c )	((b-a)/c)
2012	\$	-	\$ 1,386,881	0.0%	\$ 1,386,881	\$ 19,719,814	7.0%
2014	\$	-	\$ 1,520,543	0.0%	\$ 1,520,543	\$ 20,262,429	7.5%
2015*	\$	-	\$ 1,657,392	0.0%	\$ 1,657,392	\$ 25,843,740	6.4%

\* Estimated

#### CITY OF MISSION, TEXAS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2015

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	\$ 5,676,757
Capital Project Funds	\$ 113,000

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 assigned.

### CITY OF MISSION, TEXAS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2015

During the year ended September 30, 2015, three General Fund Department expenditures exceeded appropriations by a total of \$46,271. See Exhibit B-1.

## **Budget to GAAP Reconciliation**

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

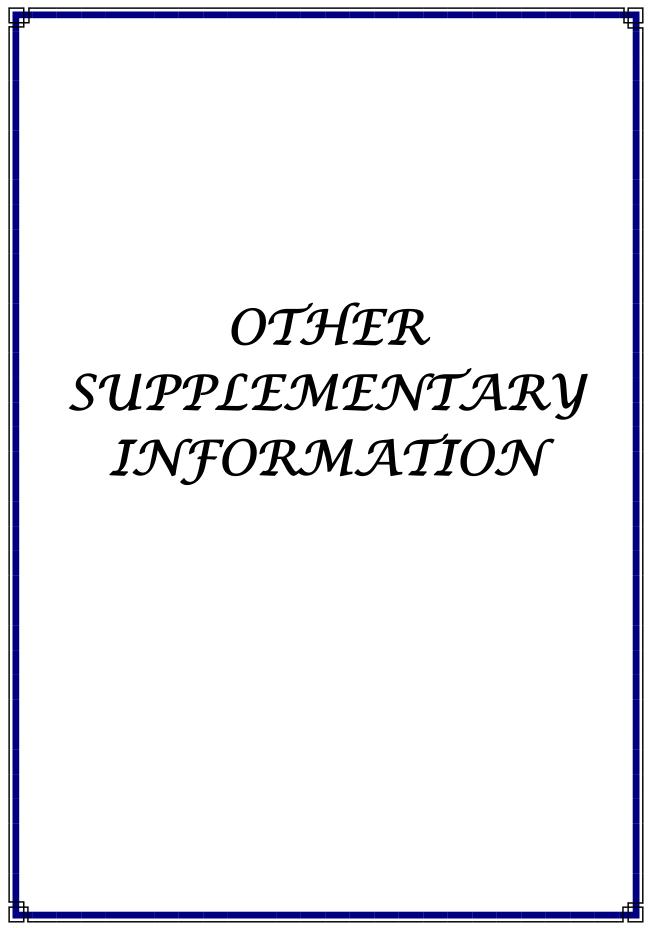
Revenues:		General Fund
Actual revenues (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)		\$ 33,649,937
Adjustments due to GASB Statement 54: Capital Asset Replacement Fund revenues Boys and Girls Club revenues	96 <u>219,897</u>	
Total adjustments necessary		219,993
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)		<u>\$ 33,869,930</u>

Note: Does not include other financing resources.

## CITY OF MISSION, TEXAS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2015

## Budget to GAAP Reconciliation (Continued)

Expenditures:		General Fund
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)		\$35,441,252
Adjustments due to GASB Statement 54: Capital Asset Replacement Fund expenditures Boys and Girls Club expenditures	160,006 <u>596,026</u>	
Total adjustments necessary		756,032
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)		<u>\$36,197,284</u>





## **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.

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

<u>Aquatics Fund</u>: To account for the swimming pool recreation facility.

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

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

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

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

<u>Drainage Assessment Fund</u>: 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.

<u>Cemetery Fund</u>: 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.

<u>Records Preservation Fund</u>: To account for fees collected for providing preservation of records.

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

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

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

<u>Park Dedication Fund</u>: 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)

<u>Juvenile Case Manager</u>: 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.

<u>PEG Capital Fund:</u> 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.

<u>Tax Increment Reinvestment Fund</u>: 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

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

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

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

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

# **CITY OF MISSION, TEXAS** *COMBINING BALANCE SHEET*

## NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

ASSETS		Special Revenue Funds	-			Total Nonmajor Governmental Funds (See Exhibit A-3)	
Cash and cash equivalents	\$	4,495,796	\$	1,268,305		\$	5,764,101
Investments		872,235		389,387			1,261,622
Receivables:							
Accounts		473,986		18,829			492,815
Special assessments		139,470		-			139,470
Less: allowance for uncollectable		(5,398)		-			(5,398)
Due from other governments		585,413		461,148			1,046,561
Due from component unit		9,523		78,234			87,757
Land held for resale		804,955		-			804,955
Total Assets	\$	7,375,980	\$	2,215,903		\$	9,591,883
LIABILITIES							
Accounts payable	\$	318,435	\$	318,679		\$	637,114
Other liabilities		5,949		276,253			282,202
Retainage payable		181,617		233,520			415,137
Accrued payroll		3,207		-			3,207
Due to other funds		449,586		89,292			538,878
Due to component unit		97,292		-			97,292
Unearned revenue		405,179		-			405,179
Total Liabilities	_	1,461,265		917,744			2,379,009
FUND BALANCES							
Nonspendable		804,955		-			804,955
Restricted		5,109,759		1,298,159			6,407,918
Total Fund Balances		5,914,714		1,298,159			7,212,873
Total Liabilities and Fund Balances	\$	7,375,979	\$	2,215,903	:	\$	9,591,882



#### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES	<b>* 1 51 1 2 0</b>	ф.	<b>•</b> • • • • • • • • • • • • • • • • • •
Taxes and special assessments	\$ 1,651,130	\$ -	\$ 1,651,130
Intergovernmental	5,208,522	3,282,551	8,491,073
Charges for services	403,733	-	403,733
Interest	11,565	892	12,457
Miscellaneous	112,827	368,750	481,577
Total Revenues	7,387,777	3,652,193	11,039,970
EXPENDITURES			
Current:			
General government	1,070,996	-	1,070,996
Public safety	1,971,357	-	1,971,357
Highways and streets	1,486,897	-	1,486,897
Culture and recreation	1,059,738	-	1,059,738
Health and welfare	67,337	-	67,337
Economic development	4,544,891	-	4,544,891
Capital projects	_	3,862,838	3,862,838
Total Expenditures	10,201,216	3,862,838	14,064,054
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(2,813,439)	(210,645)	(3,024,084)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	241,131	-	241,131
Transfers in	2,436,324	490,011	2,926,335
Transfers out	(20,394)	-	(20,394)
Total Other Financing Sources (Uses)	2,657,061	490,011	3,147,072
Net Change in Fund Balances	(156,378)	279,366	122,988
Fund Balances at Beginning of Year	6,071,091	1,018,793	7,089,884
Fund Balances at End of Year	\$ 5,914,714	\$ 1,298,159	\$ 7,212,872

#### COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2015

ASSETS	 CDBG	1	Aquatics Fund	Police Department Special Fund		
Cash and cash equivalents	\$ 818	\$	-	\$	102,409	
Investments	-		-		422,562	
Receivables:						
Accounts	138,631		-		-	
Special assessments	-		-		-	
Less: allowance for uncollectable	-		-		-	
Due from other governments	79,433		151,064		-	
Due from component unit	-		-		-	
Land held for resale	 -		-		_	
Total Assets	\$ 218,882	\$	151,064	\$	524,971	
LIABILITIES						
Accounts payable	\$ 69,755	\$	13,754	\$	3,000	
Other liabilities	757		344		-	
Retainage payable	-		-		-	
Accrued payroll	1,204		815		-	
Due to other funds	8,535		126,151		-	
Due to component unit	-		-		-	
Unearned revenue	 138,631		-		-	
Total Liabilities	 218,882		141,064		3,000	
FUND BALANCES						
Nonspendable	-		-		-	
Restricted	-		10,000		521,971	
Total Fund Balances	 -		10,000		521,971	
Total Liabilities and Fund Balances	\$ 218,882	\$	151,064	\$	524,971	

Police Federal aring Fund	icipal Court chnology Fund	esignated Purpose Fund	Drainage Assessment Fund	C	emetery Fund	Pres	ecords servation Fund
\$ 504,937 51,313	\$ 80,039 99,590	\$ -	\$ 1,184,789	\$	52,487	\$	6,918 -
\$ 556,250	\$ - - - 179,629	\$ 133,431 - 354,916 - 488,347	\$ 139,470 (5,398) - - 1,318,861	\$	- - - 52,487	\$	- - - - 6,918
\$ 26,640 - - - - 26,640	\$ 219	\$ 63,045 4,423 150,197 284 265,345 - 5,052 488,346	\$ 17,664 333 18,394 732 3,265 - - 40,388	\$	- - - - - - -	\$	- - - - - - -
\$ 529,610 529,610 556,250	\$ 179,410 179,410 179,629	\$ - - - 488,346	\$ 1,278,473 1,278,473 1,318,861	\$	52,487 52,487 52,487	\$	6,918 6,918 6,918

#### COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2015

	Speer Memorial Library		Hotel/Motel Tax Fund		Municipal Court Building Security Fund	
ASSETS						
Cash and cash equivalents	\$	25,826	\$	675,829	\$	-
Investments		-		-		99,590
Receivables:						
Accounts		-		173,597		-
Special assessments		-		-		-
Less: allowance for uncollectable		-		-		-
Due from other governments		-		-		-
Due from component unit		-		-		-
Land held for resale		-		-		_
Total Assets	\$	25,826	\$	849,426	\$	99,590
LIABILITIES						
Accounts payable	\$	-	\$	-	\$	-
Other liabilities		-		-		-
Retainage payable		-		-		-
Accrued payroll		-		-		-
Due to other funds		-		-		45,341
Due to component unit		-		-		-
Unearned revenue		-		-		-
Total Liabilities		-		-		45,341
FUND BALANCES						
Nonspendable		-		-		-
Restricted		25,826		849,426		54,249
Total Fund Balances		25,826		849,426		54,249
Total Liabilities and Fund Balances	\$	25,826	\$	849,426	\$	99,590

D	Park edication Fund	enile Case Manager Fund	PE	G Capital Fund	Rei	Increment nvestment one Fund	E Dev	Mission conomic velopment uthority	Spe F	Total Nonmajor cial Revenue Sunds (See xhibit C-1)
\$	290,697 99,590	\$ 138,021	\$	204,929 99,590	\$	100,828	\$	1,127,269 -	\$	4,495,796 872,235
	-	-		22,662		-		5,665		473,986 139,470
	-	-		-		-		-		(5,398) 585,413
\$	9,523 - 399,810	\$ - 138,021	\$	327,181	\$	- 100,828	\$	- 804,955 1,937,889	\$	9,523 804,955 7,375,980
\$	124,340	\$ -	\$	-	\$	-	\$	18	\$	318,435
	-	92		-		-		-		5,949
	13,026	172		-		-		-		181,617 3,207
	948	1/2		_		-		_		449,586
	-	-		-		97,292		-		97,292
	261,496	-		-		-		-		405,179
	399,810	 265		-		97,292		18	_	1,461,265
	-	-		-		-		804,955		804,955
	_	 137,756		327,181		3,536		1,132,916		5,109,759
	-	 137,756		327,181		3,536		1,937,871	_	5,914,714
\$	399,810	\$ 138,021	\$	327,181	\$	100,828	\$	1,937,889	\$	7,375,979

#### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	CDBG	Aquatics Fund	Police Department Special Fund
REVENUES	¢	¢	¢
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	1,040,004	11,761	33,110
Charges for services	-	59,416	-
Interest	-	-	1,552
Miscellaneous	7,720	382	211
Total Revenues	1,047,724	71,559	34,873
EXPENDITURES			
Current:			
General government	980,387	-	-
Public safety	-	-	354,594
Highways and streets	-	-	-
Culture and recreation	-	334,678	-
Health and welfare	67,337	-	-
Economic development	-	-	-
Total Expenditures	1,047,724	334,678	354,594
Excess (Deficiency) of			
Revenues Over (Under) Expenditures		(263,119)	(319,721)
OTHER FINANCING SOURCES (USES) Proceeds from sale of assets			124,955
Transfers in	-	263,119	124,755
Transfers out		203,117	(6,197)
Total Other Financing Sources (Uses)		263,119	118,758
Total Otici T matering Sources (Oses)		203,119	110,750
Net Change in Fund Balances	-	-	(200,963)
Fund Balances at Beginning of Year		10,000	722,934
Fund Balances at End of Year	\$ -	\$ 10,000	\$ 521,971

#### **EXHIBIT C-4** Page 1 of 2

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Cemetery Fund	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 902,318	\$ -	\$ -
481,787	-	1,571,663	-	-	-
-	35,380	-	-	10,400	6,200
1,721	932	-	2,404	119	20
<u>8,313</u> 491,821	36,312	2,411 1,574,074	180 904,902	10,519	6,220
491,821	50,512	1,574,074	904,902	10,519	0,220
-	44,830	-	-	3,106	7,486
906,058	-	710,705	-	-	-
-	-	832,232	654,665	-	-
-	-	51,531	-	-	-
-	-	-	-	-	-
				-	
906,058	44,830	1,594,468	654,665	3,106	7,486
(414,237)	(8,518)	(20,394)	250,237	7,413	(1,266)
-	-	-	-	-	-
-	-	20,395	-	-	-
(14,197)					-
(14,197)		20,395			
(428,434)	(8,518)	1	250,237	7,413	(1,266)
958,044	187,928		1,028,237	45,074	8,184
\$ 529,610	\$ 179,410	\$ 1	\$ 1,278,473	\$ 52,487	\$ 6,918

#### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Speer Memorial Library		Hotel/Motel Tax Fund		icipal Court ing Security Fund
REVENUES					
Taxes and special assessments	\$	-	\$ 748,812	\$	-
Intergovernmental		-	-		-
Charges for services		-	-		26,394
Interest		27	1,315		788
Miscellaneous		-	 -		-
Total Revenues		27	 750,127		27,182
EXPENDITURES					
Current:					
General government		-	-		7,191
Public safety		-	-		-
Highways and streets		-	-		-
Culture and recreation		-	439,728		-
Health and welfare		-	-		-
Economic development		-	 -		-
Total Expenditures		-	 439,728		7,191
Excess (Deficiency) of					
Revenues Over (Under) Expenditures		27	 310,399		19,991
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets		-	-		-
Transfers in		-	-		-
Transfers out		-	-		-
Total Other Financing Sources (Uses)		-	 -		-
Net Change in Fund Balances		27	310,399		19,991
Fund Balances at Beginning of Year		25,799	 539,027		34,257
Fund Balances at End of Year	\$	25,826	\$ 849,426	\$	54,249

#### **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)
\$ - 9,523	\$ -	\$ -	\$- 2,060,675	\$	\$ 1,651,130 5,208,523
224,278	41,665	_	2,000,075	-	403,733
	312	1,113	606	656	11,565
-	-	93,216	-	394	112,827
233,801	41,977	94,329	2,061,281	1,050	7,387,778
-	27,672	324	-	-	1,070,996
-	-	-	-	-	1,971,357
-	-	-	-	-	1,486,897
233,801	-	-	-	-	1,059,738
-	-	-	-	-	67,337
-		-	4,214,042	330,849	4,544,891
233,801	27,672	324	4,214,042	330,849	10,201,216
-	14,305	94,005	(2,152,761)	(329,799)	(2,813,438)
-	-	-	-	116,176	241,131
-	-	-	2,152,810	-	2,436,324
					(20,394)
-			2,152,810	116,176	2,657,061
-	14,305	94,005	49	(213,623)	(156,377)
	123,451	233,176	3,487	2,151,493	6,071,091
\$ -	\$ 137,756	\$ 327,181	\$ 3,536	\$ 1,937,871	\$ 5,914,715

#### COMMUNITY DEVELOPMENT FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

			Variance with Final Budget
			Positive
	Budgeted	Actual	(Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,409,734	\$ 1,047,724	\$ (362,010)
Total Intergovernmental	1,409,734	1,047,724	(362,010)
Total Revenues	1,409,734	1,047,724	(362,010)
Expenditures:			
Current:			
General Government:			
General administration	197,689	187,493	10,196
Housing rehabilitation	1,142,045	792,894	349,151
Total General Government	1,339,734	980,387	359,347
Health and Welfare:			
Other social services	70,000	67,337	2,663
Total Health and Welfare	70,000	67,337	2,663
Total Expenditures	1,409,734	1,047,724	362,010
Excess (Deficiency) of			
Revenues Over (Under) Expenditures			
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year		<u>-</u>	
Fund Balance at End of Year	\$	\$	\$

#### AQUATICS FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 527,816	\$ 11,761	\$ (516,055)
Miscellaneous	-	382	382
Total Intergovernmental	527,816	12,143	(515,673)
Charges for Service:			
Aquatics	55,000	59,416	4,416
Total Charges for Services	55,000	59,416	4,416
Total Revenues	582,816	71,559	(511,257)
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	171,306	167,331	3,975
Employee benefits	40,325	33,362	6,963
Professional and technical	-	1,006	(1,006)
Purchased property services	72,000	80,980	(8,980)
Other purchased services	12,500	9,201	3,299
Supplies Capital outlays	59,200 755,000	37,444 4,626	21,756 750,374
Miscellaneous	300	4,020	(428)
Total Culture and Recreation	1,110,631	334,678	775,953
Total Expenditures	1,110,631	334,678	775,953
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(527,815)	(263,119)	264,696
Other Financing Sources (Uses):			
Transfers in	527,815	263,119	(264,696)
Total Other Financing Sources (Uses)	527,815	263,119	(264,696)
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year	10,000	10,000	
Fund Balance at End of Year	\$ 10,000	\$ 10,000	\$ -

POLICE DEPARTMENT SPECIAL FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted		Variance with Final Budget Positive (Negative)		
Revenues:					
State Seizures:					
State seizures	\$ -	\$ 33,110	\$ 33,110		
Miscellaneous	-	211	211		
Total State Seizures		33,321	33,321		
Interest:					
Interest earned on investments	-	1,007	1,007		
Interest earned on demand deposits	-	545	545		
Total Interest		1,552	1,552		
Total Revenues		34,873	34,873		
Expenditures:					
Current:					
Public Safety:					
State Seizures:					
Personal services	60,000	-	60,000		
Employee benefits	11,646	-	11,646		
Professional & technical services	50,000	35,477	14,523		
Purchased property services	26,000	10,575	15,425		
Other purchased services	55,000	45,224	9,776		
Supplies	85,000	27,791	57,209		
Capital outlays	429,788	233,147	196,641		
Miscellaneous	5,500	2,380	3,120		
Total Public Safety	722,934	354,594	368,340		
Total Expenditures	722,934	354,594	368,340		
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	(722,934)	(319,721)	403,213		
Other Financing Sources (Uses):					
Sale of capital assets	-	124,955	124,955		
Transfer out		(6,197)	(6,197)		
Total Other Financing Sources (Uses)		118,758	118,758		
Net Change in Fund Balance	(722,934)	(200,963)	521,971		
Fund Balance at Beginning of Year	722,934	722,934			
Fund Balance at End of Year	\$ -	\$ 521,971	\$ 521,971		

POLICE FEDERAL SHARING FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted	Actual	Variance with Final Budget Positive (Negative)		
Revenues:					
Intergovernmental:					
Equitable Sharing	\$ -	\$ 481,787	\$ 481,787		
Miscellaneous Revenue	-	8,313	8,313		
Total Intergovernmental		490,100	490,100		
Interest:					
Interest earned on investments	-	33	33		
Interest earned on demand deposits	-	1,688	1,688		
Total Interest	-	1,721	1,721		
Total Revenues	<u> </u>	491,821	491,821		
Expenditures: Current: Public Safety:					
Professional & technical services	10,000	_	10,000		
Purchased property services	140,000	37,033	102,967		
Other purchased services	70,220	10,558	59,662		
Supplies	105,000	24,872	80,128		
Capital outlays	1,049,817	826,132	223,685		
Miscellaneous	11,280	7,463	3,817		
Total Public Safety	1,386,317	906,058	480,259		
Total Expenditures	1,386,317	906,058	480,259		
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	(1,386,317)	(414,237)	972,080		
Other Financing Sources (Uses):					
Transfers out	(14,197)	(14,197)	-		
Total Other Financing Sources (Uses)	(14,197)	(14,197)	-		
Net Change in Fund Balance	(1,400,514)	(428,434)	972,080		
Fund Balance at Beginning of Year	958,044	958,044			
Fund Balance at End of Year	\$ (442,470)	\$ 529,610	\$ 972,080		

MUNICIPAL COURT TECHNOLOGY FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Budgeted		Actual	Variance with Final Budget Positive (Negative)		
Revenues:							
Charges for Services:							
Court technology fees	\$	40,000	\$	35,380	\$	(4,620)	
Total Charges for Services		40,000		35,380		(4,620)	
Interest:							
Interest earned on investments		625		786		161	
Interest earned on demand deposits		300		146		(154)	
Total Interest		925		932		7	
Total Revenues		40,925		36,312		(4,613)	
Expenditures:							
Current:							
General Government:							
Purchased property services		6,000		2,820		3,180	
Supplies		1,500		1,088		412	
Capital outlays		60,000		40,130		19,870	
Miscellaneous		1,900		792		1,108	
Total General Government		69,400		44,830		24,570	
Total Expenditures		69,400		44,830		24,570	
Excess (Deficiency) of							
Revenues Over (Under) Expenditures		(28,475)		(8,518)		19,957	
Other Financing Sources (Uses):							
Transfer out		-		-		-	
Total Other Financing Sources (Uses)		-		-		-	
Net Change in Fund Balance		(28,475)		(8,518)		19,957	
Fund Balance at Beginning of Year		187,928		187,928		-	
Fund Balance at End of Year	\$	159,453	\$	179,410	\$	19,957	

#### DESIGNATED PURPOSE FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

TOK THE TEAK ENDED SETTEMBER 30, 2	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:	6		(
Intergovernmental:			
DHS-Stonegarden Grant 2013	\$ 164,330	\$ 160,963	\$ (3,367)
Bullet Proof Vest Grant	14,197	14,197	¢ (3,307) -
Urban County Grant-B&G Club	46,000	38,107	(7,893)
Tobacco Compliance Grant	3,750	3,750	(7,075)
OVAG Grant# 0802439	42,000	42,002	2
Local Border Security Program 2014		56,243	56,243
Local Border Security Program 2015	175,000	194,562	19,562
Tx. Dept of Transportation-STEP Grant	91,556	90,885	(671)
2014 DSHS Grant	75,000	50,005	(75,000)
2014 SHSP Grant	69,089	66,183	(2,906)
SAFEE Grant	55,774	50,302	(5,472)
FTA Grant	1,249,564	463,731	(785,833)
FTA Freedom Funds Grant	113,837	62,568	(785,855) (51,269)
TSLAC Grant	12,424	12,424	(31,207)
LEOSE-Peace Officer Allocation	9,811	9,812	1
Fire Prevention Grant	1,520	1,411	(109)
TIRZ Reimbursement	340,851	305,933	(34,918)
Total Intergovernmental	2,464,703	1,573,073	(891,630)
Total intergovernmental	2,404,703	1,575,075	(891,030)
Miscellaneous:			
Local Grant-Wal-Mart-Culture and Recreation	2,000	1,000	(1,000)
Local Wal-Mart Grants-Public Safety	2,000	-	(2,000)
Total Miscellaneous	4,000	1,000	(3,000)
	<u> </u>	<u>.</u>	
Total Revenues	2,468,703	1,574,073	(894,630)
Expenditures:			
Current:			
Public Safety:			
Tobacco Compliance Grant:			
Personal services	3,750	3,750	-
	3,750	3,750	-
Bullet Proof Vest Grant:			
Capital outlays	28,394	28,394	
	28,394	28,394	
VCLG Grant:			
Personal services	33,721	32,504	1,217
Employee benefits	8,279	9,498	(1,219)
rojee cenento	42,000	42,002	(1,21) (2)
	72,000	72,002	(2)

#### DESIGNATED PURPOSE FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

I OK IIIL ILIK LIVDLD SLI ILMDLK S	Budgeted	Actual	Variance with Final Budget Positive (Negative)
TXDOT-Step Grant:			
Personal services	77,451	76,040	1,411
Employee benefits	14,105	14,845	(740)
	91,556	90,885	671
2014 DHSP			
Capital outlay	75,000	-	75,000
	75,000		75,000
2014 SHSP Grant			
Capital outlays	69,089	66,183	2,906
	69,089	66,183	2,906
SAFEE Grant			
Personal services	47,838	44,381	3,457
Employee benefits	14,133	12,119	2,014
	61,971	56,500	5,471
Fire Prevention Grant			
Supplies	2,520	1,411	1,109
Capital outlay	1,000	-	1,000
	3,520	1,411	2,109
LEOSE Grant	0.011	0.010	(1)
Other purchased services	9,811	9,812	(1)
	9,811	9,812	(1)
Local Border Security Program 2015:			
Personal services	112,602	139,156	(26,554)
Employee benefits Supplies	27,398	28,208	(810)
Supplies	<u> </u>	<u>27,198</u> 194,562	7,802 (19,562)
Logal Porder Sequrity Program 2014			<u>.</u>
Local Border Security Program 2014 Personal services	-	44,231	(44,231)
Employee benefits	-	6,904	(6,904)
Supplies	<u> </u>	5,108	(5,108)
		56,243	(56,243)

DESIGNATED PURPOSE FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

Variance with

		A . 1	Final Budget Positive
	Budgeted	Actual	(Negative)
2013 Stonegarden Grant: Personal Services	6 090	7 204	(1, 214)
Employee benefits	6,080	7,394 1,185	(1,314) (1,185)
Capital outlay	158,250	152,384	5,866
Cupitul outdy	164,330	160,963	3,367
Total Public Safety	724,421	710,705	13,716
Highways and Streets:			
FTA Grant Capital outlay	1,561,955	769,664	792,291
Capital outlay			
	1,561,955	769,664	792,291
FTA Freedom Funds Grant			
Capital outlay	142,297	62,568	79,729
	142,297	62,568	79,729
Total Highways and Streets	1,704,252	832,232	872,020
Culture and Recreation:			
Wal-Mart Grant:			
Capital Outlay	1,000	-	1,000
Miscellaneous	1,000	1,000	
	2,000	1,000	1,000
Urban County Grant-Boys & Girls Club:			
Personal services	36,017	36,017	-
Employee benefits	2,983	2,090	893
Supplies	2,000	-	2,000
Capital outlays	5,000		5,000
	46,000	38,107	7,893
TSLAC Grant			
Capital outlay	9,424	9,424	-
Miscellaneous	3,000	3,000	_
	12,424	12,424	-
Total Culture and Recreation	60,424	51,531	8,893
Total Expenditures	2,489,097	1,594,468	894,629

DESIGNATED PURPOSE FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgete	:d	Actua	1	Variance Final Bu Positi (Negati	idget ve
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	(20	,394)	(20	0,395)		(1)
Other Financing Sources (Uses)						
Transfers in	20	,394	20	),395		1
Transfer out		-		-		-
Total Other Financing Sources (Uses)	20	,394	20	0,395		1
Net Change in Fund Balance		-		-		-
Fund Balance at Beginning of Year				-		_
Fund Balance at End of Year	\$	_	\$	-	\$	-

#### DRAINAGE ASSESSMENT FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 870,000	\$ 902,318	\$ 32,318
Total Assessments	870,000	902,318	32,318
Interest:			
Interest earned on investments	600	133	(467)
Interest earned on demand deposits	1,100	2,271	1,171
Total Interest	1,700	2,404	704
Miscellaneous:			
Drainage reimbsubdividers	1,000	-	(1,000)
Miscellaneous income		180	180
Total Miscellaneous	1,000	180	(820)
Total Revenues	872,700	904,902	32,202
Expenditures:			
Current:			
Highways and Streets:			
Personal services	71,435	56,814	14,621
Employee benefits	29,140	25,253	3,887
Professional and technical services	27,600	-	27,600
Purchased property services	2,400	3,980	(1,580)
Other purchased services	-	295	(295)
Capital outlays	942,000	526,233	415,767
Supplies	10,000	39,980	(29,980)
Miscellaneous	1,100	2,110	(1,010)
Total Highways and Streets	1,083,675	654,665	429,010
Total Expenditures	1,083,675	654,665	429,010
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(210,975)	250,237	461,212
Net Change in Fund Balance	(210,975)	250,237	461,212
Fund Balance at Beginning of Year	1,028,237	1,028,237	
Fund Balance at End of Year	\$ 817,262	\$ 1,278,474	\$ 461,212

#### CEMETERY FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

						ance with al Budget
						ositive
	B	udgeted		Actual	(N	egative)
Revenues:						
Interest:						
Interest earned on investments	\$	-	\$	-	\$	-
Interest earned on demand deposits		-		119		119
Perpetual care		6,000	_	10,400		4,400
Total Interest		6,000		10,519		4,519
Total Revenues		6,000		10,519		4,519
Expenditures:						
Current:						
General Government						
Supplies		3,500		997		2,503
Miscellaneous		300		123		177
Capital outlay		4,000		1,986		2,014
Total General Government		7,800		3,106		4,694
Total Expenditures		7,800		3,106		4,694
Excess (Deficiency) of						
Revenues Over (Under) Expenditures		(1,800)		7,413		9,213
Fund Balance at Beginning of Year		45,074		45,074		-
Fund Balance at End of Year	\$	43,274	\$	52,487	\$	9,213

#### RECORDS PRESERVATION FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

				Fina	ance with Il Budget ositive
	Bu	dgeted	 Actual	(Ne	egative)
Revenues:					
Charges for Service:					
Vital statistics preservation fee	\$	6,500	\$ 6,200	\$	(300)
Total Charges for Service		6,500	 6,200		(300)
Interest:					
Interest earned on demand deposits		-	 20		20
Total Interest			 20		20
Total Revenues		6,500	 6,220		(280)
Expenditures:					
Current:					
Record Preservation:					
Purchased property services		1,000	1,000		-
Other purchased service		1,500	1,479		21
Supplies		4,500	4,440		60
Capital outlays		1,000	546		454
Miscellaneous		100	 21		79
Total Record Preservation		8,100	 7,486		614
Total Expenditures		8,100	 7,486		614
Excess (Deficiency) of					
Revenues Over (Under) Expenditures		(1,600)	(1,266)		334
Fund Balance at Beginning of Year		8,184	 8,184		
Fund Balance at End of Year	\$	6,584	\$ 6,918	\$	334

#### SPEER MEMORIAL LIBRARY SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

				Final Pos	nce with Budget sitive
	B	udgeted	 Actual	(Neg	gative)
Revenues:					
Interest:					
Interest earned on investments	\$	-	\$ 27	\$	27
Total Interest		-	 27		27
Total Revenues			 27		27
Expenditures:					
Current:					
Culture and Recreation:					
Miscellaneous		-	-		-
Capital outlays		-	-		-
Total Culture and Recreation		-	 -		-
Total Expenditures		-	 -		
Excess (Deficiency) of					
Revenues Over (Under) Expenditures		-	27		27
Fund Balance at Beginning of Year		25,799	 25,799		-
Fund Balance at End of Year	\$	25,799	\$ 25,826	\$	27

#### HOTEL/MOTEL TAX FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgete	d	Actual		iance with al Budget Positive Jegative)
Revenues:	Dudgete		Tetuar	(1)	(egative)
Taxes:					
Hotel occupancy tax	\$ 572	2,000 \$	748,812	\$	176,812
Total Taxes		2,000	748,812		176,812
Interest:					
Interest earned on demand deposits		350	1,305		955
Interest earned on investments		300	10		(290)
Total Interest		650	1,315		665
Total Revenues	572	2,650	750,127		177,477
Expenditures: Current: Culture and Recreation: Tourist Promotion & Advortiging:					
Tourist Promotion & Advertising: Miscellaneous	13	6,500	402,689		33,811
Other purchased services		3,000	5,093		27,907
Capital outlay		1,000	31,946		(946)
Capital Guildy		0,500	439,728		60,772
Total Culture and Recreation	500	0,500	439,728		60,772
Total Expenditures	500	0,500	439,728		60,772
Excess (Deficiency) of					
Revenues Over (Under) Expenditures	72	2,150	310,399		238,249
Other Financing Sources (Uses): Transfers in Transfer out		-	-		-
Total Other Financing Sources (Uses)			-		-
Net Change in Fund Balance	72	2,150	310,399		238,249
Fund Balance at Beginning of Year	53	9,027	539,027		-
Fund Balance at End of Year	\$ 61	1,177 \$	849,426	\$	238,249

#### MUNICIPAL COURT BLDG SECURITY FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

				Variance with Final Budget Positive			
	B	udgeted	 Actual	(Negative)			
Revenues:							
Charges for Services:							
Municipal court security fees	\$	30,000	\$ 26,394	\$	(3,606)		
Total Charges for Services		30,000	 26,394		(3,606)		
Interest:							
Interest earned on investments		450	786		336		
Interest earned on demand deposits		450	 2		(448)		
Total Interest		900	 788		(112)		
Total Revenues		30,900	 27,182		(3,718)		
Expenditures:							
Current:							
Purchased property services		5,000	-		5,000		
Other purchased services		7,178	6,837		341		
Supplies		500	350		150		
Capital outlay		10,000	-		10,000		
Miscellaneous		550	4		546		
Total Expenditures		23,228	 7,191		16,037		
Europea (Definiency) of							
Excess (Deficiency) of Revenues Over (Under) Expenditures		7,672	19,991		12,319		
Revenues over (onder) Expenditures		7,072	 19,991		12,319		
Other Financing Sources (Uses):							
Transfers in (out)		-	-		-		
Total Other Financing Sources (Uses)		-	 -		-		
Net Change in Fund Balance		7,672	19,991		12,319		
Fund Balance at Beginning of Year		34,257	 34,257		-		
Fund Balance at End of Year	\$	41,929	\$ 54,248	\$	12,319		

#### PARK DEDICATION FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

			Variance with Final Budget Positive
Devemues	Budgeted	Actual	(Negative)
Revenues:			
Intergovernmental: TIRZ Reimbursement	\$ -	\$ 9,523	\$ 9,523
	<u>р -</u>	\$ 9,523 9,523	\$ 9,523 9,523
Total Intergovernmental		9,525	9,525
Charges for Services:			
Park dedication fee	430,954	224,278	(206,676)
Total Charges for Services	430,954	224,278	(206,676)
-			<u></u>
Total Revenues	430,954	233,801	(197,153)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	158,648	49,873	108,775
	158,648	49,873	108,775
Zone 2-Northeast:			
Capital outlays	138,966	110,149	28,817
	138,966	110,149	28,817
Zone 3-Southwest:			
Capital outlays	30,573	23,740	6,833
	30,573	23,740	6,833
Zone 4-Southeast:	100 7/7	50.020	50 700
Capital outlays	102,767	50,039	52,728
Zone 5 -Central:	102,767	50,039	52,728
Capital outlays			
Total Culture and Recreation	430,954	233,801	197,153
Total Expenditures	430,954	233,801	197,153
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Year			
Fund Balance at End of Year	\$ -	\$	\$
	163		

163

#### JUVENILE CASE MANAGER FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	_			Fin I	iance with al Budget Positive	
	B	udgeted	 Actual	(Negative)		
Revenues:						
Charges for Services:						
Juvenile case manager fee	\$	40,000	\$ 41,665	\$	1,665	
Total Charges for Services		40,000	 41,665		1,665	
Interest:						
Interest earned on investments		275	108		(167)	
Interest earned on demand deposits		225	204	(2		
Total Interest		500	 312		(188)	
Total Revenues		40,500	 41,977		1,477	
Expenditures:						
Current:						
Personal services		19,864	19,940		(76)	
Employee benefits		8,047	7,558		489	
Miscellaneous		300	174		126	
Total Expenditures		28,211	 27,672		539	
Excess (Deficiency) of						
Revenues Over (Under) Expenditures		12,289	14,305		2,016	
Fund Balance at Beginning of Year		123,451	 123,451		-	
Fund Balance at End of Year	\$	135,740	\$ 137,756	\$	2,016	

#### PEG CAPITAL FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

				<b>Fir</b>	riance with nal Budget Positive
	Budgeted		 Actual	1)	Negative)
Revenues:					
Charges for Services:					
PEG capital fee	\$	84,000	\$ 93,216	\$	9,216
Total Charges for Services		84,000	 93,216		9,216
Interest:					
Interest earned on investment		-	770		770
Interest earned on demand deposit		-	 343		343
Total Interest		-	 1,113		1,113
Total Revenues		84,000	 94,329		10,329
Expenditures:					
Miscellaneous:					
Depository charges	_	250	 324		(74)
Total Expenditures		250	 324		(74)
Excess (Deficiency) of					
Revenues Over (Under) Expenditures		83,750	94,005		10,255
Fund Balance at Beginning of Year		233,176	 233,176		
Fund Balance at End of Year	\$	316,926	\$ 327,181	\$	10,255

#### TAX INCREMENT REINVESTMENT ZONE FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

			Variance with Final Budget Positive
2	Budgeted	Actual	(Negative)
Revenues:			
Intergovernmental:	¢ 1.000.000		
Contribution-Hidalgo County	\$ 1,800,000	\$ 2,060,675	\$ 260,675
Total Intergovernmental	1,800,000	2,060,675	260,675
Interest:			
Interest earned on demand deposits		606	606
Total Interest		606	606
Total Revenues	1,800,000	2,061,281	261,281
Expenditures:			
Current:			
Economic Development	3,901,300	4,214,042	(312,742)
Total Expenditures	3,901,300	4,214,042	(312,742)
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(2,101,300)	(2,152,761)	(51,461)
Other Financing Sources (Uses):			
Transfers in	2,101,000	2,152,810	51,810
Total Other Financing Sources (Uses)	2,101,000	2,152,810	51,810
Net Change in Fund Balance	(300)	49	349
Fund Balance at Beginning of Year	3,487	3,487	
Fund Balance at End of Year	\$ 3,187	\$ 3,536	\$ 349

DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:	Dudgeteu	Actual	(Ivegative)
Taxes:			
Current ad valorem taxes	\$ 3,730,000	\$ 3,645,765	\$ (84,235)
Delinquent ad valorem taxes	<sup>\$</sup> 3,730,000 115,000	<sup>(4)</sup> 5,045,705	<sup>(04,235)</sup> 1,804
Interest & penalties on taxes	87,000	88,269	1,269
Total Taxes	3,932,000	3,850,838	(81,162)
	5,752,000	5,050,050	(01,102)
Interest:			
Interest earned on investments	4,000	7,509	3,509
Interest earned on demand deposits	3,000	4,689	1,689
Total Interest	7,000	12,198	5,198
Total Revenues	3,939,000	3,863,036	(75,964)
Expenditures:			
Current:			
Debt Service:			
Principal retirement	2,040,000	2,040,000	-
Interest and fiscal agent charges	1,027,508	1,024,529	2,979
Total Debt Service	3,067,508	3,064,529	2,979
Total Expenditures	3,067,508	3,064,529	2,979
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	871,492	798,507	(72,985)
Other Financing Sources (Uses):			
Transfers out	(436,000)	(434,846)	1,154
Total Other Financing Sources (Uses)	(436,000)	(434,846)	1,154
Net Change in Fund Balance	435,492	363,661	(71,831)
Fund Balance at Beginning of Year	2,065,837	2,065,837	
Fund Balance at End of Year	\$ 2,501,329	\$ 2,429,498	\$ (71,831)

#### COMBINING BALANCE SHEET

#### NONMAJOR CAPITAL PROJECTS FUNDS SEPTEMBER 30, 2015

ASSETS	Caj	pital Projects Fund	Certifi	007 cates of gation	2009 rtificates of bbligation	Certif	012 ficates of igation	F	Total Nonmajor Capital Projects Funds (See xhibit C-1)
Cash and cash equivalents	\$	753,068	\$	-	\$ 514,286	\$	951	\$	1,268,305
Investments		-		-	389,387		-		389,387
Receivables:									
Accounts		-		-	18,828		-		18,828
Due from other governments		461,148		-	-		-		461,148
Due from component unit		78,235		-	 -		-		78,235
Total Assets	\$	1,292,451	\$	-	\$ 922,501	\$	951	\$	2,215,903
LIABILITIES									
Accounts payable	\$	318,055	\$	-	\$ 624	\$	-	\$	318,679
Other liabilities		-		-	276,253		-		276,253
Retainage payable		34,087		-	199,434		-		233,521
Due to other funds		89,292		-	 -		-		89,292
Total Liabilities		441,434		-	 476,311				917,745
FUND BALANCES									
Reserved for capital projects		851,017		-	446,190		951		1,298,158
Total Fund Balances		851,017		-	 446,190		951		1,298,158
Total Liabilities and Fund Balances	\$	1,292,451	\$	-	\$ 922,501	\$	951	\$	2,215,903

#### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Capital Projects Fund		2007 2009 Certificates of Certificates Obligation Obligatio		tificates of	2012 Certificates of Obligation		Total Nonmajor Capital Projects Funds (See Exhibit C-2)		
Revenues:										
Intergovernmental	\$	3,282,551	\$	-	\$	-	\$	-	\$	3,282,551
Interest		-		51		726		115		892
Miscellaneous		50,000		-		318,750		-		368,750
Total Revenues		3,332,551		51		319,476		115		3,652,193
Expenditures: Current:		2 200 100		54 115		21.124		170 101		2 0 (2 0 2 0
Capital projects		3,309,188		54,115		21,134		478,401		3,862,838
Total Expenditures		3,309,188		54,115		21,134		478,401		3,862,838
Excess (Deficiency) of Revenues Over (Under) Expenditures		23,363		(54,064)		298,341		(478,286)		(210,645)
Other Financing Sources (Uses):										
Transfers In		490,011		-		-		-		490,011
Total Other Financing Sources (Uses)		490,011		-		-		-		490,011
Net Change in Fund Balance		513,374		(54,064)		298,341		(478,286)		279,366
Fund Balance at Beginning of Year		337,643		54,064		147,850		479,237		1,018,793
Fund Balance at End of Year	\$	851,017	\$	-	\$	446,191	\$	951	\$	1,298,159

### **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.

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

<u>Golf Course Fund</u>: To account for the operations and maintenance of Shary Municipal Golf Course.

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

UTILITY FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)		
Operating Revenues:					
Water sales, net of adjustment	\$ 11,700,000	\$ 9,633,694	\$ (2,066,306)		
Connection fee	115,000	127,044	12,044		
Reconnect fee	95,000	111,800	16,800		
W/W system cap. recovery fee	-	27,190	27,190		
Sewage service	6,100,000	5,461,133	(638,867)		
Wastewater assessment	60,000	82,039	22,039		
Service charge	60,000	58,282	(1,718)		
Industrial sewer surcharge	37,000	22,507	(14,493)		
Waterline and sewer line	1,100	-	(1,100)		
TIRZ reimbursement	4,850,000	2,126,527	(2,723,473)		
5% credit card fee	20,000	23,968	3,968		
Miscellaneous income	20,000	69,819	49,819		
Operating Revenues	23,058,100	17,744,003	(5,314,097)		
Nonoperating Revenues:					
Interest earned	57,000	88,426	31,426		
Gain (loss) on disposal of capital assets		1	1		
Nonoperating Revenues	57,000	88,427	31,427		
Total Revenues	23,115,100	17,832,430	(5,282,670)		
Operating Expenses:					
Utility Administration:					
Personal services	673,608	646,732	26,876		
Employee benefits	191,563	177,890	13,673		
Purchased property services	20,030	15,875	4,155		
Other purchased services	20,350	21,596	(1,246)		
Supplies	7,050	6,719	331		
Miscellaneous	850	658	192		
	913,451	869,470	43,981		
Water Distribution:					
Personal services	992,725	924,869	67,856		
Employee benefits	374,932	345,624	29,308		
Purchased property services	554,470	547,213	7,257		
Other purchased services	35,700	32,633	3,067		

UTILITY FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Actual	Variance
	Budgeted	Budget	Positive
	Amounts	Basis	(Negative)
Supplies	709,300	560,205	149,095
Capital outlays	3,970,000	955,420	3,014,580
Miscellaneous	15,400	14,042	1,358
	6,652,527	3,380,006	3,272,521
Water Treatment:			
Personal services	375,524	381,424	(5,900)
Employee benefits	134,614	125,378	9,236
Professional & technical services	95,000	81,963	13,037
Purchased property services	331,800	255,244	76,556
Other purchased services	5,150	4,619	531
Supplies	845,100	544,757	300,343
Capital outlays	173,500	42,909	130,591
Miscellaneous	51,300	24,989	26,311
	2,011,988	1,461,283	550,705
Wastewater Treatment and Collection:			
Personal services	400,708	401,211	(503)
Employee benefits	138,740	130,506	8,234
Professional & technical services	60,000	52,933	7,067
Purchased property services	846,350	890,926	(44,576)
Other purchased services	9,050	7,532	1,518
Supplies	262,050	215,282	46,768
Capital outlays	4,090,000	2,972,625	1,117,375
Miscellaneous	234,100	302,991	(68,891)
	6,040,998	4,974,006	1,066,992
Industrial Pretreatment:			
Personal services	44,106	46,147	(2,041)
Employee benefits	13,910	13,409	501
Purchased property services	157,500	151,673	5,827
Other purchased services	800	425	375
Supplies	11,500	5,646	5,854
Capital outlays	17,500	16,544	956
Miscellaneous	75,000	74,160	840
	320,316	308,004	12,312

UTILITY FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Utility Billing and Collection:			
Personal services	246,945	237,336	9,609
Employee benefits	82,521	78,602	3,919
Purchased property services	25,000	19,274	5,726
Other purchased services	157,600	154,300	3,300
Supplies	15,100	14,714	386
Capital outlays	2,200	1,750	450
Miscellaneous	2,244	2,244	
	531,610	508,220	23,390
Organizational Expense:			
Professional & technical services	140,000	396,275	(256,275)
Purchased property services	8,100	-	8,100
Other purchased services	91,000	90,585	415
Capital outlays	30,000	-	30,000
Miscellaneous	187,500	192,419	(4,919)
	456,600	679,279	(222,679)
Meter Readers:			
Personal services	248,866	210,687	38,179
Employee benefits	98,311	87,543	10,768
Purchased property services	11,600	9,972	1,628
Other purchased services	5,400	4,422	978
Supplies	98,500	63,439	35,061
Miscellaneous	1,000	120	880
	463,677	376,183	87,494
Northside Water Treatment Plant:			
Personal services	269,285	231,011	38,274
Employee benefits	95,120	89,191	5,929
Professional & technical services	15,000	10,742	4,258
Purchased property services	552,700	424,426	128,274
Other purchased services	3,400	3,802	(402)
Supplies	1,318,100	1,118,734	199,366
Capital outlays	103,900	74,695	29,205
Miscellaneous	20,650	8,250	12,400
	2,378,155	1,960,851	417,304

#### UTILITY FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
2014 TWDB:			
Professional & technical services	482,200	8,441	473,759
	482,200	8,441	473,759
Total Operating Expenses	20,251,522	14,525,743	5,725,779
Nonoperating Expenses:			
Bond interest expense	1,075,209	762,306	312,903
Bond fiscal charges	6,600	3,500	3,100
Bond principal	2,091,000	2,091,000	
Nonoperating Expenses	3,172,809	2,856,806	316,003
Transfers:			
Transfers in (out)	(4,400,000)	(4,400,000)	-
Capital Contributions		324,385	324,385
Operating and Nonoperating Expenses,			
Transfers and Capital Contributions (Budgetary Basis)	27,824,331	21,458,164	6,366,167
Net Position (Budgetary Basis)	\$ (4,709,231)	(3,625,734)	\$ 1,083,497
Adjustments:			
Current year depreciation of capital assets, not budgeted	d	(4,979,739)	
Bond principal		2,091,000	
Amount budgeted as expense per budget basis,			
capitalized per GAAP basis		4,072,385	
		1,183,646	
Net Position (GAAP Basis)		\$ (2,442,088)	

GOLF COURSE FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgetee Amounts		Actual Budget Basis	(	Variance Positive (Negative)
Operating Revenues:					
Pro shop sales	\$ 90	,000 \$	66,626	\$	(23,374)
Cart and club rental	185	,000	155,299		(29,701)
Pull carts and club rentals	2	,600	1,146		(1,454)
Food and beverage sales	115	,000	96,811		(18,189)
Daily green fees	375	,000	260,400		(114,600)
Trail fees	62	,000	47,252		(14,748)
Juniors' fees	28	,000	31,471		3,471
Capital fees	42	,875	42,718		(157)
Prepaid members	200	,000	138,047		(61,953)
Driving range	42	,000	34,664		(7,336)
Miscellaneous income	1	,000	1,767		767
Operating Revenues	1,143	,475	876,201		(267,274)
Nonoperating Revenues:					
Interest earned		-	134		134
Nonoperating Revenues			134		134
Total Revenues	1,143	,475	876,335		(267,140)
Operating Expenses:					
Cost of sales-pro shop	75	,000	56,703		18,297
Cost of sales-restaurant	58	,000	50,288		7,712
Total Cost of Sales	133	,000	106,991		26,009
Golf Course Operation:					
Club House:					
Personal services	277	,064	221,440		55,624
Employee benefits		,442	70,806		14,636
Purchased property services		,851	92,540		(17,689)
Other purchased services		,700	6,331		369
Supplies	38	,250	17,193		21,057
Capital outlays		750	557		193
Miscellaneous	1	,200	448		752
	484	,257	409,315		74,942
Grounds:					
Personal services	279	,279	279,206		73
Employee benefits	108	,918	103,194		5,724

GOLF COURSE FUND ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted	Actual Budget	Variance Positive
Durchased property convises	Amounts	Basis	(Negative)
Purchased property services Other purchased services	35,000 600	12,285 163	22,715 437
Supplies	118,500	68,499	50,001
Capital outlays	750	08,499	750
Capital outlays	543,047	463,347	79,700
Restaurant:			
Personal services	34,210	30,427	3,783
Employee benefits	8,187	5,766	2,421
Supplies	500	160	340
Miscellaneous	400	-	400
	43,297	36,353	6,944
Organizational Expense:			
Other purchased services	7,200	6,930	270
Miscellaneous	16,200	14,843	1,357
	23,400	21,773	1,627
Total Golf Course Operation	1,227,001	1,037,779	189,222
Depreciation	-	229,839	(229,839)
Total Operating Expenses	1,227,001	1,267,618	(40,617)
Nonoperating Expenses:			
Capital lease interest expense	1,100	1,048	52
Bond and capital lease principal	13,118	13,118	
Nonoperating Expenses	14,218	14,166	52
Operating and Nonoperating Expenses,			
and Capital Contributions (Budgetary Basis)	1,241,219	1,281,784	(40,565)
Net Position (Budgetary Basis)	\$ (97,744)	(405,449)	\$ (307,705)
Adjustments:			
Bond and capital lease principal		13,118	
Amount budgeted as expense per budget basis,			
capitalized per GAAP basis		557	
		13,675	
Net Position (GAAP Basis)		(391,774)	

SOLID WASTE ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 5,695,000	\$ 5,633,600	\$ (61,400)
Brush fees	640,000	650,613	10,613
Roll-off fees	5,000	9,320	4,320
Franchise fees	-	131,564	131,564
Miscellaneous income	3,000	2,761	(239)
Operating Revenues	6,343,000	6,427,858	84,858
Nonoperating Revenues:			
Interest earned	6,000	6,257	257
Nonoperating Revenues	6,000	6,257	257
Total Revenues	6,349,000	6,434,115	85,115
Operating Expenses:			
Personal services	692,839	694,812	(1,973)
Employee benefits	220,047	214,010	6,037
Purchase property services	105,000	51,545	53,455
Other purchased services	26,100	36,860	(10,760)
Supplies	713,400	451,151	262,249
Capital outlays	78,000	49,382	28,618
Solid waste disposal	-	74,385	(74,385)
Landfill-Waste disposal service	2,730,000	2,530,807	199,193
Landfill charges-Brush	190,000	191,768	(1,768)
Miscellaneous	81,500	6,351	75,149
	4,836,886	4,301,071	535,815
2014 PPFCO Funds:			
Capital outlay	22,990	22,990	-
	22,990	22,990	
Total Expenses	4,859,876	4,324,061	535,815
Depreciation		381,551	(381,551)
Total Operating Expense	4,859,876	4,705,612	154,264

SOLID WASTE ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Actual	Variance
	Budgeted	Budget	Positive
	Amounts	Basis	(Negative)
Non Operating Expenses:			
Bond interest	89,339	88,860	479
Bond fiscal charges	1,100	300	800
Bond principal	205,000	205,000	-
Non-operating Expenses	295,439	294,160	1,279
Operating and Nonoperating Expenses,			
and Capital Contributions (Budgetary Basis)	5,155,315	4,999,772	155,543
Net Position (Budgetary Basis)	\$ 1,193,685	1,434,343	\$ 240,658
Adjustments:			
Bond and capital lease principal		205,000	
Amount budgeted as expense per budget basis,			
capitalized per GAAP basis		72,372	
		277,372	
Net position (GAAP Basis)		\$ 1,711,715	

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS



#### CITY OF MISSION, TEXAS CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS COMPARATIVE SCHEDULE BY SOURCE As of September 30, 2015 and 2014

	2015	2014
Governmental Funds Capital Assets:		
Land	\$ 33,704,031	\$ 33,705,337
Buildings and structures	21,462,917	20,709,434
Improvements other than buildings	16,586,824	16,322,246
Furniture and equipment	26,949,304	26,119,461
Construction in progress	12,224,221	6,752,248
Infrastructure	89,858,296	89,399,527
Total Governmental Funds Capital Assets	\$ 200,785,593	\$ 193,008,253
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 97,339,359	\$ 92,989,827
Bond funds	35,201,744	34,081,605
Enterprise funds	1,264	1,264
Special funds	24,616,059	22,415,334
Donations	15,113,808	15,311,192
Developers	28,513,359	28,209,032
Total Governmental Funds Capital Assets	\$ 200,785,593	\$ 193,008,253

#### 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, 2015

Function and Activity:	Ca	rnmental Funds apital Assets eptember 30, 2014	A	dditions	De	ductions	С	ernmental Funds apital Assets eptember 30, 2015
General Government	\$	9,876,821	\$	357,834	\$	22,750	\$	10,211,906
Public Safety		30,120,587		1,788,529		725,747		31,183,370
Highways and Streets		126,372,580	:	5,985,285		177,295		132,180,570
Health and Welfare		224,684		10,044		-		234,728
Cultural and Recreational		26,413,581		648,320		86,881		26,975,020
Total Governmental Funds Capital Assets	\$	193,008,253	\$	8,790,013	<b>\$</b>	1,012,673	\$	200,785,593

**EXHIBIT D-3** 

# CITY OF MISSION, TEXAS CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY September 30, 2015

Function and Activity		Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	$\boldsymbol{\diamond}$	3,497,295	\$ 3,450,090	\$ 578,628	\$ 1,755,615	\$ 36,930	\$ 888,161	\$ 10,206,720
Public Safety		564,497	11,374,028	243,614	18,999,605	1,625		31,183,370
Highways and Streets		28,120,742	I	354,916	3,590,500	89,590,754	10,528,844	132,185,756
Health and Welfare		ı	17,406	ı	215,589		ı	232,995
Cultural and Recreational		1,521,497	6,621,393	15,409,666	2,387,994	228,987	807,216	26,976,753
Total Governmental Funds Capital Assets		\$ 33,704,031	\$ 21,462,917	\$ 16,586,824	\$ 26,949,304	\$ 89,858,296	\$ 12,224,221	\$ 200,785,593



## SUPPLEMENTARY SCHEDULES

#### CITY OF MISSION, TEXAS UTILITY FUND SCHEDULE OF REVENUE BOND COVERAGE Year Ended September 30, 2015

Operating	g Revenues	\$	17,744,003	
Interest E	Earned by funds Created by		4,583	
	the Bond Indenture			
	Gross Revenues Per Bond Ord	inance		\$ 17,748,586
Operating	g Expenses		15,433,100	
	epreciation Expense		(4,979,739)	
	Operating Expenses Per Bond	Ordinan	ce	 10,453,361
	Net Revenue Per B	ond Ord	linance	\$ 7,295,225
Average	Annual Debt Service Requirements			\$ 2,514,086
Succeedi	ng Fiscal Year Debt Service Requirement			\$ 3,152,799
Required	Coverage Ratio			<u>125</u> %
Calculate	ed Coverage Ratio			
A)	Based upon Average Annual Debt Service	e Requir	ements	<u>290</u> %
B)	Based upon Succeeding Fiscal Year Debt	Service	Requirements	<u>231</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, 2015

	Interest and Sinking Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 1,204,836	\$ 22,268	\$ 15,059	\$ 1,242,162
Investments Cash and Investments	144,319	439,930	294,018	878,267
September 30, 2014	\$ 1,349,155	\$ 462,198	\$ 309,076	\$ 2,120,429
Cash Receipts: Transfer from operating cash Interest received Total Cash Receipts	2,686,879 459 2,687,338	2,221 2,221	1,903 1,903	2,686,879 4,583 2,691,462
Total Cash And Investments Available	4,036,493	464,419	310,979	4,811,891
Cash Disbursements: Principal payments Interest and fiscal charges Total Cash Disbursements	2,091,000 897,534 2,988,534	- - -	- - -	2,091,000 897,534 2,988,534
Cash and Investments, September 30, 2015	\$ 1,047,959	\$ 464,419	\$ 310,979	\$ 1,823,357
Total Cash and Investments Restricted at September 30, 2015 is Composed of the Following: Cash and cash				
equivalents	\$ 903,566	\$ 40,342	\$ 66,444	\$ 1,010,352
Investments	144,393	424,077	244,535	813,005
Total	\$ 1,047,959	\$ 464,419	\$ 310,979	\$ 1,823,357



### **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.

<u>Contents</u>	Page
Financial Trends	183
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	
Revenue Capacity	190
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	194
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	199
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	201
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.	



City of Mission Net Position by Component Last Ten Fiscal Years

		FISCAI	FISCAL YEAR							
	2006	2007	2008	2009	2010	2011 (i)	2012	$2013_{(2)}$	$2014_{(3)}$	2015
Governmental Activities Net investment in canital assets	\$ 67.235.280	\$ 70.919.116	\$ 80154508	\$ 81.796.368	83 887 342	\$ 84 133 258	\$ 83 493 816	\$ 86 989 075	\$ 90.947.382	\$ 89 565 993
Restricted	1,288,945	2,061,067	3,366,072	3,176,789	3,438,023	5,637,112	6,781,018	6,968,743	8,343,486	8,551,701
Unrestricted	4,758,744	6,276,658	8,107,109	7,831,393	7,082,454	7,201,682	3,784,019	3,619,351	(1,587,640)	2,462,989
Total governmental activities net position	\$ 73,282,969	\$ 79,256,841	\$ 91,627,689	\$ 92,804,550	\$ 94,407,819	\$ 96,972,052	\$ 94,058,853	\$ 97,577,169	\$ 97,703,228	\$ 100,580,683
Business-Type Activities										
Net investment in capital assets	\$ 50,914,486	\$ 53,882,018	\$ 59,781,770	\$ 58,872,531	\$ 58,268,682	\$ 59,964,330	\$ 58,362,060	\$ 56,518,755	\$ 54,832,203	\$ 55,987,441
Restricted	1,993,403	3,673,491	4,611,532	5,054,584	4,891,629	4,324,052	4,357,163	4,116,713	3,451,514	3,394,903
Unrestricted	6,319,627	6,735,489	6,311,881	6,694,247	6,126,919	8,521,237	10,924,800	10,480,521	10,588,851	8,329,980
Total business-type activities net position	\$ 59,227,516	\$ 64,290,998	\$ 70,705,183	\$ 70,621,362	\$ 69,287,230	\$ 72,809,619	\$ 73,644,022	\$ 71,115,988	\$ 68,872,567	\$ 67,712,324
Primary Government Not invoctment in conitod accesse	\$ 118 140 766	¢ 134 001 134	\$ 130 036 770	¢ 140 668 800	\$ 147 156 MM	\$ 111 007 500	\$ 111 955 976	\$ 112 507 830	\$ 115 770 585	¢ 115 553 131
	00//110/14/			0.000,000			0/0,000,171 0	000,100,011 W		
Kestricted	3,282,348	866,957,6	1,977,604	8,231,373	8,329,652	9,961,164	11,138,181	11,085,456	11,795,000	11,946,604
Unrestricted	11,078,371	13,012,147	14,418,990	14,525,640	13,209,373	15,722,919	14,708,819	14,099,872	9,001,211	10,792,969
Total primary government net position	\$ 132,510,485	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049	\$ 169,781,671	\$ 167,702,875	\$ 168,693,157	\$ 166,575,796	\$ 168,293,007

The 2011 net position was restated to include Mission Economic Development Authority (MEDA), a blended component unit of the City as of September 30, 2012.
 The 2013 net position was restated due to the implementation of GASB Statement No. 65.
 The 2014 net position was restated due to the implementation of GASB Statement No. 68.

	2006	2007	2008	2009	2010	2011	2012	2013 (1)	$2014_{(2)}$	2015
Expenses										
Governmental Activities										
General Government	\$ 8,112,283	\$ 7,742,186	\$ 8,100,542	\$ 1,742,072	\$ 14,511,545 202.002.01	\$ 1,2,0,043	\$ 8,764,781	\$ 7,937,668	\$ 8,446,306 22,400,057	\$ 8,014,892
Public Safety	15,451,482	14,890,57	c/c//06/01	20,240,072	06/,600,61	19,381,412	240,084,12	002,677,17	000,664,02	110,621,12
Highways and streets	5,466,843	5,479,786	5,654,237	4,223,462	6,427,413	6,255,895	6,532,351	7,297,376	6,963,677	7,450,999
Sanitation					'					'
Health and welfare	526,449	359,073	334,726	374,867	570,197	903,935	1,354,970	988,923	1,200,976	1,290,357
Economic development	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	3,585,902	4,840,988	4,231,038	4,544,891
Culture and recreation	4,619,038	4,320,014	4,905,126	5,125,473	5,661,309	6,044,088	5,904,008	6,247,020	7,073,892	6,499,768
Interest on long-term debt	1.096.972	1.027.984	1.512.067	1.730.135	1.525.661	1.582.058	1.457.105	2.363.699	1.458.261	1.334.983
Total governmental activities expenses	34,170,185	34,966,607	39,716,265	42,520,546	51,472,503	45,413,759	49,084,759	50,905,530	52,873,206	50,864,961
Business-type Activities										
Utility system	11,362,995	12,225,436	14,665,301	15,343,467	15,305,547	15,376,432	15,668,400	16,626,432	16,581,213	16,226,988
Golf course operations	1,285,326	1,319,407	1,276,139	1,388,041	1,288,879	1,374,400	1,414,494	1,403,124	1,396,091	1,272,835
Solid waste operations	3,552,159	3,970,782	4,372,005	4,780,337	4,931,714	5,188,079	5,500,676	5,785,151	7,360,428	4,727,683
Total business-type activities expenses	16,200,480	17,515,625	20,313,445	21,511,845	21,526,140	21,938,911	22,583,570	23,814,707	25,337,732	22,227,506
Total primary government expenses	\$ 50.370.665	\$ 52.482.232	\$ 60.029.710	\$ 64.032.391	\$ 72.998.643	\$ 67.352.670	\$ 71.668.329	\$ 74.720.237	\$ 78.210.938	\$ 73.092.467
Program Revenues Governmental Activities										
Charges for services										
General government	\$ 2.676.159	\$ 2.494.543	\$ 2.038.016	\$ 1.658.320	\$ 1.625.962	\$ 1.647.709	\$ 1.810.743	\$ 1.848.350	\$ 2.086.383	\$ 1.940.954
Public Safety						105.723				
Hickways and streats	536 9/3	571 800	503 750	565 910	630.054	644 208	541 407	687 373	88/ 355	907 318
surgrammers and succes Sanitation	-	-	-	-	-			-	-	-
Health and welfare	165.112	308.457	284.437	256.293	274.502	134.981	235.708	153.223	237.738	225.047
Culture and recreation	148.885	283.201	350,394	351.378	279.180	306.294	337,112	328.626	371,962	554.618
Other activities	I	I	I	I	I	I	I	I	I	
Operating grants and contributions	3.146.796	4.659.478	6.453.451	6.389.650	7.271.889	6.152.917	7.475.190	4.937.211	7.905.942	5.896.938
Capital grants and contributions	8.801.715	5.251.523	11.098.136	1.962.259	7.701.238	1.170.433	1.067.989	6.673.301	1.962.278	4.870.238
Total governmental activities program revenues	15,582,131	13,663,976	20,916,929	11,304,813	17,892,832	10,162,355	11,551,381	14,690,198	13,566,968	14,452,011
Business-type activities Charast for correione										
Utility system	14,852,124	14,184,351	15,716,066	16,114,327	15,140,398	17,412,060	17,643,636	18,012,998	19,207,446	17,674,185
Golf course operation	1,036,110	1,056,872	1,077,578	1,047,543	905,113	1,137,503	1,080,635	1,031,598	909,563	874,434
Solid waste operation	3,569,570	3,951,204	4,505,551	4,777,898	5,187,400	5,813,098	6,032,202	6,242,554	6.348,108	6,425,096
Operating grants and contributions	214.527	778,236	518,466	172,971	26,525	17.397	14,463	13,216	24,921	13,587
Capital grants and contributions	5,739,699	2,866,803	5,629,521	684,120	677,685	3,157,395	393,825	483,302	836,355	324,385
Total business-type activities program revenues	25,412,030	22,837,466	27,447,182	22,796,859	21,937,121	27,537,453	25,164,761	25,783,668	27,326,393	25,311,687
primary government program revenues	\$ 40,994,161	\$ 36,501,442		\$ 34,101,672	\$ 39,829,953					\$ 39,763,698
t otal pusiness-type activities program revenues Total primary government program revenues		\$ 36,501,442	21,441,182 \$ 48,364,111		22,790,859 34,101,672	÷	21,93/,121 \$ 39,829,953 \$	\$ 39,829,953 \$ 37,699,808 \$	21,97,112         2.04,10           \$ 39,829,953         \$ 37,699,808         \$ 36,716,142         \$	x1,x2,112         x2,x2,x32         x2,x104,101         x2,x2008           \$\$39,829,953         \$\$37,699,808         \$\$36,716,142         \$\$40,473,866         \$\$

	2006	2007	2008	2009	2010	2011	2012	$2013_{(1)}$	$2014_{(2)}$	2015
Net (expense)/revenue										
Governmental activities	\$ (18,588,054)	(21,302,634)	\$ (18,799,336)	\$ (31,215,733)	\$ (33,579,671)	\$ (35,251,404)	\$ (37,533,378)	\$ (36,215,332)	\$ (39,306,238)	$ \frac{3}{2} $ (36,412,950)
Business-type activities Total primary government net expense	9,211,550 \$ (9,376,504)	5,321,841 \$ (15,980,793)	7,133,738 \$ (11,665,598)	1,285,014 \$ (29,930,719)	410,981 \$ (33,168,690)	\$ (29,652,862)	2,581,191 \$ (34,952,187)	1,968,961 \$ (34,246,371)	1,988,661 \$ (37,317,577)	3,084,181 \$ (33,328,769)
Ganaral Bavanua and Othar Chances in Nat Desition	Dosition									
Gouernmentel activities										
COVELIIIIIEIIda acuvilles Taxes										
Property taxes	\$ 12,569,230	\$ 13,778,424	\$ 16,335,934	\$ 17,798,280	\$ 17,795,460	18,143,896	18,087,005	18,099,459	18,913,123	19,020,437
Sales taxes	7,961,019	8,859,345	9,784,575	9,552,728	9,814,665	10,234,485	10,857,234	10,917,924	11,496,695	11,479,463
Franchise taxes	2,028,000	2,069,904	2,248,558	2,265,859	2,326,751	2,396,994	2,790,119	2,542,621	2,636,048	2,650,031
Hotel/motel taxes	309,496	358,276	479,950	400,690	490,446	496,759	537,574	577,711	650,142	748,812
Alcoholic beverage taxes	51,914	59,529	79,084	86,136	79,864	78,066	73,518	69,167	48,018	36,258
Shared revenue-tax increment zone	1,409,272	421,603	113,975	137,427	2,013,239	1,395,342	201,902	274,030	520,000	210,674
Unrestricted grants and contributions	70,184		80,883	1,002	'		2	'	724	
Investment earnings	280,538	371,301	328,642	110,515	29,131	41,545	54,703	66,153	99,730	101,357
Miscellaneous	370,546	678,123	718,583	636,427	533,384	965,999	18,122	2,586,583	667,816	643,372
Special item	,	ı	ı	(196, 470)	,	ı	,	'	'	ı
Transfers	550,000	680,000	1,000,000	1,600,000	2,100,000	2,200,000	2,000,000	4,600,000	4,400,000	4,400,000
Total governmental activities	25,600,199	27,276,505	31,170,184	32,392,594	35,182,940	35,953,087	34,620,179	39,733,648	39,432,296	39,290,404
Business-type activities										
Investment earnings	152,995	317,265	179,189	71,342	17,060	16,782	34,678	50,944	77,145	81,229
Miscellaneous	110,121	104,376	101,258	159,822	221,302	107,065	218,534	52,061	90,774	74,346
Transfers	(550,000)	(680,000)	(1,000,000)	(1,600,000)	(2, 100, 000)	(2,200,000)	(2,000,000)	(4,600,000)	(4,400,000)	(4,400,000)
Total business-type activities	(286, 884)	(258,359)	(719,553)	(1, 368, 836)	(1, 861, 638)	(2,076,153)	(1,746,788)	(4,496,995)	(4,232,081)	(4, 244, 425)
Total primary government	\$ 25,313,315	\$ 27,018,146	\$ 30,450,631	\$ 31,023,758	\$ 33,321,302	33,876,934	32,873,391	35,236,653	35,200,215	35,045,979
Change in Net Position										
Governmental activities	\$ 7,012,145	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861	\$ 1,603,269	\$ 701,683	\$ (2,913,199)	\$ 3,518,316	\$ 126,058	\$ 2,877,454
Business-type activities	8,924,666	5,063,483	6,414,185	(83,822)	(1, 450, 657)	3,522,389	834,403	(2,528,034)	(2,243,420)	(1, 160, 244)
Total primary government	\$ 15,936,811	\$ 11,037,354	\$ 18,785,033	\$ 1,093,039	\$ 152,612	4,224,072	(2,078,797)	990,282	(2,117,362)	1,717,210

The 2013 net position was restated due to the implementation of GASB Statement No. 65.
 The 2014 net position was restated due to the implementation of GASB Statement No. 68.

193

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Occupancy Tax	Alcoholic Beverage Tax	Total
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
2013	18,099,459	10,917,924	2,542,621	577,711	69,167	32,206,882
2014	18,913,123	11,496,695	2,636,048	650,142	48,018	33,744,026
2015	19,020,437	11,479,463	2,650,031	748,812	36,258	33,935,001

	0007	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
Pre GASB 54 Pre Seared Threeored	\$ 107,877 4 341 175	\$ 252,164 5 121 470	\$ 1,643,102 4 706 503	\$ 194,874 7.083.202	\$ 189,606 7 861 173	ج	۰ ب	م	جو	÷
Total Pre GASB 54	\$ 4,449,002	\$ 5,373,634	\$ 5,849,695	\$ 7,278,077	\$ 8,050,779	\$	\$	\$	\$	\$
Post GASB 54										
Nonspendable I ong term receivable	÷	÷	÷	÷	÷	\$ 34.400	\$ 32,000	\$ 29 600	\$ 27200	\$ 74 800
LUIIS CETTA AUTO Inventory	÷	• '	¢	е I	• '					
Prepaid		1				9,079	16,380	12,795	14,336	16,290
Committed		'	'	'	1			1	1	
Assigned										
Significant encumbrance		'	•	'	'	707,546	625,681	172,579	1,357,108	183,359
Funds assigned for asset replacement			1			92,006	175,221	5,589	85,909	6,000
Funds assigned for Boys & Girls Club		'			'	267,196	295,768	320,422	163,271	87,141
Funds assigned for recreation programs					'	32.829				
Subsequent vear budget annronriation							1 119 142	2 871 133	4 157 048	4 248 461
urosequent year oueget appropriation						0 170 554	4 004 004	2 000 000	7 501 160	2 4 97 304
Unassigned Total Dost CACR 54	÷	•	- -	' 9	' -	\$ 10 376 373	4,704,004	\$ 7,002,807	¢ 8 307 377	C 8 053 015
FC TOWD ISO I IONT	¢	۰ ¢	÷	۰ ¢	¢	(2C,U2C,U1 ¢				
ALL OTHER GOVERNMENTAL FUNDS Pre GASB 54										
Reserved	\$ 4,572,792	\$ 4,322,710	\$ 8,976,608	\$ 10,796,738	\$ 9,412,486	۰ ۶	\$	\$	\$	\$
Unreserved, reported in										
Special revenue funds Total Pre GASB 54	501,387 \$ 5,074,179	768,423 \$ 5,091,133	936,206 \$ 9,912,814	1,161,627 \$ 11,958,365	1,218,688 \$ 10,631,174	• •	* *	· · \$	* '	\$
Post GASB 54										
Nonspendable										
MEDA Land for Resale	\$	\$	•	۰ ج	۰ ج	\$ 1,862,550	\$ 1,862,550	\$ 1,468,341	\$ 1,435,359	\$ 804,955
Restricted										
Capital Improvements		'	ı		'	3,265,269	3,124,863	1,663,852	1,251,969	1,625,340
Economic Development		ı	ı	ı	I	I	I	507,035	716,134	1,132,916
Debt Service			I	I	I	1,114,955	1,315,076	1,688,433	2,065,837	2,429,498
Aquatics Programs		'			'	10,000	10,000	10,000	10,000	10,000
Municipal Court						414,497	464,588	451,861	345,637	371,415
PD Asset Sharing		'	'	'	'	935,693	1,773,041	1,210,028	1,680,978	1,051,581
Drainage Improvements	•				'	533,047	514,275	1,623,508	1,028,237	1,278,474
Scholarships and Books	•			•	'	25,453	25,594	25,703	25,799	25,826
Tourism		'			'	437,435	412,953	319,997	539,027	849,426
Perpetual Care				'	'	33,839	37,541	46,572	45,074	52,487
Records Preservation		'	'	'	'	9,929	13,016	10,733	8,184	6,918
Tax Increment		'			'	4,402	3.999	3.818	3,487	3.536
Total Doct C A CD EA										

(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)

		2000	0000	0000	0100	1100	0100	610C	1100	2100
	0007	7007	2002	6007	2010	7011	7117	6102	2014	C107
Revenues										
Taxes	\$ 22,683,237	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749	\$ 30,541,631	\$ 31,444,318	\$ 32,411,636	\$ 32,297,592	\$ 33,758,579	\$ 33,951,830
Licenses and permits	1,176,810	1,048,873	696,135	515,229	552,496	643,827	554,324	497,739	573,875	550,463
Intergovernmental	4,525,130	4,593,260	5,624,673	5,002,401	15,305,799	7,161,137	7,340,271	5,086,832	8,414,336	10,068,205
Charges for services	785,816	1,126,575	1,131,486	954,560	853,506	718,021	905,492	893,511	1,048,380	1,249,275
Fines	1,008,935	928,498	845,877	820,359	775,992	613,174	811,498	814,104	1,016,847	848,264
Investment earnings	462,951	519,103	570,477	132,095	41,819	54,112	57,649	59,252	87,731	90,628
Special assessments	400,179	472,710	494,579	506,520	523,299	531,715	540,032	682,323	884,355	902,318
Miscellaneous	966,855	1,397,770	1,896,000	2,636,184	1,639,861	1,711,765	1,160,974	2,111,479	1,792,201	1,137,003
Total Revenues	32,009,913	35,207,411	39,949,342	40,380,098	50,234,403	42,878,069	43,781,876	42,442,832	47,576,304	48,797,986
Expenditures										
General government	7,543,408	7,509,552	7,906,361	7,708,433	14,177,581	7,338,930	8,810,604	7,950,398	9,391,353	9,057,775
Public safety	12,739,371	15,400,283	16,849,849	17,265,004	18,642,783	18,575,214	20,738,298	20,502,038	20,727,655	21,544,530
Highways and streets	2,495,682	2,689,557	3,547,259	3,598,796	5,327,032	4,356,144	4,504,778	4,127,714	7,276,217	5,336,817
Sanitation	ı	I	ı	'	ı	ı		ı	I	1
Health and Welfare	551,362	357,778	343,248	373,037	566,753	872,624	1,351,381	960,761	426,376	426,037
Economic and physical development	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	5,512,540	4,840,988	4,231,038	4,544,891
Culture and recreation	3,809,523	4,625,680	4,759,234	4,778,975	4,883,052	5,092,616	3,585,902	5,632,998	5,518,783	5,454,124
Capital projects	3,326,307	951,640	4,174,716	4,388,605	2,664,844	6,274,155	3,104,751	1,547,860	797,446	3,862,838
Debt Service										
Principal	1,640,000	1,479,385	1,803,502	1,723,765	2,010,834	2,299,748	2,202,765	2,143,719	1,970,000	2,088,321
Interest	944,053	1,160,599	1,230,572	1,253,891	1,297,107	1,291,973	1,302,540	1,186,585	1,139,237	1,029,937
Other charges	8,930	8,503	8,630	8,630	7,450	5,950	5,950	8,239	5,450	5,650
Total expenditures	33,955,754	35,330,168	42,925,365	44,183,600	53,044,018	49,777,622	51,119,509	48,901,300	51,483,555	53,350,920

(4,552,934)

(3,907,251)

(6,458,468)

(7, 337, 633)

(6,899,553)

(2,809,615)

(3,803,503)

(2, 976, 023)

(122, 757)

(1,945,841)

over (under) expenditures Excess of revenues

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses)										
Transfers in	4,517,001	4,580,409	2,867,662	5,593,315	6,267,545	4,997,949	4,725,834	7,420,764	7,399,432	7,706,335
Transfers out Refinding hond issued	(3,96/,001) -	(3,900,410) -	(1,867,662)	(618,899,6) -	(646,101,4)	(2,797,949) -	3 165 000	(2,820,764)	(2,999,433) -	(3,306,334) -
Bonds issued	4,100,000	ı	7,000,000	5,804,678	I	2,930,000	2,635,000	ı	2,653,865	ı
Long-term debt proceeds		'	'	'	'					'
Premium on bonds issued	'	ı	168,426	168,441	ı	84,236	298,283		ı	ı
Discount on bonds issued Dayments to refinded bond economy agent	1	1	1		1	1	-	1	- 137 8/0)	1
r ayments to returned bound escrow agent Canital leases		- 384 344			- 108 376		-			
Capital peaces Sale of capital assets	20,114		105,340		46,800	114,205	259,112	190,027	53,325	
Proceeds from sale of assets		·		·				1,184,744	262,322	296,156
I otal otner infancing sources (uses)	4,670,114	1,064,343	8,273,766	7,573,120	2,255,126	5,328,441	5,171,621	5,974,771	5,136,662	4,696,157
Special and extraordinary items:										
Special item Total enacial and			·	(295,683)						
extraordinary items	'			(295,683)	'   				'	•
Net change in fund balances	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)	\$ (1,571,112)	\$ (2,166,012)	\$ (483,697)	\$ 1,229,411	\$ 143,224
Debt service as a percentage of noncapital										
expenditures <sup>(1)</sup>	8.32%	8.15%	8.16%	7.91%	7.15%	8.90%	7.90%	7.54%	7.00%	6.94%
			CITY (	CITY OF MISSION, TEXAS	EXAS					
		GENEK	AL GOVEKNM LAST	EKNIMENTAL TAX KEVEN LAST TEN FISCAL YEARS	EVENUE BY SU EARS	JUKCE				
			(modified a	(modified accrual basis of accounting)	ccounting)					
					Hotel	Alcoholic				
	Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupancy Tax	Beverage Tax	Total			
	2006	17 337 808	7 961 019	2 028 000	309 496	51914	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	490,446 406 750	79,864	30,541,629 21,442,801			
	2017	18,230,380 18 151 775	10,234,485	2,390,994 2 790 119	450,/24 537 574	/8,000 73,518	31,442,891 32 410 170			
	2013	18.190.169	10.917.924	2.542.621	577.711	69.167	32.297.592			
	2014	18,927,676	11,496,695	2,636,049	650,142	48,018	33,758,580			
	2015	19,037,265	11,479,463	2,650,031	748,812	36,258	33,951,829			

Assessed Value as a Percentage of Actual Value	0.85%	0.84%	0.84%	0.87%	0.87%	0.86%	0.86%	0.86%	0.86%	0.86%	
Estimated Actual Taxable Value <sup>2</sup>	2,503,715,998	2,787,286,465	3,258,595,272	3,333,160,683	3,613,272,066	3,764,863,710	3,879,134,802	3,962,365,852	4,096,330,774	4,123,193,233	
Total Direct Tax Rate <sup>1</sup>	0.5589	0.5566	0.5566	0.5666	0.5566	0.5566	0.5388	0.5288	0.5288	0.5188	
Total Taxable Assessed Value	2,139,312,290	2,352,554,809	2,729,118,025	2,913,058,674	3,126,370,682	3,232,561,565	3,320,390,575	3,406,486,662	3,520,791,142	3,540,518,418	
Less: Tax Exempt Real Property	364,403,708	434,731,656	529,477,247	420,102,009	486,901,384	532,302,145	558,744,227	555,879,190	575,539,632	582,674,815	
Non-Real Property Personal Property	266,242,149	277,201,924	318,353,327	287,384,742	274,072,218	268,558,129	366,527,219	376,726,890	384,505,956	371,410,887	
perty Commercial Property	1,321,705,696	1,512,771,351	1,738,634,339	1,737,671,626	1,937,539,558	2,032,661,499	2,043,740,424	2,085,403,055	2,208,552,001	2,242,310,656	
Real Property Residential Co Pronerty P	915,768,153	997,313,190	1,201,607,606	1,308,104,315	1,401,660,290	1,463,644,082	1,468,867,159	1,500,235,907	1,503,272,817	1,509,471,690	
Fiscal Year Ended Sentember 30.	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	

Assessed Value and Estimated Actual Value of Taxable Property

City of Mission

Last Ten Fiscal Years

Tax rate per every \$100 valuation of property.
 The estimated property value is derived directly from the Levy Roll Tax Totals provided by the Hidalgo County Tax Assessor.

#### 198

						Ov	<b>Overlapping Rates</b> <sup>1</sup>	tes <sup>1</sup>			
	1	City of Mission	u			School	School District				Total
Fiscal	Operating	Debt Service	Total City	Hidalgo County	Mission ISD	Sharyland ISD	La Joya ISD	South Texas ISD	Drainage Dist. No. 1	South Texas College	Direct & Overlapping
Year	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Rates <sup>2</sup>
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
2013-14	0.4212	0.1076	0.5288	0.5900	1.3000	1.2855	1.3110	0.0492	0.0957	0.1500	5.31
2014-15 Source: Hida	0.4140 algo County Ta	0.1048 x Office and La	2014-15         0.4140         0.1048         0.5188           Source: Hidalgo County Tax Office and La Joya Tax Office.         0.5188         0.5188	0.5900	1.3300	1.3355	1.3110	0.0492	0.0957	0.1850	5.42

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, Special Districts and the Community College.

#### City of Mission Principal Property Tax Payers September 30, 2015

	_	Tax	Year 201	5	Tax	Year 200	5
Taxpayer		Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Frontera Generation LTD	\$	60,508,140	1	1.71%	-	-	-
Sharyland Utilities LP		55,721,920	2	1.57%	-	-	-
Shary Retail LTD		28,798,244	3	0.81%	-	-	-
AEP Texas Central Co		23,125,510	4	0.65%	19,307,560	1	1.05%
Bert Ogden Chevrolet		19,668,372	5	0.56%	13,492,741	4	0.73%
Wal-Mart Real Estate Business		18,101,797	6	0.51%	-	-	0.00%
Shary Retail LTD		17,107,025	7	0.48%	-	-	0.00%
Royal Technologies Corp.		14,388,954	8	0.41%	9,564,796	9	0.52%
CNMK Texas Properties, LTD		13,523,677	9	0.38%	-	-	0.00%
Royal Technologies Corp.		13,047,133	10	0.37%	-	-	0.00%
Halliburton Energy Serv (HS)		-	-	-	16,246,190	2	0.88%
Hunt Valley Development		-	-	-	8,879,722	10	0.48%
Rio Del Vida Apartments		-	-	-	10,935,881	7	0.59%
Rio Grande Snack Co		-	-	-	11,750,195	5	0.64%
Southwestern Bell Telephone		-	-	-	11,625,392	6	0.63%
Spikes Motor Company, Inc.		-	-	-	10,668,001	8	0.58%
Wal-Mart Stores Texas LP #452	<u>ф</u>	-	-	-	15,400,084	3	0.83%
Total	\$	263,990,772		7.46%	\$ 127,870,562		6.93%

Source: Hidalgo County Tax Assessor.

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

Fiscal Year	Total Tax	Collection Fiscal Year			Total Coll	ection to Date
Ended September 30	Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	12,045,882	11,347,253	94.2%	650,731	11,997,984	99.6%
2007	13,241,161	12,684,294	95.8%	497,769	13,182,063	99.6%
2008	15,893,072	15,035,133	94.6%	780,538	15,815,671	99.5%
2009	17,305,109	16,251,424	93.9%	954,348	17,205,772	99.4%
2010	17,361,554	16,529,835	95.2%	709,507	17,239,342	99.3%
2011	17,803,116	16,989,023	95.4%	661,046	17,650,069	99.1%
2012	17,798,270	17,102,655	96.1%	507,598	17,610,253	98.9%
2013	17,835,988	17,194,844	96.4%	417,325	17,612,169	98.7%
2014	18,585,075	17,937,794	96.5%	302,742	18,240,536	98.1%
2015	18,689,445	18,034,797	96.5%	-	18,034,797	96.5%

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

		Per Capita	1,009	1,048	1,025	1,013	833	814	062	734	763	695
	Percentage	of Personal Income	0.49%	0.49%	0.48%	0.45%	0.37%	0.37%	0.35%	0.32%	0.33%	0.29%
	Total	Primary Government	58,777,539	64,116,554	66,970,896	69,495,548	59,978,825	62,717,486	62, 731, 141	59,061,549	61,844,964	57,310,664
es		Capital Leases	119,372	84,651	46,603	300,706	206,332	113,252	40,730	41,282	28,762	15,644
Business-Type Activities General	General	Obligation Bonds	1,295,000	845,000	430,000	220,000					4,880,000	4,675,000
		<b>Revenue</b> <b>Bonds</b>	34,394,311	41,320,103	39,277,568	37,251,918	29,959,204	32,089,427	31,659,650	30,142,873	29,032,906	26,861,210
S		Capital Leases	ı	284,958	186,457	81,739	143,232	70,484	24,719			•
Governmental Activities General		Notes Payable	100,000	50,000		272,001	168,000	96,000	24,000	·		I
	General	Obligation Bonds	22,868,856	21,531,842	27,030,268	31,369,184	29,502,057	30,348,323	30,982,042	28,877,394	27,903,296	25,758,810
	•	Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Debt Payable From Business-type Revenues	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2006	24,163,856	732,719	1,295,000	22,136,137	1.03%	379.83
2007	22,376,842	828,009	845,000	20,703,833	0.88%	338.34
2008	27,460,268	989,173	430,000	26,041,095	0.95%	398.73
2009	31,589,184	1,140,526	220,000	30,228,658	1.04%	440.81
2010	29,502,057	1,472,816	-	28,029,241	0.90%	389.28
2011	30,348,323	1,114,955	-	29,233,368	0.90%	379.37
2012	30,982,042	1,315,076	-	29,666,966	0.89%	373.79
2013	28,877,394	1,688,433	-	27,188,961	0.80%	337.95
2014	32,783,296	2,065,837	4,880,000	25,837,459	0.73%	318.78
2015	30,433,810	2,429,499	4,675,000	23,329,311	0.66%	283.02

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, 2015

Governmental Unit	(	Debt Dutstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Hidalgo County	\$	177,400,000	11.84%	\$ 21,004,160
Hidalgo County Drainage District #1		150,445,000	12.83%	19,302,094
Hidalgo Independent School District		47,330,000	0.12%	56,796
La Joya Independent School District		257,656,704 (1)	15.02%	38,700,037
Mission Consolidated Independent School District		128,758,222 (1)	72.71%	93,620,103
Sharyland Independent School District		117,648,999 (1)	60.84%	71,577,651
South Texas College District		171,015,000	11.54%	19,735,131
Subtotal Overlapping Debt				\$ 263,995,972
City of Mission	\$	29,440,000	100.00%	\$ 29,440,000
Total Direct and Overlapping Debt				\$ 293,435,972

(1) 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.

	1000	1000	0000	0000	0100		0.00	0100	1.00	1.00
	0007	7007	2008	6007	2010	7011	7107	2013	2014	C107
Debt Limit	\$ 106,965,615	\$ 117,627,740	\$ 136,455,901	\$ 145,652,934	\$ 156,318,534	\$ 161,628,078	\$ 166,019,529	\$ 170,324,333	\$ 176,039,557	\$ 177,025,921
Total net debt applicable to limit	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,233,368	29,489,924	27,021,567	24,739,163	23,329,311
Legal debt margin	\$ 84,963,334 \$ 97,050,	\$ 97,050,750	\$ 110,695,075	\$ 115,573,460	\$ 128,263,350	\$ 132,394,710	\$ 136,529,605	\$ 143,302,766	\$ 151,300,394	\$ 153,696,610
Total net debt applicable to the limit as a percentage of debt limit	20.57%	17.49%	18.88%	20.65%	17.95%	18.09%	17.76%	15.86%	14.05%	13.18%
Legal Debt Margin Calculation for Fiscal Year										
Assessed value Add back: exempt real property	\$ 2,139,312,290 \$ 2,352,099,983 \$ -	\$ 2,352,099,983 \$	\$ 2,729,646,025 \$	\$ 2,913,058,674 \$	\$ 3,126,370,682 \$	\$ 3,232,561,565 \$	\$ 3,320,390,575 \$	\$ 3,406,486,662 \$	\$ 3,520,791,142 \$	\$ 3,540,518.42 \$ -
Total assessed value	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682	\$ 3,232,561,565	\$ 3,320,390,575	\$ 3,406,486,662	\$ 3,520,791,142	\$3,540,518.42
Debt limit (5% of total assessed value) Debt applicable to limit:	106,965,615	117,604,999	136,482,301	145,652,934	156,318,534	161,628,078	166,019,529	170,324,333	176,039,557	177,025,921
General obligation bonds Less: Amount set aside for repayment	24,030,000 (732,719)	22,250,000 (828,010)	27,180,000 (989,174)	31,440,000 (1,140,526)	29,528,000 (1,472,816)	30,135,000 (1,114,955)	30,805,000 (1,315,076)	28,710,000 (1,688,433)	31,685,000 (2,065,837)	30,433,810 (2,429,499)
of general obligation debt Less: Business-type general obligations	(1,295,000)	(845,000)	(430,000)	(220,000)					(4,880,000)	(4,675,000)
Total net debt applicable to limit	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045	29,489,924	27,021,567	24,739,163	23,329,311
regui acor mu gin		4 11,020,000	011(17)(011 A	oot's state +	0000000000 h	CC010001777 #	\$ 100% (170°00 \$	00/1700/017 A		+ 10,000,010

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

			Revenue	Bonds		
Fiscal	Charges	Less: Operating	Net Available	Debt Ser	rvice (3)	
Year	and Other (1)	Expenses (2)	Revenue	Principal	Interest	Coverage (4)
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%
2013	18,053,516	10,087,267	7,966,249	2,000,000	1,115,474	2.56%
2014	19,289,418	10,112,569	9,176,849	2,091,000	888,111	3.08%
2015	17,748,586	10,453,361	7,295,225	2,360,000	792,799	2.31%

(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.

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

 $MSA_{(2)}$ 

Fiscal Year	<b>Population</b> (1)	MSA <sup>(2)</sup> Personal Income	Capita Personal Income	Median Age (1)	Percentage High School Graduates (3)	School Enrollment (3)	Unemployment Rate (4)
2006	58,279	12,084,495,000	17,903	31.7	93.1	15,341	5.20%
2007	61,193	13,052,934,000	18,771	32.0	85.3	15,536	5.60%
2008	65,309	14,055,483,000	19,651	32.7	80.0	15,451	7.30%
2009	68,575	15,409,425,000	20,917	32.2	79.6	15,439	9.30%
2010	72,004	16,036,052,000	21,171	30.9	82.4	15,341	9.90%
2011	77,058	16,965,278,000	21,771	30.9	82.9	15,517	10.20%
2012	79,368	17,789,208,000	22,390	29.8	89.0	20,767	8.10%
2013	80,452	18, 341, 843, 000	22,757	27.2	88.9	25,749	7.90%
2014	81,050	18,827,748,000	23,073	29.3	90.7	38,508	6.90%
2015	82,431	19,740,566,000	23,753	30.3	94.6	41,254	6.10%
(1) Fetima	tad (avoint for the EV	(1) Betimoted (excent for the EV 2011 information was received from the 2010 IIS Concurs) & Teves Democrathics	aived from the 201	O LIC Cancus, &	Tavas Damomanhios		

Estimated (except for the FY 2011-information was received from the 2010 US Census) & Texas Demographics.
 MSA-Metropolitan Statistical Area for Mission-McAllen-Edinburg- Source: Tracer-Texas Labor Market.
 Source: Texas Education Agency, Local School Directory.com, Mission CISD & Sharyland ISD
 Source: Labor Market & Career Information, Texas Workforce Commission, Tracer (Data Link - Data Types)

#### City of Mission Principal Employers

		2015	)		2005(2)	
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mission CISD	2,223	1	3.37%	1,955	1	3.82%
Sharyland ISD	1,214	2	1.84%	650	3	1.27%
Mission Regional Medical Center	1,040	3	1.58%	740	2	1.45%
T-Mobile	832	4	1.26%	594	4	1.16%
City of Mission	659	5	1.00%	512	5	1.00%
H.E.B.	637	6	0.97%	380	7	0.74%
Wal-Mart Super Center	373	7	0.57%	400	6	0.78%
Home Depot	186	8	0.28%	-	-	0.00%
Target	171	9	0.26%	-	-	0.00%
Royal Technologies	158	10	0.24%	-	-	0.00%
Total	7,493		11.37%	5,231		10.22%

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

(2) Source: Information not available. Home Depot, Target & Royal Technologies not established

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

Source: City of Mission Finance Department-Budget Office.

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

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

443 0.34 3,050 19,882 3,888 2,116 10.62 7.42 75 23,898 36,971 486 344 10.110 22 28 2015 3,632 3,715 1,773 377 0.27 46,388 12.56 7.19 31 28 297 463 29 12,071 30,911 6.070 2014 60,306 4,079 8,093 2,818 2,599 21,122 225 0.24 353 395 13.02 7.09 37 25 55 5.1302013 218 0.26 54,056 12.63 4,305 13,685 3,239 1,80315,783 370 507 6.68 32 25 5.5302012 12,970 59,162 6,710 176 0.26 13.63 6.32 3,000 2,738 2,154 4.240512 452 35 32 25 2011 173 0.16 11.00 4,373 0,957 2,392 5.596 2,449 6.57 2,450 52,491 32 25 463 649 4 2010 150 0.21 65,942 l,748 4,002 20,757 1,9673,015 3.750 6,438 32 25 557 13.23 5.97 67 2009 68,173 6.06 22,473 2,270 2,479 6.088 0,217 146 0.08 12.44 24 23 650 603 4,081 2 2008 54,125 4,592 13,217 2,1592,945 24,729 193 0.05 1,202 10.85 6.03 8.564 32 24 459 96 2007 159 0.03 12.56 6.00 3,943 12,042 1,97720.000 13,006 53,464 1,237 44 790  $^{24}_{24}$ 563 2006 Recyclables collected (tons/day) Average daily sewage treatment Refuse collected (tons/day)<sup>(1)</sup> Streets resurfacing (miles) Number of calls answered Average daily consumption Water mains breaks (year) New connections (year) Culture and recreation Highways and Streets (millions of gallons) Traffic Violations **Parking Violation** Potholes repaired Parks Maintained Physical arrests Programs Golf Course Inspections Rounds Recreation Wastewater Sanitation Function Police Water Fire

Sources: Various City departments.

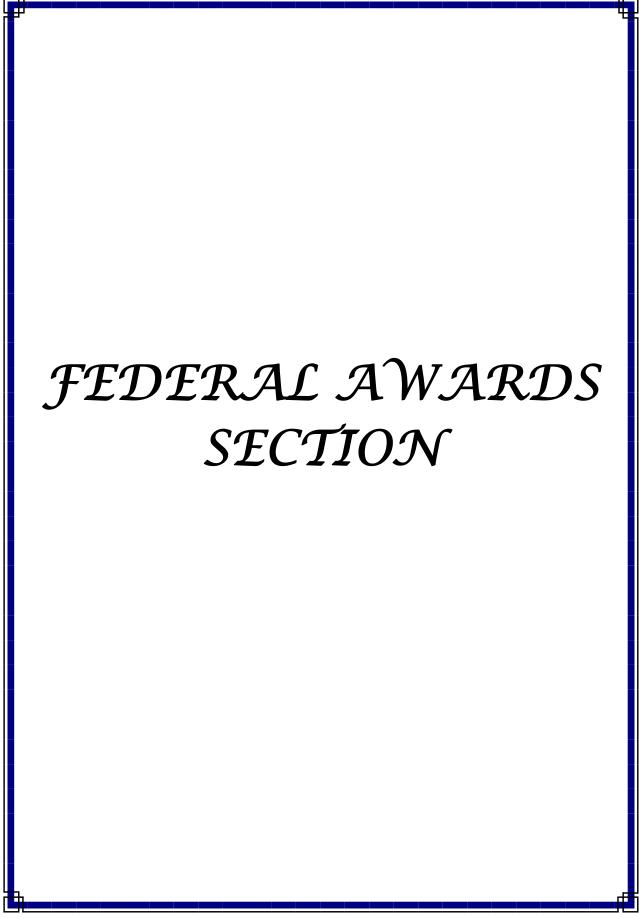
Note: Indicators are not available for the general government function. (1) Information for 2006 estimated. City of Mission Capital Asset Statistics by Function Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function</b> Public Safety Police Protection										
Stations	1	1	1	1	1	2	2	7	2	7
Patrol Units	85	88	94	96	87	100	111	111	111	111
Fire Protection										
Fire Stations	4	4	4	4	4	S	5	S	5	5
Highways and Streets										
Streets (miles)	535	539.52	543.46	548.67	549.02	554.20	555.66	560.79	387.14	387.45
Number of Streetlights	4,767	2,636	2,679	2,726	4,856	4,945	4,473	4,158	4,261	4,281
Culture and recreation										
Parks acreage	310	310	419	419	419	419	419	419	419	419
Parks	24	24	24	25	25	25	25	25	28	28
Swimming pools	2	2	2	2	2	2	3	ŝ	3	3
Tennis Courts	2	7	3	4	4	4	4	6	6	6
Community Centers	7	5	7	5	5	5	7	2	7	7
Water										
Water Plants	2	5	2	2	2	2	2	5	2	7
Water mains (miles)	410	415.86	422.56	425.36	429.07	436.35	442.21	457.45	460.79	459.23
Fire hydrants	2,254	2,408	2,444	2,457	2,481	2,496	2,784	2,803	2,813	2,820
Number of Service connections	21,995	22,902	23,308	23,785	24,248	24,734	25,157	25,510	25,807	26,293
Number of Gallons Sold (in millions)	4,172.14	3,425.39	3,906.65	4,228,779	3,613,761	4,513,884	4,678,994	4,844,627	4,305,078	3,609,669
Daily Average Consumption (gallons) <sup>(1)</sup>	12.56	10.85	12.44	11.59	9.90	12.37	12.81	13.27	11.80	9.89
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	315	319.45	323.16	325.11	325.93	328.70	328.707	356.75	357.77	358.14
Number of Service connections	18,606	18,632	20,510	21,285	21,694	22,110	22,439	22,815	23,028	23,437
Storm sewers (miles)	110	112.17	114.95	115.91	116.83	118.99	121.16	145.03	145.92	146.02
Daily average treatment in gallons <sup>(1)</sup>	6.00	6.03	6.06	5.97	6.57	6.60	6.70	7.10	7.20	7.40
Maximum daily treatment capacity <sup>(1)</sup>	7.00	7.34	8.12	6.70	12.92	7.87	8.60	9.18	12.00	9.98

Source: City departments.

(1) Amount is in millions. Note: No capital asset indicators are available for the general government function.









Members - Division of Firms, American Institute of CPAs 4100 N. 23rd McAllen, Texas 78504 (956) 686-3701 Fax (956) 686-6830 www.longchilton.com

## 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Mission's basic financial statements, and have issued our report thereon dated February 12, 2016. 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. The financial statements of Mission Redevelopment Authority, a component unit of the City, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Mission Redevelopment Authority.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Mission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose of this Report**

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

Long Chilton, ZZP

LONG CHILTON, LLP Certified Public Accountants

McAllen, Texas February 12, 2016



Members - Division of Firms, American Institute of CPAs 4100 N. 23rd McAllen, Texas 78504 (956) 686-3701 Fax (956) 686-6830 www.longchilton.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

## **Report on Compliance for Each Major Federal Program**

We have audited City of Mission'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, 2015. City of Mission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Mission's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Mission's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, City of Mission complied, in all material respects, with the types of 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, 2015.

### **Report on Internal Control over Compliance**

Management of City of Mission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Mission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control, or a combination of deficiencies, in internal control over compliance of the time of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance of the type of compliance control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Long Chilton, ZXP

LONG CHILTON, LLP Certified Public Accountants

McAllen, Texas February 12, 2016

# CITY OF MISSION, TEXAS SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2015

## Section I - Summary of Auditor's Results

Financial Statements			
Type of auditor's report issued:	Unmodified		
<ul><li>Internal control over financial reporting:</li><li>Material weakness (es) identified?</li></ul>	yes <u>X</u> no		
• Reportable condition(s) identified that are not considered to be material weaknesses? reported	yes <u>X</u> none		
Noncompliance material to financial statements not	ted?yes _X_no		
Federal Awards			
Internal control over major programs:			
• Material weakness (es) identified?	yes <u>X</u> no		
• Reportable condition(s) identified that are not considered to be material weaknesses? reported	yes <u>X</u> none		
Type of auditor's report issued on compliance for major programs:	Unmodified		
Identification of major programs:			
<u>CFDA number (s)</u>	Name of Federal Program or Cluster		
16.000 20.205	Equitable Sharing Highway Planning and Construction		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u>yes X</u> no		
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000		
Auditee qualified as low-risk auditee?	<u>X</u> yes no		

## CITY OF MISSION, TEXAS SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) For the Year Ended September 30, 2015

## Section II – Financial Statement Findings

None.

## Section III - Federal Award Findings and Questioned Costs

PROGRAM	DESCRIPTION
None.	

## CITY OF MISSION, TEXAS SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) STATUS OF PRIOR YEAR FINDINGS For the Year Ended September 30, 2015

Section II – Financial Statement Findings		
PROGRAM	STATUS OF PRIOR YEAR FINDING/	
	NONCOMPLIANCE	
None.		

## Section III - Federal Award Findings and Questioned Costs

PROGRAM	STATUS OF PRIOR YEAR FINDING/
	NONCOMPLIANCE
None.	

## CITY OF MISSION, TEXAS SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) CORRECTIVE ACTION PLAN For the Year Ended September 30, 2015

PROGRAM	CORRECTIVE ACTION PLAN
None.	

#### CITY OF MISSION, TEXAS SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2015

(01)		(02)	(03)	(04) Amount in (03)
Project Number	Federal Grantor/ Pass Trough Grantor/ Program Title	Federal CDFA Number	Expenditures, Indirect Costs and Refunds	Relating to Pass Through to Subrecipients
	Federal Emergency Management Agency			
	Passed Through Texas Department of			
15TX-EMPG-0715	Public Safety - Division of Emergency Management: Emergency Management Assistance	97.042	40,657	-
	Total Federal Emergency Management Agency		40,657	
			· · · · ·	
	U.S. Department of Homeland Security			
	Passed Through Texas Governor's Division Of Emergency Management:			
13-SR-48215	2013 Operation Stonegarden Grant	97.067	160,963	_
13-SR 48768-02	2014 Homeland Security Program	97.067 97.067	66,183	-
	Total U.S. Department of Homeland Security		227,146	
	Total 0.5. Department of Homeland Security		227,140	
	National Highway Traffic Safety Administration			
585EG083	STEP	20.600	80,554	-
585EGF6372	STEP-Impaired Driving Mobilization	20.600	5,978	-
585EGF6471	STEP-Click It or Ticket	20.616	4,353	-
	Total National Highway Traffic Safety Administration		90,885	
	Federal Highway Administration			
	Passed through Texas Department of Transporation			
0921-02-284	Highway Planning and Construction	20.205	1,325,804	-
0921-02-293	Highway Planning and Construction	20.205	173,419	-
0921-02-301	Highway Planning and Construction	20.205	506,149	-
	Total Federal Highway Administration		2,005,372	
	U.S. Department of Justice			
	Direct Programs:			
	Equitable Sharing Program	16.000	906,058	-
	Bullet Proof Vest Program	16.607	14,197	-
	Total U.S. Department of Justice		920,256	-
	U.S. Department of Housing and Urban Development			
	Direct Programs:			
B-13-MC-48-0514	Community Development Block Grant	14.218	480,303	-
B-14-MC-48-0515	Community Development Block Grant	14.218	559,701	67,337
	Total U.S. Department of Housing and Urban Developme	ent	1,040,004	67,337
	· · ·			
	TOTAL FEDERAL AWARDS EXPENDED		\$ 4,324,319	\$ 67,337

### CITY OF MISSION, TEXAS NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended September 30, 2015

### **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.