

# City of Mission



## Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2014

City of Mission, Texas

# *CITY OF MISSION, TEXAS*

## *Comprehensive Annual Financial Report*

*For Fiscal Year Ended  
September 30, 2014*

*Prepared By:  
Finance Department*

# MISSION CITY COUNCIL



Norberto "Beto" Salinas  
Mayor



Norie Gonzalez Garza  
Mayor Pro Tem



Jessica Ortega-Ochoa  
Council Member



Dr. Armando O'cana  
Council Member



Ruben Plata  
Council Member

CITY OF MISSION, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2014

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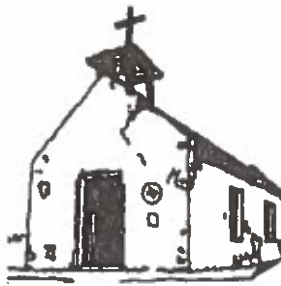




*INTRODUCTORY  
SECTION*



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## CITY OF MISSION

*"Home of the Grapefruit"*

February 4, 2015

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, 2014, 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, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

The City of Mission was incorporated on March 19, 1910 and is located along the U.S. - Mexico border in South Texas. The City currently occupies a land area of approximately 34.92 square miles. The City's population has grown since the 2000 census from 45,408 to 77,058 as per the 2010 census, an increase of 70%. The City is empowered to levy a property tax on both real and personal property located within its boundaries and it is empowered by state statute to extend its corporate limits by annexation, when deemed appropriate by the City Council.

The City of Mission is a political subdivision located in Hidalgo County operating as a home rule city under the City's Home Rule Charter, which was last amended on May 10, 2008. The City operates under a Council/Manager form of government where the Mayor and four Council members are elected at large to four-year staggered terms. The City Council is responsible, among other things, to enact local legislation, adopt budgets, determine policies and appoint the City Manager and City Attorney. The City Manager is responsible for executing the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural events; water, sewer, and sanitation services; and a municipal golf course.

### **Budget**

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

## **LOCAL ECONOMY**

Mission is one of the major cities of the McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA). Mission is among the fastest growing cities in the Rio Grande Valley, State of Texas, and United States.

The economic turmoil facing the nation has affected the City's economic development; however, with the help from Mission Economic Development Corporation (MEDC), the Greater Mission Chamber of Commerce, and the Mission Redevelopment Authority (MRA), the City has continued to bring in residential and commercial development, though at a slower pace.

The City continues to work very closely with the MRA and Hunt Valley Development to promote development along the Anzalduas Highway, which was completed during FY 2013. The MRA issued revenue bonds for the installation of wastewater infrastructure in the area. It is expected that once the area is fully developed, both property and sales tax revenues will increase. For FY 2014, sales tax reflected an increase of 5% compared to prior year.

### **Tourism**

Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to "Winter Texans" for four to six months out of the year. Winter Texans are mostly retired citizens from northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the economy of the City. The City currently has ten hotels that provide lodging to tourists. Hotel/motel occupancy tax receipts reflected a 12.5% increase compared to prior fiscal year.

### **Employment**

According to the Texas Labor Market Review website, the City's unemployment rate was 7% as of November 2014.

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

- In the industrial sector category, three businesses opened reflecting the highest capital investments of \$43.6 million creating over 368,000 sq. ft. of development space and approximately 103 new jobs.
- In the retail and service categories, thirteen businesses opened in different areas of the city creating over 33,500 sq. ft. of development space with a combined capital investment of \$1.3 million and 80 new jobs were created.
- In the restaurant category, six restaurants opened for business at a combined capital investment of \$1.5 million and created 47 new jobs.

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

## **Fiscal Year 2013-2014 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 \$1.9 million in State and Federal Grants for housing, public safety services and equipment, park improvements, homeless prevention programs, and education programs.
- Continued the philosophy in the CDBG program of focusing solely on the reconstruction of homes and the funding of several public agencies. Fifteen new homes were reconstructed by the CDBG housing program during the year.
- Commenced the in-house solid waste collection system.
- Commenced the Public Works warehouse metal building.
- Commenced the Texas Water Development Board EDAP sanitary sewer project from 4 ½ mile to 7 mile.
- Commenced the planning for the Waste Water Treatment Plant expansion project.
- Commenced the local let project from the Texas Department of Transportation for Mile 2 from Conway to Moorefield.
- Commenced the construction of the shade canopies and Bentsen Community Park.
- Commenced the reroofing project and the Mission Police Department.
- Commenced the expansion project of Inspiration Road from Expressway 83 to 3 Mile Line Road.
- Completed the Glasscock Storm Drainage Project.
- Completed the Keralum Drainage Project.
- Completed the shade canopies at the CWV Park Mayberry Pool.
- Entered into a local agreement with City of McAllen and Hidalgo County to expand Taylor Road from Expressway 83 to Dove Avenue.
- Substantially completed the Conway Streetscape Project with the grant from the Federal Department of Transportation.
- Commenced the Inspiration Overpass Project in conjunction with TXDOT.

## **Major Initiatives For Fiscal Year 2014-2015**

- Continue applying for federal and state grants that would enable the City to provide additional positions for the Police and Fire Departments.
- Complete the roof reconstruction at the Former Central Fire Station project.
- Complete the park improvements at the Hollis Rutledge Sr. Park.
- 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.

- Completion of the construction of the Streetscape Project along Conway Avenue.
- Commence the plans and specs for the Taylor Road Expansion Project.
- Complete the renovation of the CWV Community Center, which will be used for a food pantry, on Mayberry Road.
- Commence the Bentsen Palm Park Restroom Facility Project.
- Complete the Anzalduas Highway Wastewater Project, which will be funded by the Mission Redevelopment Authority.

## **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 \$8,354,504. 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 2015 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, 2013. This is the thirteenth 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

  
\_\_\_\_\_  
Randy Perez  
Interim 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, 2013**

Executive Director/CEO



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# *CITY OF MISSION, TEXAS*

## *List of Principal Officials*

*Year Ended September 30, 2014*

### *CITY OFFICIALS*

*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*

### *CITY ADMINISTRATION*

*City Manager*

*City Secretary*

*Finance Director*

*Assistant Finance Director*

*City Attorney*

*CDBG Director*

*Civil Service Director*

*Fire Chief*

*Interim Golf Course Director*

*Health Director*

*Human Resources Director*

*Library 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.*

*Anna Carrillo*

*Janie Flores*

*Randy Perez*

*David H. Guerra*

*Joanne Longoria*

*Jesse Lerma*

*Ricardo Saldana*

*Mario Flores*

*Noel Barrera*

*Noemi Munguia*

*Myra Rocha*

*Jonathan Wehrmeister*

*Luis Contreras*

*Julian Gonzalez*

*Daniel Tijerina*

*Robert Dominguez*

*Roberto Salinas*

*Eduardo Belmarez*

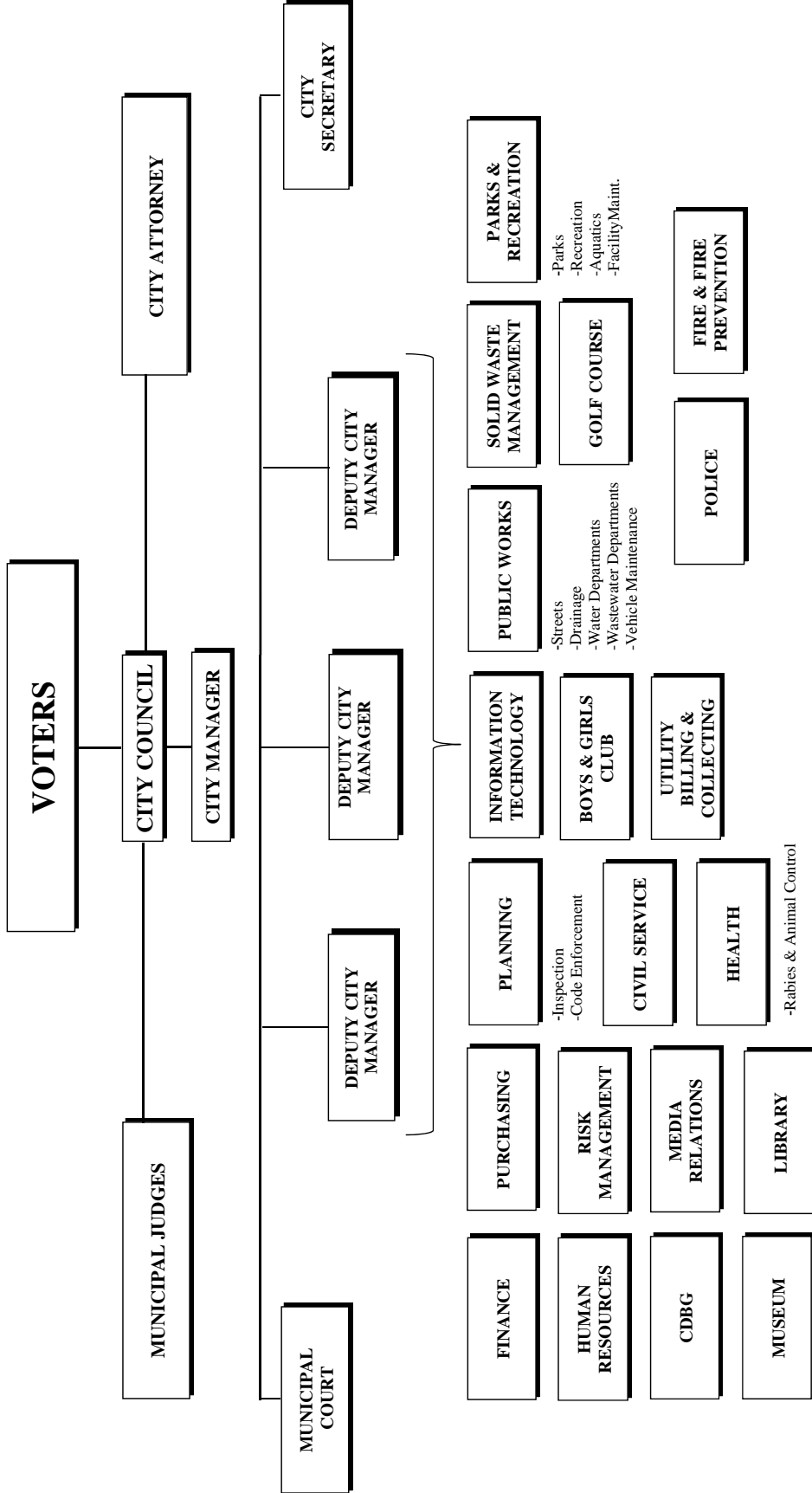
*Robert Hinojosa*

### *OFFICIALS ISSUING REPORT*

*Janie Flores*

*Finance Director*

# CITY OF MISSION, TEXAS ORGANIZATIONAL CHART



*INTRODUCTORY  
SECTION*



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## 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mission, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***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 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, 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, 2014, 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 described in Note 1 to the financial statements, in 2014, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 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 and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in



the United States of America. In our, opinion, the other supplementary information section, 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 report dated February 2, 2015, on our consideration of the City of Mission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mission, Texas' internal control over financial reporting and compliance.



LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
February 2, 2015

# 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, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that has been furnished in our letter of transmittal, which can be found on pages 3-8 of this report.

## Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$168,806,278 (net position). Of this amount, \$11,231,693 (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 \$113,121. Governmental activities contributed an increase of \$2,024,631 while the Business-type activities contributed a decrease of \$1,911,510. Total revenues reflect an increase of 0.5% compared to prior year, while, expenses reflect an increase of 3.3%.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17,553,094 a \$1,229,411 increase in comparison with the prior year. Approximately 15% of this amount (\$2,591,168) 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 \$2,591,168 or 7% 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 33-35 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 129 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 36-39 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 41-45 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 46-47 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 48-108 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 111-124 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 129 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 \$168,806,278 at the close of the most recent fiscal year.

The following table summarizes the City's net position at September 30, 2014.

<b>City of Mission Net Position September 30, 2014</b>						
	Governmental Activities		Business-type Activities		Total	
	2014	RESTATED 2013	2014	RESTATED 2013	2014	2013
Current and other assets	\$ 25,952,015	\$ 23,948,744	\$ 21,257,430	\$ 21,026,626	\$ 47,209,445	\$ 44,975,370
Capital assets	<u>112,409,983</u>	<u>112,590,972</u>	<u>88,122,859</u>	<u>86,216,311</u>	<u>200,532,842</u>	<u>198,807,283</u>
Total assets	<u>138,361,998</u>	<u>136,539,716</u>	<u>109,380,289</u>	<u>107,242,937</u>	<u>247,742,287</u>	<u>243,782,653</u>
Total deferred outflows of resources	203,967	-	570,938	-	774,905	-
Long-term liabilities	34,482,236	34,969,656	34,618,235	30,821,005	69,100,471	65,790,661
Other liabilities	4,481,929	3,992,892	6,128,512	5,305,941	10,610,441	9,298,833
Total liabilities	<u>38,964,165</u>	<u>38,962,548</u>	<u>40,746,747</u>	<u>36,126,946</u>	<u>79,710,912</u>	<u>75,089,494</u>
Net position						
Net investment in capital assets	90,947,382	86,989,075	54,832,203	56,518,755	145,779,585	143,507,830
Restricted	8,343,486	6,968,744	3,451,514	4,116,712	11,795,000	11,085,456
Unrestricted (deficit)	<u>310,932</u>	<u>3,619,351</u>	<u>10,920,761</u>	<u>10,480,521</u>	<u>11,231,693</u>	<u>14,099,872</u>
Total net position	<u>\$ 99,601,800</u>	<u>\$ 97,577,169</u>	<u>\$ 69,204,478</u>	<u>\$ 71,115,988</u>	<u>\$ 168,806,278</u>	<u>\$ 168,693,158</u>

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 \$113,121 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 \$2,024,631 from the prior fiscal year for an ending balance of \$99,601,800.

## 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, 2014.

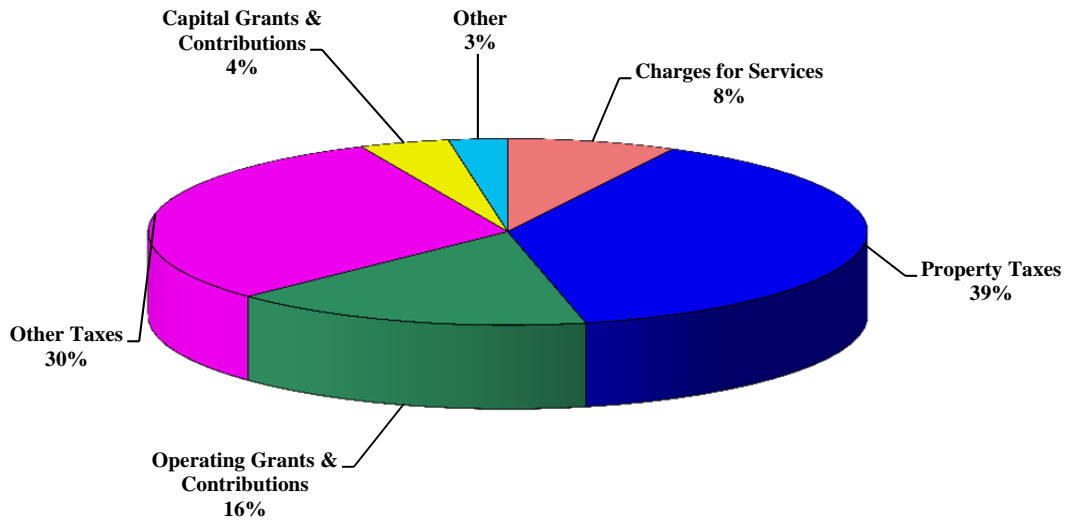
	City of Mission Changes in Net Position September 30, 2014					
	Governmental Activities		Business-type Activities		Total	
	2014	RESTATED 2013	2014	RESTATED 2013	2014	RESTATED 2013
Revenues:						
Program revenues:						
Charges for services	\$ 3,698,748	\$ 3,079,686	\$ 26,465,117	\$ 25,287,150	\$ 30,163,865	\$ 28,366,836
Operating grants and contributions	7,905,942	4,937,211	24,921	13,216	7,930,863	4,950,427
Capital grants and contributions	1,962,278	6,673,301	836,355	483,302	2,798,633	7,156,603
General Revenues:						
Property taxes	18,913,123	18,099,459	-	-	18,913,123	18,099,459
Other taxes	14,830,903	14,107,423	-	-	14,830,903	14,107,423
Other	1,288,270	2,926,766	167,919	103,005	1,456,189	3,029,771
Total revenues	<u>48,599,264</u>	<u>49,823,846</u>	<u>27,494,312</u>	<u>25,886,673</u>	<u>76,093,576</u>	<u>75,710,519</u>
Expenses:						
General government	8,138,372	7,937,668	-	-	8,138,372	7,937,668
Public safety	22,217,291	21,229,856	-	-	22,217,291	21,229,856
Highways and streets	6,893,470	7,297,376	-	-	6,893,470	7,297,376
Economic development	4,231,038	4,840,988	-	-	4,231,038	4,840,988
Culture and recreation	6,856,306	6,247,020	-	-	6,856,306	6,247,020
Health and welfare	1,179,895	988,923	-	-	1,179,895	988,923
Interest on long-term debt	1,458,261	2,363,699	-	-	1,458,261	2,363,699
Utility system	-	-	16,293,835	16,626,432	16,293,835	16,626,432
Golf course operations	-	-	1,351,719	1,403,124	1,351,719	1,403,124
Solid waste operations	-	-	7,360,268	5,785,151	7,360,268	5,785,151
Total expenses	<u>50,974,633</u>	<u>50,905,530</u>	<u>25,005,822</u>	<u>23,814,707</u>	<u>75,980,455</u>	<u>74,720,237</u>
Increases in net position before transfers	(2,375,369)	(1,081,684)	2,488,490	2,071,966	113,121	990,282
Transfers	4,400,000	4,600,000	(4,400,000)	(4,600,000)	-	-
Changes in net position	<u>2,024,631</u>	<u>3,518,316</u>	<u>(1,911,510)</u>	<u>(2,528,034)</u>	<u>113,121</u>	<u>990,282</u>
Net position - 10/01/13	<u>97,577,169</u>	<u>94,058,853</u>	<u>71,115,988</u>	<u>73,644,022</u>	<u>168,693,157</u>	<u>167,702,875</u>
Net position - 09/30/14	<u>\$ 99,601,800</u>	<u>\$ 97,577,169</u>	<u>\$ 69,204,478</u>	<u>\$ 71,115,988</u>	<u>\$ 168,806,278</u>	<u>\$ 168,693,157</u>

Total revenues generated from governmental activities for this year were \$48,599,264 reflecting a decrease of \$1,224,582 compared to last year.

- Capital grants and contributions decreased by \$4,711,023 from prior year but the operating grants and contributions had an increase of \$2,968,731 compared to prior year.

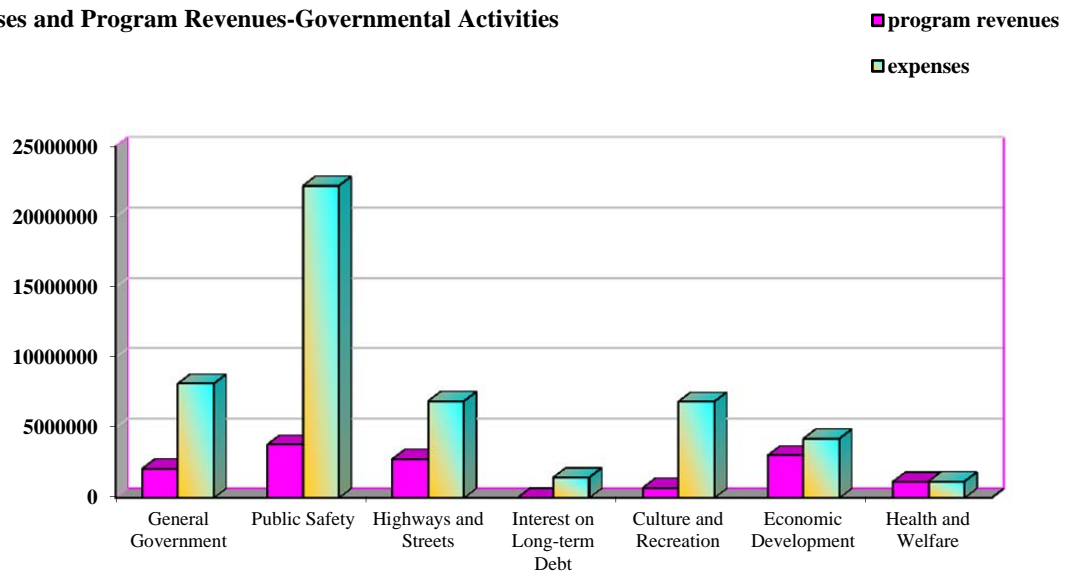
- Other general revenue decreased by \$1,638,496 compared to prior year. There was a reimbursement in prior year from Mission Economic Development Authority due to a settlement agreement that reflects the decrease in current year.

### 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 2014.

### Expenses and Program Revenues-Governmental Activities



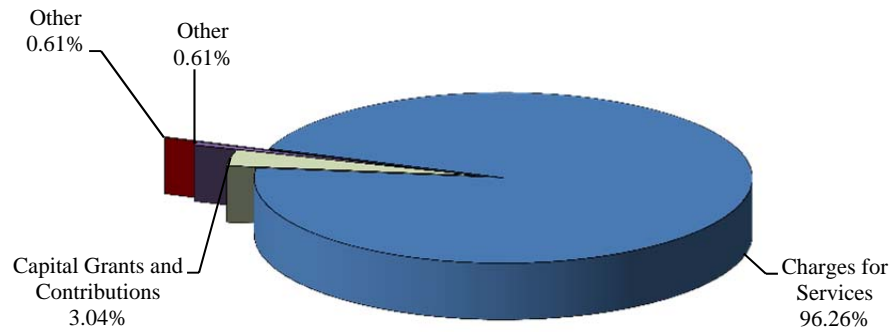
Expenses for governmental activities of the City totaled \$50,974,633 for the year ended September 30, 2014, an increase of 0.1% compared to FY 2013. The most significant increases occurred in the following areas:

- Public Safety Activities increased by \$987,435
- Culture and Recreation Activities increased by \$609,286.
- General Government Activities increased by \$200,704.

**Business-type Activities** - Results of Business-type activities decreased the City of Mission's net position by \$1,911,510. Revenues increased by 6.2% and expenses increased by 6.5% in comparison with prior year.

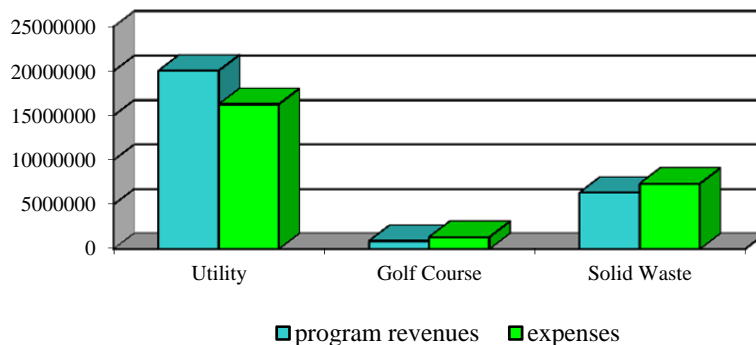
- Charges for Services increased 4.7% in comparison to the prior year due to the severe drought the Rio Grande Valley is experiencing, resulting in an increase in water sales as well as growth throughout the City.
- Charges for Service are 96.26% of the source of revenues for the Business-type activities.

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



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

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





- Expenses for business-type activities of the City totaled \$25,005,822 an increase of \$1,191,115 compared to prior year. The majority of the increase in the business-type activities is from the Solid Waste system. Solid Waste disposal expenses increased by 24% compared to prior year due to the new in-house collection system commencement.

## **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, 2014, the City of Mission's governmental funds reported a combined fund balance of \$17,553,094, an increase of \$1,229,411 compared with the prior year. Approximately 15% of this amount (\$2,591,168) 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 (\$1,478,227), b) restricted for particular purposes (\$7,720,363), or c) assigned for particular purposes (\$5,763,336).

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 \$8,397,372, an increase of \$1,103,570 compared to prior year, with the unassigned portion of the fund balance being \$2,591,168. 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 7% 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 \$377,404 increase in fund balance during the current fiscal year. The increase was attributed to a Refunding Bond that was issued in FY2014 which lowered principle and interest payments.

Other governmental funds had a decrease of \$251,563 in fund balance during the current fiscal year. The overall revenues for other governmental funds increased by \$2,621,356, with the majority of the increase in intergovernmental revenues, and the overall expenditures for other governmental funds increased by \$328,179.

## 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, 2014 and 2013.

- Intergovernmental revenues increased due to more funds received from forfeiture funds and grants received by the City.
- Miscellaneous revenues decreased due to a payment received by the City in the amount of \$1M from Mission Economic Development Authority (MEDA) in settlement of a lawsuit, in prior year.
- Investment income increased due to a more favorable market and slowly increasing rates.

<b>Revenues &amp; Transfers-In</b>	<b>2014 Amount</b>	<b>% of Total</b>	<b>2013 Amount</b>	<b>Amount of Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Taxes	\$ 34,642,934	59.79%	\$ 32,979,915	\$ 1,663,019	5.04%
Licenses and permits	573,875	0.99%	497,739	76,136	15.30%
Intergovernmental	8,414,336	14.52%	5,086,832	3,327,504	65.41%
Charges for services	1,048,380	1.81%	893,511	154,869	17.33%
Fines and forfeitures	1,016,847	1.75%	814,105	202,742	24.90%
Investment income	87,731	0.15%	59,252	28,479	48.06%
Miscellaneous	2,107,848	3.64%	3,486,250	(1,378,402)	-39.54%
Transfers-in	7,399,432	12.77%	7,420,764	(21,332)	-0.29%
Bond premium	-	0.00%	-	-	100.00%
Bond proceeds	2,653,865	4.58%	-	2,653,865	100.00%
<b>Total</b>	<b>\$ 57,945,248</b>	<b>100.00%</b>	<b>\$ 51,238,368</b>	<b>\$ 6,706,880</b>	<b>13.09%</b>

## 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, 2014 and 2013. Major differences are due to:

- Highways and streets expenses increased due to drainage improvements that took place in FY 2014.
- Capital projects reflect a decrease since there was less budgeted projects in FY 2014.
- There were refunding bonds and funds placed in escrow during FY 2014.

Expenditures & Transfer-Out	2014	Percent	2013	Amount of	Percent of
	Amount	of Total	Amount	Increase (Decrease)	Increase (Decrease)
General government	\$ 9,391,353	16.56%	\$ 7,950,398	\$1,440,955	18.12%
Public safety	20,727,655	36.55%	20,502,037	225,618	1.10%
Highways and streets	7,276,217	12.83%	4,127,715	3,148,502	76.28%
Health and welfare	426,376	0.75%	960,761	(534,385)	-55.62%
Culture and recreation	5,518,783	9.73%	5,632,997	(114,214)	-2.03%
Economic development	4,231,038	7.46%	4,840,988	(609,950)	-12.60%
Capital projects	797,446	1.41%	1,547,860	(750,414)	-48.48%
Debt service:					
Principal	1,970,000	3.47%	2,143,719	(173,719)	-8.10%
Interest and fiscal charges	1,144,687	2.02%	1,194,824	(50,137)	-4.20%
Payment to refunded bond escrow agent	2,232,849	3.94%	-	2,232,849	100.00%
Transfers-out	2,999,433	5.29%	2,820,764	178,669	6.33%
Total	<u>\$ 56,715,837</u>	<u>100.00%</u>	<u>\$ 51,722,063</u>	<u>\$4,993,774</u>	<u>9.66%</u>

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

At the end of the year, total unrestricted net position amounted to \$10,296,812. The Utility Fund and the Solid Waste Fund had unrestricted net position of \$10,158,242 and \$1,990,659 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net position of \$1,852,089. The Utility Fund unrestricted net position increased by \$711,542. The increase was largely due to refunding of revenue bonds in the current fiscal year.

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 \$122,366 or 12% from prior year. Expenses decreased by \$58,273 or 4% in comparison to prior year. The Golf Course continues its recovery from the loss of revenue during its expansion from an 18-hole course to a 27-hole course. All the improvements that have been completed at the Course are expected to attract Golf tournaments and bring in players who currently play at other area golf courses.

## General Fund Budgetary Highlights

During the year the City Council amended the budget several times. Generally, adjustments to the budget relate to requests not considered during the normal budgetary process. Original estimated revenues were increased by \$28,078 while budgeted appropriations were increased by \$515,443 during the year.

- The most significant revenue variance (\$635,762) is reflected in franchise business tax and sales tax revenues. Both were budgeted for very conservatively due to the sluggish economy; however, both reflected increases towards the end of the fiscal year. Property taxes on the other hand reflected a decrease of \$62,349 in comparison to the budget.
- Charges for Service revenues reflect a positive net variance of \$142,153 compared to the budgeted amount.

- Miscellaneous revenues also reflected a positive variance of \$473,194. 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 Highways and Streets Department, coming in under budget by \$2,077,710 due to street projects that were budgeted but not commenced until the latter part of the fiscal year. Public Safety departments had a savings of \$1,153,969 mostly due to several positions not being filled immediately. The Culture and Recreation Departments also reflected a saving of \$274,161 due to the departments managing their operations effectively without cutting services.

## 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, 2014, amounts to \$200,532,845 (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 increase in the City of Mission’s investment in capital assets for the current fiscal year was \$1,725,559.

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

- Construction in progress in the governmental activities increased by \$2,906,835. Some of the projects were completed to include the Keralum Drainage Improvement project and various street improvements.
- Buildings and systems decreased in the business-type activities by \$3,317,645 (net) compared to prior year.
- Construction in progress in the business-type activities increased by \$2,037,690. One of the major projects included was the Anzalduas Lift Station Project.

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

	City of Mission Capital Assets Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and water rights	\$ 33,705,337	\$ 33,641,748	\$ 7,534,120	\$ 7,534,120	\$ 41,239,457	\$ 41,175,868
Buildings and system	13,086,472	13,747,135	70,958,554	74,276,199	84,045,026	88,023,334
Improvements other than buildings	9,892,998	10,815,287	1,200,286	1,220,744	11,093,284	12,036,031
Machinery and equipment	7,020,691	7,531,661	5,927,298	2,720,333	12,947,989	10,251,994
Infrastructure	41,952,237	43,009,729	-	-	41,952,237	43,009,729
Construction in progress	6,752,248	3,845,413	2,502,604	464,914	9,254,852	4,310,327
Total	<u>\$ 112,409,983</u>	<u>\$ 112,590,973</u>	<u>\$ 88,122,862</u>	<u>\$ 86,216,310</u>	<u>\$ 200,532,845</u>	<u>\$ 198,807,283</u>

Additional information on the City of Mission’s capital assets can be found in note 6 on pages 72-73 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 \$69,100,471, an increase of \$2,272,325 compared to prior year. The reason for the increase was new debt issued for the Solid Waste in-house collection system that commenced in the current fiscal year.

Moody’s Investors Service rated the City of Mission’s bonds issued in the current fiscal year, as “A2”.

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

<b>City of Mission Outstanding Debt (net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2014	RESTATED 2013	2014	RESTATED 2013	2014	RESTATED 2013
General obligation debt	\$ 27,903,296	\$ 29,495,596	\$ -	\$ -	\$ 27,903,296	\$ 29,495,596
Revenue bonds	-	-	33,912,906	30,674,002	33,912,906	30,674,002
Tax notes	-	-	-	-	-	-
Capital leases	-	-	28,762	41,281	28,762	41,281
Compensated absences	3,316,101	3,181,674	398,739	392,226	3,714,840	3,573,900
City of McAllen-Anzalduas bridge	1,918,717	1,584,763	-	-	1,918,717	1,584,763
Pension related debt	749,409	744,156	132,149	131,226	881,558	875,382
OPEB related debt	594,714	469,823	145,678	113,399	740,392	583,222
<b>Total</b>	<b>\$ 34,482,237</b>	<b>\$ 35,476,012</b>	<b>\$ 34,618,234</b>	<b>\$ 31,352,134</b>	<b>\$ 69,100,471</b>	<b>\$ 66,828,146</b>

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

- According the November 2014 issue of the Texas Labor Market Review, the unemployment rate for the City of Mission was 7 percent, slightly decreasing from 8.3% in prior year. The state and national average unemployment rates are 5.0 percent and 5.7 percent respectively.
- Appraised values provided by the Hidalgo County Appraisal District and used in preparing the 2014-2015 Budget were \$19.7 million higher than the prior year.
- The 2015 Budget was prepared using an adopted tax rate of \$0.5188 per \$100 valuation. The tax rate decreased by 2% compared to prior year.
- Water and sewer rates remained unchanged in the 2015 Budget.
- The 2014 General Fund operating budget was prepared using \$3,491,944 as the estimated unrestricted fund balance at September 30, 2014. The actual unrestricted fund balance for the

General Fund was \$8,354,504. For the upcoming 2014-15 fiscal year, \$2,952,465 is the projected unrestricted fund balance at September 30, 2015. Projected revenues reflect a 7.7% decrease while expenditures reflect a 4.2% decrease compared to FY 2014 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 2014, 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

  
\_\_\_\_\_  
Randy Perez  
Interim Finance Director

*FINANCIAL  
SECTION*



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**CITY OF MISSION, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,151,240	\$ 2,517,095	\$ 10,668,335	\$ 1,244,848	\$ 8,550,330
Investments	10,756,515	7,864,062	18,620,577	2,198,580	2,486,692
Receivables, net	5,947,105	3,373,305	9,320,410	685,511	-
Internal balances	(596,508)	596,508	-	-	-
Due from primary government	-	-	-	2,617	149,116
Due from component unit	61,214	115,032	176,246	4,841	-
Inventory	1,332	261,948	263,280	-	-
Land held for resale	1,435,359	-	1,435,359	-	-
Prepaid items	168,058	196,828	364,886	1,716	-
Redevelopment assets	-	-	-	214,555	2,659,071
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	24,800	-	24,800	-	-
Restricted assets	500	6,332,651	6,333,151	246,837	-
Capital assets:					
Land, water rights, and construction in progress	40,457,585	10,036,723	50,494,308	-	-
Other capital assets, net of accumulated depreciation	71,952,398	78,086,136	150,038,534	14,111	-
Total Assets	<u>138,361,998</u>	<u>109,380,288</u>	<u>247,742,286</u>	<u>4,613,616</u>	<u>13,845,209</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge-Loss on refunding	203,967	570,938	774,905	-	-
Total Deferred Outflow of Resources	<u>203,967</u>	<u>570,938</u>	<u>774,905</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	1,366,359	1,083,888	2,450,247	93,006	10,229
Customer deposits	-	2,151,854	2,151,854	-	-
Accrued interest payable	137,070	158,673	295,743	23,221	73,435
Other liabilities	1,238,055	177,245	1,415,300	6,865	-
Subdividers deposits	-	2,195,017	2,195,017	-	-
Retainage payable	323,616	144,748	468,364	-	-
Accrued payroll	693,991	172,622	866,613	11,419	-
Due to primary government	-	-	-	-	176,246
Due to component unit	151,733	-	151,733	-	-
Unearned revenues	571,105	44,465	615,570	-	-
Non-current liabilities:					
Due in more than one year	31,009,633	32,124,279	63,133,912	3,766,535	22,093,861
Due within one year	3,472,603	2,493,956	5,966,559	1,009,385	1,370,044
Total Liabilities	<u>38,964,165</u>	<u>40,746,747</u>	<u>79,710,912</u>	<u>4,910,431</u>	<u>23,723,815</u>
<b>NET POSITION</b>					
Net investment in capital assets	90,947,382	54,832,203	145,779,585	14,111	-
Restricted for:					
Debt Service	2,272,395	1,750,880	4,023,275	223,617	2,413,257
Construction	-	1,327,796	1,327,796	-	-
Capital improvements	1,261,413	372,838	1,634,251	-	-
Federal and state awards	1,680,978	-	1,680,978	-	-
Tourism	539,027	-	539,027	-	-
Municipal court	345,636	-	345,636	-	-
MEDA	2,151,493	-	2,151,493	-	-
Other purposes	92,544	-	92,544	-	-
Unrestricted	310,932	10,920,761	11,231,693	(534,543)	(12,291,863)
Total Net Position	<u>\$ 99,601,800</u>	<u>\$ 69,204,478</u>	<u>\$ 168,806,278</u>	<u>\$ (296,815)</u>	<u>\$ (9,878,606)</u>

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

**CITY OF MISSION, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 8,138,372	\$ 2,086,383	\$ -	\$ -
Public safety	22,217,291	118,310	2,602,325	1,077,555
Highways and streets	6,893,470	884,355	1,019,313	870,758
Health and welfare	1,179,895	237,738	919,597	-
Culture and recreation	6,856,306	371,962	324,657	13,965
Economic development	4,231,038	-	3,029,496	-
Interest and fiscal charges on long-term debt	1,458,261	-	10,554	-
Total Governmental Activities	<u>50,974,633</u>	<u>3,698,748</u>	<u>7,905,942</u>	<u>1,962,278</u>
Business-type activities:				
Utility	16,293,835	19,207,446	24,921	835,206
Golf Course	1,351,719	909,563	-	1,149
Solid Waste	7,360,268	6,348,108	-	-
Total Business-type Activities	<u>25,005,822</u>	<u>26,465,117</u>	<u>24,921</u>	<u>836,355</u>
Total Primary Government	<u>\$ 75,980,455</u>	<u>\$ 30,163,865</u>	<u>\$ 7,930,863</u>	<u>\$ 2,798,633</u>
<b>COMPONENT UNITS:</b>				
Mission Economic Development Corporation	2,970,916	-	91,243	-
Mission Redevelopment Authority	6,470,528	-	-	-
Total Component Units	<u>\$ 9,441,444</u>	<u>\$ -</u>	<u>\$ 91,243</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Shared revenue-tax increment zone				
Contributions and donations				
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.

EXHIBIT A-2

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (6,051,989)	\$ -	\$ (6,051,989)	\$ -	\$ -
(18,419,101)	-	(18,419,101)	-	-
(4,119,044)	-	(4,119,044)	-	-
(22,560)	-	(22,560)	-	-
(6,145,722)	-	(6,145,722)	-	-
(1,201,542)	-	(1,201,542)	-	-
(1,447,707)	-	(1,447,707)	-	-
<u>(37,407,665)</u>	<u>-</u>	<u>(37,407,665)</u>	<u>-</u>	<u>-</u>
-	3,773,738	3,773,738	-	-
-	(441,007)	(441,007)	-	-
-	(1,012,160)	(1,012,160)	-	-
<u>-</u>	<u>2,320,571</u>	<u>2,320,571</u>	<u>-</u>	<u>-</u>
<u>\$ (37,407,665)</u>	<u>\$ 2,320,571</u>	<u>\$ (35,087,094)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(2,879,673)	-
-	-	-	-	(6,470,528)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,879,673)</u>	<u>\$ (6,470,528)</u>
18,913,123	-	18,913,123	-	3,936,461
11,496,695	-	11,496,695	3,832,232	-
2,636,048	-	2,636,048	-	-
650,142	-	650,142	-	-
48,018	-	48,018	-	-
520,000	-	520,000	-	-
724	-	724	-	-
99,730	77,145	176,875	19,617	19,826
667,816	90,774	758,590	5,117	-
4,400,000	(4,400,000)	-	-	-
<u>39,432,296</u>	<u>(4,232,081)</u>	<u>35,200,215</u>	<u>3,856,966</u>	<u>3,956,287</u>
<u>2,024,631</u>	<u>(1,911,510)</u>	<u>113,121</u>	<u>977,293</u>	<u>(2,514,241)</u>
98,383,905	71,452,367	169,836,272	(1,220,525)	(6,790,170)
(806,736)	(336,379)	(1,143,115)	(53,583)	(574,195)
<u>97,577,169</u>	<u>71,115,988</u>	<u>168,693,157</u>	<u>(1,274,108)</u>	<u>(7,364,365)</u>
<u>\$ 99,601,800</u>	<u>\$ 69,204,478</u>	<u>\$ 168,806,278</u>	<u>\$ (296,815)</u>	<u>\$ (9,878,606)</u>

**CITY OF MISSION, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

**EXHIBIT A-3**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,286,048	\$ 699,090	\$ 4,710,075	\$ 7,695,213
Investments	4,688,791	1,351,691	1,921,218	7,961,700
Prepaid items	14,336	-	605	14,941
Receivables:				
Taxes, including interest and penalties	1,659,874	509,141	-	2,169,015
Accounts	1,869,354	-	696,961	2,566,315
Special assessments	-	-	136,703	136,703
Less: allowance for uncollectibles	(1,586,232)	(153,733)	(5,102)	(1,745,067)
Accrued interest receivable	2,266	3,275	2,587	8,128
Due from other governments	2,343,516	-	469,734	2,813,250
Due from other funds	462,184	-	178	462,362
Due from component unit	7,456	-	53,758	61,214
Long-term receivable	24,800	-	-	24,800
Inventory	1,332	-	-	1,332
Land held for resale	-	-	1,435,359	1,435,359
Restricted assets	500	-	-	500
<b>Total Assets</b>	<b>\$ 11,774,225</b>	<b>\$ 2,409,465</b>	<b>\$ 9,422,075</b>	<b>\$ 23,605,764</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 631,621	\$ -	\$ 535,665	\$ 1,167,286
Other liabilities	956,789	-	281,265	1,238,054
Retainage payable	-	-	323,616	323,616
Accrued payroll	683,162	-	10,829	693,991
Due to other funds	90,825	-	460,594	551,419
Due to component unit	2,453	-	149,116	151,569
Unearned revenue	-	-	571,105	571,105
<b>Total Liabilities</b>	<b>2,364,851</b>	<b>-</b>	<b>2,332,190</b>	<b>4,697,040</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	1,012,002	343,628	-	1,355,630
<b>Total Deferred Inflows of Resources</b>	<b>1,012,002</b>	<b>343,628</b>	<b>-</b>	<b>1,355,630</b>
<b>FUND BALANCES:</b>				
Nonspendable	42,868	-	1,435,359	1,478,227
Restricted	-	2,065,837	5,654,526	7,720,363
Assigned	5,763,336	-	-	5,763,336
Unassigned	2,591,168	-	-	2,591,168
<b>Total Fund Balances</b>	<b>8,397,372</b>	<b>2,065,837</b>	<b>7,089,885</b>	<b>17,553,094</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,774,225</b>	<b>\$ 2,409,465</b>	<b>\$ 9,422,075</b>	<b>\$ 23,605,764</b>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**

**EXHIBIT A-4**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014*

Total fund balances - governmental funds balance sheet	\$ 17,553,094
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.	112,409,983
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,355,630
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,545,871
Payables for bond principal which are not due in the current period are not reported in the funds.	(27,173,865)
Payable for bond interest which are not due in the current period are not reported in the funds.	(137,070)
Payables for long term liability not due in the current period and not reported in the funds.	(1,918,717)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,316,101)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(1,344,123)
Unamortized pre-paid bond insurance unavailable for current-period expenditures and are deferred in the SNP.	152,562
Unamortized bond deferred charges unavailable for current-period expenditures and are deferred in the SNP.	203,967
Unamortized premium unavailable for current-period expenditures and are deferred in the SNP.	<u>(729,431)</u>
Net position of governmental activities - statement of net position	<u>\$ 99,601,800</u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**

**EXHIBIT A-5**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes and special assessments	\$ 29,248,412	\$ 3,860,025	\$ 1,534,497	\$ 34,642,934
Licenses and permits	573,875	-	-	573,875
Intergovernmental	2,643,828	-	5,770,508	8,414,336
Charges for services	792,796	-	255,584	1,048,380
Fines	1,016,847	-	-	1,016,847
Interest	64,232	10,554	12,945	87,731
Miscellaneous	1,687,611	-	104,590	1,792,201
Total Revenues	<u>36,027,601</u>	<u>3,870,579</u>	<u>7,678,124</u>	<u>47,576,304</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,344,695	-	1,046,658	9,391,353
Public safety	19,715,258	-	1,012,397	20,727,655
Highways and streets	4,625,804	-	2,650,413	7,276,217
Health and welfare	357,384	-	68,992	426,376
Culture and recreation	4,598,257	-	920,526	5,518,783
Economic development	-	-	4,231,038	4,231,038
Capital projects	-	-	797,446	797,446
Debt service:				
Principal	-	1,970,000	-	1,970,000
Interest and fiscal charges	-	1,144,687	-	1,144,687
Total Expenditures	<u>37,641,398</u>	<u>3,114,687</u>	<u>10,727,470</u>	<u>51,483,555</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,613,797)</u>	<u>755,892</u>	<u>(3,049,346)</u>	<u>(3,907,251)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	368,865	2,285,000	-	2,653,865
Payment to refunded bond escrow agent	-	(2,232,849)	-	(2,232,849)
Proceeds from sale of assets	22,484	-	293,163	315,647
Transfers in	4,827,873	364	2,571,195	7,399,432
Transfers out	(2,501,855)	(431,003)	(66,575)	(2,999,433)
Total Other Financing Sources (Uses)	<u>2,717,367</u>	<u>(378,488)</u>	<u>2,797,783</u>	<u>5,136,662</u>
Net Change in Fund Balances	1,103,570	377,404	(251,563)	1,229,411
Fund Balances at Beginning of Year	<u>7,293,802</u>	<u>1,688,433</u>	<u>7,341,448</u>	<u>16,323,683</u>
Fund Balances at End of Year	<u>\$ 8,397,372</u>	<u>\$ 2,065,837</u>	<u>\$ 7,089,885</u>	<u>\$ 17,553,094</u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS****EXHIBIT A-6**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

Net change in fund balances - total governmental funds	\$ 1,229,412
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA	6,994,028
Bond proceeds not reported as revenue in the SOA	(2,653,865)
Payment to bond escrow not reported as expense in the SOA	2,232,849
The depreciation of capital assets used in governmental activities is not reported in the funds.	(7,788,171)
The gain or loss on the sale of capital assets is not reported in the funds.	(66,651)
Donation of capital assets increase net assets in the SOA but not in the funds.	680,954
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(14,552)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,970,000
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(464,098)
Bond pre-paid insurance costs and similar items are amortized in the SOA but not in the funds.	14,760
(Increase) decrease in accrued interest from beginning of period to end of period.	5,619
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	18,772
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(134,427)</u>
Change in net position of governmental activities - statement of activities	<u>\$ 2,024,631</u>

The accompanying notes are an integral part of this statement.



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**CITY OF MISSION, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

EXHIBIT A-7

	Business-type Activities-Enterprise Fund				Nonmajor
	Utility Fund	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund Group Health Employee Plan Fund
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,188,931	\$ 650	\$ 1,327,514	\$ 2,517,095	\$ 456,027
Investments	7,663,612	-	200,450	7,864,062	2,794,815
<b>Restricted assets:</b>					
Cash and cash equivalents	2,714,716	40,156	120,723	2,875,595	-
Investments	3,453,159	-	-	3,453,159	-
Accrued interest	3,897	-	-	3,897	-
Prepaid items	194,176	2,653	-	196,829	555
Receivables	2,522,202	4,892	959,515	3,486,609	-
Less: allowance for uncollectibles	(91,398)	-	(26,156)	(117,554)	-
Accrued interest	3,850	-	400	4,250	1,161
Due from other funds	-	-	-	-	116,677
Due from component unit	115,032	-	-	115,032	-
Inventories (at cost)	238,042	23,906	-	261,948	-
<b>Total Current Assets</b>	<b>18,006,219</b>	<b>72,257</b>	<b>2,582,446</b>	<b>20,660,922</b>	<b>3,369,235</b>
<b>Noncurrent Assets:</b>					
Advance of funds receivable	1,575,520	-	-	1,575,520	-
<b>Capital assets:</b>					
Land, water rights, and construction in progress	8,233,671	1,803,052	-	10,036,723	-
Other capital assets, net of accumulated depreciation	71,621,374	2,768,409	3,696,353	78,086,136	-
<b>Total Noncurrent Assets</b>	<b>81,430,565</b>	<b>4,571,461</b>	<b>3,696,353</b>	<b>89,698,379</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 99,436,784</b>	<b>\$ 4,643,718</b>	<b>\$ 6,278,799</b>	<b>\$ 110,359,301</b>	<b>\$ 3,369,235</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge-Loss on refunding	570,938	-	-	570,938	-
<b>Total Deferred Outflows of Resources</b>	<b>570,938</b>	<b>-</b>	<b>-</b>	<b>570,938</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 742,402	\$ 11,476	\$ 330,010	\$ 1,083,888	\$ 23,851
Claims payable	-	-	-	-	175,221
Accrued payroll	127,416	18,438	26,768	172,622	-
Compensated absences payable	137,770	40,187	6,882	184,839	-
Due to other funds	23,570	2,205	1,667	27,442	178
Unearned revenue	-	44,465	-	44,465	163
Accrued interest	147,178	88	11,407	158,673	-
Other liabilities	69,421	28,221	79,604	177,246	-
Subdividers deposits	2,195,017	-	-	2,195,017	-
Retainage payable	144,748	-	-	144,748	-
Customer deposits	2,151,854	-	-	2,151,854	-
Current portion of long-term debt	2,091,000	13,118	205,000	2,309,118	-
<b>Total Current Liabilities</b>	<b>7,830,376</b>	<b>158,198</b>	<b>661,338</b>	<b>8,649,912</b>	<b>199,413</b>
<b>Other Non-Current Liabilities:</b>					
Long term compensated absences	143,981	67,279	2,640	213,900	-
Capital lease payable	-	15,644	-	15,644	-
Advance of funds payable	-	1,575,520	-	1,575,520	-
Other post employment benefit obligations	237,192	38,786	1,849	277,827	-
Public Property Finance Contractual Obligations payable, net of current portion	-	-	4,675,000	4,675,000	-
Revenue bonds, net of current portion and discount	26,941,908	-	-	26,941,908	-
<b>Total Other Non-Current Liabilities</b>	<b>27,323,081</b>	<b>1,697,229</b>	<b>4,679,489</b>	<b>33,699,799</b>	<b>-</b>
<b>Total Liabilities</b>	<b>35,153,457</b>	<b>1,855,427</b>	<b>5,340,827</b>	<b>42,349,711</b>	<b>199,413</b>
<b>NET POSITION</b>					
Net investment in capital assets	51,393,076	4,599,773	(1,160,646)	54,832,203	-
<b>Restricted for:</b>					
Debt service	1,665,923	-	84,957	1,750,880	-
Construction	1,327,796	-	-	1,327,796	-
Capital projects	309,231	40,606	23,001	372,838	-
Unrestricted	10,158,242	(1,852,089)	1,990,659	10,296,812	3,169,821
<b>Total Net Position</b>	<b>\$ 64,854,268</b>	<b>\$ 2,788,290</b>	<b>\$ 937,971</b>	<b>\$ 68,580,529</b>	<b>\$ 3,169,821</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				623,950	
<b>Net Position of Business-type Activities</b>				<b>\$ 69,204,479</b>	

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

# CITY OF MISSION, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET POSITION - PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities-Enterprise Fund	
	Utility Fund	Golf Course Fund
Operating Revenues:		
Charges for services	\$ 19,271,444	\$ 910,677
Operating Expenses:		
Insurance claim drafts	-	-
Health insurance cost	-	-
Utility administration	825,607	-
Water distribution	2,428,307	-
Water treatment	1,458,922	-
Wastewater treatment and collection	1,751,708	-
Industrial pretreatment	292,493	-
Utility collection	508,320	-
Organizational expenses	482,406	-
Meter readers	428,866	-
Northside water treatment plant	1,935,940	-
Depreciation	4,993,758	239,017
Cost of sales	-	107,479
Golf course operation	-	1,000,395
Solid waste disposal	-	-
Total Operating Expenses	15,106,327	1,346,891
Operating Income (Loss)	4,165,117	(436,214)
Non Operating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	5,105	(124)
Interest earned	90,000	85
Other nonoperating revenue	17,267	-
Bond Interest expense	(981,823)	-
Bond fiscal charges	(186,989)	-
Other interest expense	-	(1,682)
Total Non-Operating Revenues (Expenses)	(1,056,440)	(1,721)
Net Income (Loss) Before Transfers and Capital Contributions	3,108,677	(437,935)
Transfers In (Out)	(4,400,000)	-
Capital Contributions	835,206	1,149
Change in Net Position	(456,117)	(436,786)
Net Position-Beginning of Year	65,310,384	3,225,078
Net Position-End of Year	\$ 64,854,267	\$ 2,788,292

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

EXHIBIT A-8

Business-type Activities-Enterprise Fund		Nonmajor Internal Service Fund
Solid Waste Fund	Total	Group Health Employee Plan Fund
\$ 6,351,523	\$ 26,533,644	\$ 3,159,774
-	-	2,375,659
-	-	810,546
-	825,607	-
-	2,428,307	-
-	1,458,922	-
-	1,751,708	-
-	292,493	-
-	508,320	-
-	482,406	-
-	428,866	-
-	1,935,940	-
60,729	5,293,504	-
-	107,479	-
-	1,000,395	-
7,196,960	7,196,960	-
7,257,689	23,710,907	3,186,205
(906,166)	2,822,737	(26,431)
-	4,981	-
11,981	102,066	23,724
-	17,267	-
(46,793)	(1,028,616)	-
(55,000)	(241,989)	-
-	(1,682)	-
(89,812)	(1,147,973)	23,724
(995,978)	1,674,764	(2,707)
-	(4,400,000)	-
-	836,355	-
(995,978)	(1,888,881)	(2,707)
1,933,949		3,172,528
\$ 937,971		\$ 3,169,821

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

(22,630)

Change in net assets of business-type activities

\$ (1,911,511)



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**CITY OF MISSION, TEXAS**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT A-9

	Enterprise Funds			Totals	Internal Service
	Utility Fund	Golf Course Fund	Solid Waste Fund		Fund Group Health
<b>Cash Flows from Operating Activities:</b>					
<i>Cash Received from Customers</i>	\$ 20,006,232	\$ 910,233	\$ 6,343,123	\$ 27,259,588	\$ -
<i>Cash Received from Interfund Services Used</i>	-	-	-	-	3,080,138
<i>Cash Payments from Interfund Services Used</i>	-	-	-	-	(3,121,519)
<i>Cash Payments to Employees for Services</i>	(4,073,830)	(769,652)	(138,876)	(4,982,358)	-
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(6,011,958)	(93,710)	(6,992,649)	(13,098,317)	-
Net Cash Provided (Used) by Operating Activities	9,920,444	46,871	(788,402)	9,178,913	(41,381)
<b>Cash Flows from Non-Capital Financing Activities:</b>					
<i>Proceed from Insurance Settlement</i>	17,267	-	-	17,267	-
<i>Transfers From (To) Other Funds</i>	(4,400,000)	-	-	(4,400,000)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,382,733)	-	-	(4,382,733)	-
<b>Cash Flows from Capital and Related Financing Activities:</b>					
<i>Proceed from Sale of Capital Assets</i>	5,105	-	-	5,105	-
<i>Principal and Interest Paid</i>	(3,266,823)	(14,202)	(46,793)	(3,327,818)	-
<i>Acquisition or Construction of Capital Assets</i>	(2,868,368)	(1,676)	(3,741,389)	(6,611,433)	-
<i>Proceed from Issuance of Long-Term Debt</i>	289,582	-	4,880,000	5,169,582	-
<i>Proceed from Capital Grants</i>	284,000	-	-	284,000	-
<i>Bond issuance cost</i>	(168,989)	-	(55,000)	(223,989)	-
Net Cash Provided (Used) for Capital & Related Financing Activities	(5,725,493)	(15,878)	1,036,818	(4,704,553)	-
<b>Cash Flows from Investing Activities:</b>					
<i>Purchase of Investment Securities</i>	(6,406,180)	-	(200,450)	(6,606,630)	(403,216)
<i>Proceeds from Sale and Maturities of Securities</i>	6,325,425	-	500,158	6,825,583	10,585
<i>Interest on Investments</i>	109,330	85	11,589	121,004	22,584
Net Cash Provided (Used) for Investing Activities	28,575	85	311,297	339,957	(370,047)
Net Increase (Decrease) in Cash and Cash Equivalents	(159,207)	31,078	559,713	431,584	(411,428)
Cash and Cash Equivalents at Beginning of Year	4,062,054	9,728	888,524	4,960,306	867,455
Cash and Cash Equivalents at End of Year	\$ 3,902,847	\$ 40,806	\$ 1,448,237	\$ 5,391,890	\$ 456,027
<b>Reconciliation of Operating Income to Net Cash</b>					
<b>Provided by Operating Activities:</b>					
Operating Income (Loss)	\$ 4,165,116	\$ (436,213)	\$ (906,166)	\$ 2,822,737	\$ (26,431)
Adjustments to Reconcile Operating Income to Net Cash					
Provided by Operating Activities:					
<i>Depreciation</i>	4,993,758	239,017	60,729	5,293,504	-
Change in Assets and Liabilities:					
<i>Decrease (Increase) in Receivables</i>	70,736	4,996	(8,400)	67,332	9,608
<i>Decrease (Increase) in Inventories</i>	6,374	(7,349)	-	(975)	-
<i>Decrease (Increase) in Prepaid Expenses</i>	-	(2,000)	-	(2,000)	-
<i>Decrease (Increase) in Due from Other Funds</i>	(262,540)	-	-	(262,540)	(89,585)
<i>Decrease (Increase) in Due from Component Unit</i>	(115,832)	-	-	(115,832)	-
<i>Increase (Decrease) in Accounts Payable</i>	327,528	(4,854)	4,720	327,394	-
<i>Increase (Decrease) in Customer Deposits</i>	50,291	-	-	50,291	-
<i>Increase (Decrease) in Accrued Wages Payable</i>	28,587	(2,857)	-	25,730	-
<i>Increase (Decrease) in Due to Other Funds</i>	12,196	264,745	1,667	278,608	341
<i>Increase (Decrease) in Other Liabilities</i>	25,241	4,786	59,048	89,075	64,686
<i>Increase (Decrease) in Subdividers Deposits Payable</i>	613,761	-	-	613,761	-
<i>Increase (Decrease) in Compensated Absences Payable</i>	5,228	(7,961)	-	(2,733)	-
<i>Increase (Decrease) in Deferred Revenue</i>	-	(5,439)	-	(5,439)	-
Total Adjustments	5,755,328	483,084	117,764	6,356,176	(14,950)
Net Cash Provided (Used) by Operating Activities	\$ 9,920,444	\$ 46,871	\$ (788,402)	\$ 9,178,913	\$ (41,381)
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Contributed Capital Assets	\$ 551,206	\$ 1,149	\$ -	\$ 552,355	\$ -
Total Noncash Investing, Capital and Financing Activities	\$ 551,206	\$ 1,149	\$ -	\$ 552,355	\$ -

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUNDS*  
*SEPTEMBER 30, 2014*

**EXHIBIT A-10**

	Private-purpose Trust Fund
	<u>Speer Library Breyfogle</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 782
Investments	6,000
Accrued interest receivable	<u>23</u>
Total Assets	<u><u>\$ 6,805</u></u>
<b>LIABILITIES</b>	
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Held in trust for scholarships and books	<u>\$ 6,805</u>
Total Net Position	<u><u>\$ 6,805</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF MISSION, TEXAS**

**EXHIBIT A-11**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	Private-purpose Trust Fund
	<u>Speer Library Breyfogle</u>
<b>Additions:</b>	
Investment Income	\$ 23
Total Additions	<u>23</u>
<b>Deductions:</b>	
Scholarship Awards	-
Miscellaneous	-
Total Deductions	<u>-</u>
<b>Change in Net Position</b>	23
Net Position-Beginning of the Year	<u>6,782</u>
Net Position-End of the Year	<u>\$ 6,805</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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

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

During the year, the City implemented GASB 65 *Items Previously Reported As Assets and Liabilities*. 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 34 for further details on this change.

*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.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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

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

*B. Government-wide and fund financial statements*

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

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

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

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

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

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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:

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes. None of the special revenue funds are major.

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

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

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

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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.

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

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

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

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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenues and expenses.

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

*D. Deposits and Investments*

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

Money market investments which are short-term, highly liquid debt instruments including commercial paper, 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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.

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

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

*F. Inventory*

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

*G. Redevelopment Assets*

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

*H. Land Held for Resale*

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

CITY OF MISSION, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2014

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

*I. Restricted Assets*

Certain proceeds of long term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

*J. Capital Assets*

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

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

Depreciation of capital assets used by proprietary funds is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of general capital assets used by funds categorized as governmental activities is not provided in the fund financial statements; however, it is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of government-wide Statement of Net 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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*K. Construction Period Interest*

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

*L. 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, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. 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.

*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.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*M. 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.

*N. 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*O. Fund Balance Reporting*

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

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

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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.

*P. 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.

*Q. 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.

*R. 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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, 2014 budgets were not adopted for the Fiduciary Funds, but were adopted for the Internal Service Funds. Budget comparisons to actual expenditures for these funds are not required to be included in the financial statements. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds except for the Capital Projects Funds. Budgets for the Capital Projects Funds are adopted over the multiple-year term of the projects.

**NOTE 3 – PROPERTY TAXES**

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

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

The City is a Home-Rule Charter City with a maximum authorized tax rate for all purposes of \$2.50 per \$100 valuation. The combined tax rate for the year ended September 30, 2014 (2013 levy), was \$0.5288 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,169,015 and sales taxes of \$1,883,946 for a total taxes receivable of \$4,052,961.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

*A. Primary Government*

*Deposits* – At September 30, 2014, the carrying value of the City's deposits was \$17,313,448 and the bank balance was \$16,515,954. 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. Deposits include demand accounts, money market and certificate of deposits.

*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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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

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

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2014:

Investment Type	Amortized Cost	Maturity Period		
		3 Months or Less	4-12 Months	Over One Year
TexPool	\$ 2,075,072	\$ 2,075,072	\$ -	\$ -
Federal Farm Credit Bank	7,295,093	-	-	7,295,093
Federal National Mortgage	4,502,657	-	-	4,502,657
Federal Home Loan Mortgage	3,209,521	-	-	3,209,521
Federal Home Loan Bank	497,393	-	-	497,393
	<u>\$ 17,579,736</u>	<u>\$ 2,075,072</u>	<u>\$ -</u>	<u>\$ 15,504,664</u>

Credit Risk

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

The City’s investment policy authorizes the following pools:

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

Government Code, in addition to the other provisions of the Act designed to promote liquidity and safety of principal, the Act required Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating services; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

As of September 30, 2014, the following was the composition of the City’s credit rating by investment:

Credit Quality Distribution of Securities With Credit Exposure as a Percentage of Total Investments		
Investment Type	Rating	Exposure
TexPool	AAA	12%
Federal Farm Credit Bank	AAA	41%
Federal National Mortgage	AAA	26%
Federal Home Loan Mortgage	AAA	18%
Federal Home Loan Bank	AAA	3%

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, 2014, the following was the composition of the City’s investment portfolio:

Investment Type	Rating	Exposure
TexPool	AAA	12%
Federal Farm Credit Bank	AAA	41%
Federal National Mortgage	AAA	26%
Federal Home Loan Mortgage	AAA	18%
Federal Home Loan Bank	AAA	3%
		100%

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*Custodial Credit Risk*

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

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

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

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

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

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

Cash on hand	\$ 6,250
Carrying amount deposit	18,038,462
Investments	17,580,236
Less: Statement of Fiduciary Net Position - investments	<u>(6,782)</u>
Cash and Investments Statement of Net Position	<u>\$ 35,618,166</u>
Cash and cash equivalents	\$ 10,668,335
Investments	18,620,577
Restricted assets	6,333,151
Less: Accrued interest	<u>(3,897)</u>
Cash and Investments Statement of Net Position	<u>\$ 35,618,166</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*B. Component Units*

Mission Economic Development Corporation

*Deposits* - At September 30, 2014, the carrying value and bank balance of the Mission Economic Development Corporation's deposits was \$1,991,432. 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.

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 authorization 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.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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 the its adopted investment policies.

*Interest Rate Risk*

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

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2014:

Investment Type	Amortized Cost	Maturity Period		
		3 Months or Less	4-12 Months	Over One Year
Texpool	\$ 198,239	\$ 198,239	\$ -	\$ -
Federal Natl Mtg Assn Medium Term NTS	502,603	-	-	502,603
Federal Home Ln Mtg Corp Medium Term NTS	798,348			798,348
Federal Farm CR Bks Cons Systemwide BDS	199,390	-	-	199,390
	<u>\$ 1,698,580</u>	<u>\$ 198,239</u>	<u>\$ -</u>	<u>\$ 1,500,341</u>

*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 Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provision of the Public Funds Investment Act (the “Act”). Chapter 2258 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service;

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

As of September 30, 2014, 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

<u>Investment Type</u>	<u>Rating</u>	<u>Exposure</u>
Texpool	AAA	11%
Federal Natl Mtg Assn Medium Term Nts	AAA	30%
Federal Home Ln Mtg Corp Medium Term NTS	AAA	47%
Federal Farm CR Bks Cons System BDS	AAA	12%

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, 2014, the following was the composition MEDC’s investment portfolio:

<u>Investment Type</u>	<u>Rating</u>	<u>Exposure</u>
Texpool	AAA	11%
Federal Natl Mtg Assn Medium Term NTS	AAA	30%
Federal Home Ln Mtg Corp Medium Term NTS	AAA	47%
Federal Farm CR Bks Cons Systemwide BDS	AAA	<u>12%</u>
Total		<u>100%</u>

CITY OF MISSION, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2014

**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 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.

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

Petty Cash	\$ 250
Carrying amount deposit	1,991,432
Investments	<u>1,698,580</u>
Cash and Investments Statement of Net Position	\$ 3,690,262
Cash and cash equivalents	\$ 1,244,848
Investments	2,198,580
Restricted Assets	246,837
Less accrued interest	<u>(3)</u>
Cash and Investments Statement of Net Position	<u>\$ 3,690,262</u>

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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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.

*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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

Deposits

As of the fiscal year end, the bank balance of the Authority’s deposits was \$8,550,330.

Investments

As of September 30, 2014, the Authority had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More Than 10
<u>Debt Service Fund -</u>					
Money Market Mutual Fund	\$ 2,486,692	\$ 2,486,692	\$ -	\$ -	\$ -

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, 2014, the Authority’s Money Market Mutual Fund investment rating was AAAM 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.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

A. Interfund receivable and payable balance at September 30, 2014 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 459,807
General Fund	Utility Fund	2,378
Non-Major Governmental Funds	Group Health Fund	178
Group Health Fund	General Fund	90,825
Group Health Fund	Non-Major Governmental Funds	788
Group Health Fund	Utility Fund	21,192
Group Health Fund	Golf Course Fund	2,205
Group Health Fund	Solid Waste Fund	<u>1,667</u>
		<u>\$ 579,040</u>

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

B. Due to/from the primary government and component unit at September 30, 2014 were as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Gov't General Fund	Component Unit - MRA	\$ 7,456
Primary Gov't Special Revenue Fund	Component Unit - MRA	53,758
Primary Gov't Utility Fund	Component Unit - MRA	115,032
Component Unit - MEDC	Primary Gov't General Fund	2,453
Component Unit - MEDC	Primary Gov't Group Health Fund	163
Component Unit - MEDC	Component Unit - MRA	4,841
Component Unit - MRA	Primary Gov't Special Revenue Fund	<u>149,116</u>
		<u>\$ 332,820</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

C. Interfund Transfers:

	Transfer In:			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	
Transfer Out:				
General Fund	\$ -	\$ -	\$ 2,501,855	\$ 2,501,855
Utility Fund	4,400,000	-	-	4,400,000
Debt Service Fund	-	-	431,003	431,003
Nonmajor Governmental Funds	47,873	364	18,338	66,575
Total Transfer Out	\$ 4,447,873	\$ 364	\$ 2,951,196	\$ 7,399,433

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

A transfer from the Nonmajor Governmental Funds to the General Fund was to sustain activities within the municipal court department and the streets department. A transfer from the Utility Fund to the General Fund was to help defray the maintenance and repair costs of damages to streets when water and sewer lines must be accessed as well as offset costs incurred by the General Fund in support of the Utility Fund operations.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance at September 30, 2013	Increases	Decreases	Balance at September 30, 2014
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 33,641,748	\$ 63,589	\$ -	\$ 33,705,337
Construction in progress	<u>3,845,413</u>	<u>3,523,538</u>	<u>(616,703)</u>	<u>6,752,248</u>
Total capital assets, not being depreciated	<u>37,487,161</u>	<u>3,587,127</u>	<u>(616,703)</u>	<u>40,457,585</u>
Capital assets, being depreciated:				
Buildings	20,614,693	94,741	-	20,709,434
Improvements other than buildings	16,123,750	198,496	-	16,322,246
Machinery and equipment	24,939,868	1,670,834	(491,242)	26,119,460
Infrastructure	<u>86,575,905</u>	<u>2,823,623</u>	<u>-</u>	<u>89,399,528</u>
Total capital assets, being depreciated	<u>148,254,216</u>	<u>4,787,693</u>	<u>(491,242)</u>	<u>152,550,667</u>
Less accumulated depreciation for:				
Buildings	(6,867,558)	(755,404)	-	(7,622,962)
Improvements other than buildings	(5,308,463)	(1,120,786)	-	(6,429,249)
Machinery and equipment	(17,408,208)	(2,030,868)	340,306	(19,098,769)
Infrastructure	<u>(43,566,176)</u>	<u>(3,881,114)</u>	<u>-</u>	<u>(47,447,290)</u>
Total accumulated depreciation	<u>(73,150,405)</u>	<u>(7,788,171)</u>	<u>340,306</u>	<u>(80,598,270)</u>
Total capital assets, being depreciated, net	<u>75,103,811</u>	<u>(3,000,478)</u>	<u>(150,936)</u>	<u>71,952,397</u>
Governmental activities capital assets, net	<u>\$ 112,590,973</u>	<u>\$ 586,649</u>	<u>\$ (767,639)</u>	<u>\$ 112,409,982</u>
<b><u>Business-type Activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 3,663,556	\$ -	\$ -	\$ 3,663,556
Water rights	3,870,564	-	-	3,870,564
Construction in progress	<u>464,914</u>	<u>2,271,358</u>	<u>(233,669)</u>	<u>2,502,603</u>
Total assets, not being depreciated	<u>7,999,034</u>	<u>2,271,358</u>	<u>(233,669)</u>	<u>10,036,723</u>
Capital assets, being depreciated:				
Buildings and system	127,662,135	1,091,645	-	128,753,780
Improvements other than buildings	3,275,525	163,504	-	3,439,029
Furniture and equipment	<u>8,361,082</u>	<u>3,912,852</u>	<u>(149,728)</u>	<u>12,124,206</u>
Total assets, being depreciated	<u>139,298,742</u>	<u>5,168,001</u>	<u>(149,728)</u>	<u>144,317,015</u>
Less accumulated depreciation for:				
Buildings and system	(53,385,936)	(4,409,291)	-	(57,795,227)
Improvements other than buildings	(2,054,781)	(183,963)	-	(2,238,744)
Furniture and equipment	<u>(5,640,749)</u>	<u>(700,250)</u>	<u>144,091</u>	<u>(6,196,908)</u>
Total accumulated depreciation	<u>(61,081,466)</u>	<u>(5,293,504)</u>	<u>144,091</u>	<u>(66,230,879)</u>
Total capital assets, being depreciated, net	<u>78,217,276</u>	<u>(125,503)</u>	<u>(5,637)</u>	<u>78,086,136</u>
Business-type activities capital assets, net	<u>\$ 86,216,310</u>	<u>\$ 2,145,855</u>	<u>\$ (239,306)</u>	<u>\$ 88,122,859</u>



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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

**Governmental Activities:**

General government	\$ 259,881
Public safety	1,875,565
Highways and streets, including depreciation of general infrastructure assets	4,098,640
Sanitation	19,369
Culture and recreation	<u>1,534,716</u>
Total depreciation expense - governmental activities	<u>\$ 7,788,171</u>

**Business-type Activities:**

Utility	\$ 4,993,758
Golf course	239,017
Solid waste	<u>60,729</u>
Total depreciation expense - business-type activities	<u>\$ 5,293,504</u>

**NOTE 7 – RECEIVABLES**

Receivables at September 30, 2014 were as follows:

	Taxes	Accounts	Special Assessments	Due from other Governments	Other	Allowance for Uncollectibles	Net Receivables
<b>Governmental Activities:</b>							
General	\$ 1,659,874	\$ 1,866,954	\$ -	\$ 2,343,516	\$ 3,427	\$ (1,586,232)	\$ 4,287,539
Debt Service	509,141	-	-	-	3,275	(153,733)	358,683
Other Governmental	-	696,963	136,703	469,734	2,587	(5,102)	1,300,885
Total Governmental							
Activities	<u>\$ 2,169,015</u>	<u>\$ 2,563,917</u>	<u>\$ 136,703</u>	<u>\$ 2,813,250</u>	<u>\$ 9,289</u>	<u>\$ (1,745,067)</u>	<u>\$ 5,947,107</u>
<b>Business-type Activities:</b>							
Utility	\$ -	\$ 2,522,203	\$ -	\$ -	\$ 3,850	\$ (91,398)	\$ 2,434,655
Golf Course	-	4,892	-	-	-	-	4,892
Solid Waste	-	959,514	-	-	400	(26,156)	933,758
Total Business-type							
Activities	<u>\$ -</u>	<u>\$ 3,486,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,250</u>	<u>\$ (117,554)</u>	<u>\$ 3,373,305</u>

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

	Utility Fund	Solid Waste Fund
Gross Operating Revenues	\$ 19,332,327	\$ 6,374,629
Uncollectibles Related to Current Year	<u>(60,883)</u>	<u>(23,106)</u>
Net Operating Revenues	<u>\$ 19,271,444</u>	<u>\$ 6,351,523</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES**

At September 30, 2014 the City had the following other liabilities:

<u>Payable To</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Due to State	\$ 155,743	\$ 68,212	\$ 223,955
Due to other Government Agencies	670	-	670
Wages & Deductions	416,457	87,441	503,898
Court Deposits/Refunds	6,079	-	6,079
Due to Other	659,106	21,592	680,698
	<u>\$ 1,238,055</u>	<u>\$ 177,245</u>	<u>\$ 1,415,300</u>

**NOTE 9 – LONG-TERM DEBT**

*Certificates of Obligation*

The City issues Certificates of Obligation to finance construction projects.

Certificates of Obligation payable at September 30, 2014 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%.	\$ 300,000
\$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%.	2,990,000
\$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%.	4,430,000
\$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%.	4,540,000
\$2,930,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2010, payable in annual installments ranging from \$75,000 to \$340,000 through February 15, 2025, interest at 2.00% to 4.00%.	1,685,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

\$2,635,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation Series 2012, payable in annual installments ranging from \$100,000 to \$500,000 through February 15, 2032, interest at 2.00% to 4.00% 2,340,000

Total Certificates of Obligation \$ 16,285,000

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	\$ 1,185,000	\$ 669,644
2016	1,230,000	626,194
2017	1,275,000	578,444
2018	945,000	534,962
2019	985,000	496,381
2020-2024	5,600,000	1,818,234
2025-2029	4,565,000	543,314
2030-2032	500,000	30,600
Total	<u>\$ 16,285,000</u>	<u>\$ 5,297,773</u>

*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, 2014 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%. \$ 5,130,000

\$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%. 3,105,000

\$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%. 2,285,000

Total General Obligation Bonds \$ 10,520,000

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	\$ 855,000	\$ 343,964
2016	820,000	321,460
2017	825,000	297,183
2018	850,000	270,252
2019	875,000	242,405
2020-2024	4,540,000	741,392
2025-2029	1,755,000	102,687
Total	<u>\$ 10,520,000</u>	<u>\$ 2,319,343</u>

*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, 2014 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% 368,865

Total Public Property Finance Contractual Obligations \$ 368,865

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	48,167	11,212
2016	49,466	9,913
2017	50,995	8,384
2018	52,571	6,808
2019	54,196	5,183
2020-2021	113,470	5,288
Total	<u>\$ 368,865</u>	<u>\$ 46,788</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
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**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, 2014 are comprised of the following:

Business-type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System ED AP Junior Lien Revenue Serial Bonds payable in annual installments ranging from \$16,000 to \$50,000 from February 1, 1995 through April 1, 2015; interest at 5.3% to 7.0%.	\$ 50,000
\$2,032,000 1995-B Waterworks and Sewer System SRF Junior Lien Revenue Serial Bonds payable in annual installments ranging from \$64,000 to \$156,000 from February 1, 1995 through April 1, 2015; interest at 4.05% to 5.35%.	156,000
\$18,300,000 2006 Waterworks and Sewer System Revenue Refunding Serial Bonds payable in annual installments ranging from \$630,000 to \$1,185,000 from August 15, 2006 through February 15, 2027; interest at 4.0% to 5.0%.	10,845,000
\$8,285,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds payable in annual installments ranging from \$ 275,000 to \$465,000 from December 30, 2009 through February 15, 2029; non-interest bearing.	6,680,000
\$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%.	<u>10,370,000</u>
Total Revenue Bonds Payable	<u>\$ 28,101,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2015	2,091,000	888,111
2016	2,360,000	792,799
2017	2,255,000	723,774
2018	1,850,000	664,330
2019	1,905,000	607,581
2020-2024	10,570,000	2,018,740
2025-2029	7,070,000	266,813
Total	\$ 28,101,000	\$ 5,962,148

*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, 2014 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>4,880,000</u>
Total Public Property Finance Contractual Obligations	\$ <u>4,880,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2015	205,000	89,339
2016	745,000	80,457
2017	760,000	66,386
2018	770,000	52,080
2019	785,000	37,540
2020-2021	1,615,000	30,340
Total	\$ 4,880,000	\$ 356,142

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, 2014, 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. During the year, the City adopted written procedures to monitor post-issuance compliance of the federal tax laws applicable to the Bonds as requested by the Internal Revenue Service.

*Debt Refunding*

On March 20, 2014, the City issued \$2.285 million in Texas General Obligation Refunding Bond, Series 2014 for the purpose of refunding \$2.22 million of the then-outstanding series 2005 Combination Tax and Limited Pledge Revenue Certificates of Obligation. On April 7, 2014 the refunded bonds were redeemed at 100% of par, plus accrued interest.

The refunding was undertaken to reduce total debt service payments by \$142,320 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$123,984. The reacquisition price exceeded the net carrying amount of the old debt by \$12,849. This amount is shown as deferred outflows of resources and is amortized over the life of the refunding debt.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

On June 1, 2014, the City issued \$10.37 million in Waterworks and Sewer System Junior Lien Refunding Bonds, Series 2014 for the purpose of refunding \$10.415 million of the then-outstanding series 20004-A Waterworks and Sewer System Junior Lien Revenue Bonds and \$434,000 of the then-outstanding series 2004-B Waterworks and Sewer System Junior Lien Revenue Bonds. On July 25, 2014 the refunded bonds were redeemed at 100% of par, plus accrued interest.

The refunding was undertaken to reduce total debt service payments by \$1,858,088 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,569,771. The reacquisition price exceeded the net carrying amount of the old debt by \$186,284. This amount is shown as deferred outflows of resources and is amortized over the life of the refunding debt.



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2014 was as follows:

	Balance at September 30, 2013	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2014	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable:					
Certificates of obligation	\$ 20,010,000	\$ -	\$ 3,725,000	\$ 16,285,000	\$ 1,185,000
Public property finance contractual obligations	-	368,865	-	368,865	48,167
General obligations	8,700,000	2,285,000	465,000	10,520,000	855,000
Plus bond premium	785,596	-	56,165	729,431	-
Total bonds payable	<u>29,495,596</u>	<u>2,653,865</u>	<u>4,246,165</u>	<u>27,903,296</u>	<u>2,088,167</u>
Compensated absences	3,181,674	1,503,478	1,369,051	3,316,101	1,384,436
Net pension obligation	744,156	5,253	-	749,409	-
Net other postemployment benefit obligation	469,823	124,891	-	594,714	-
Anzalduas bridge payable	<u>1,584,763</u>	<u>333,954</u>	<u>-</u>	<u>1,918,717</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 35,476,012</u>	<u>\$ 4,621,441</u>	<u>\$ 5,615,216</u>	<u>\$ 34,482,237</u>	<u>\$ 3,472,603</u>
<b><u>Business-type Activities:</u></b>					
Bonds payable:					
Revenue bonds	\$ 30,580,000	\$ 10,655,000	\$ 13,134,000	\$ 28,101,000	\$ 2,091,000
Public property finance contractual obligations	-	4,880,000	-	4,880,000	205,000
Plus bond premium	94,002	869,279	31,375	931,906	-
Total bonds payable	<u>30,674,002</u>	<u>16,404,279</u>	<u>13,165,375</u>	<u>33,912,906</u>	<u>2,296,000</u>
Capital leases	41,281	-	12,519	28,762	13,118
Compensated absences	392,226	196,778	190,265	398,739	184,839
Net pension obligation	131,226	923	-	132,149	-
Net other postemployment benefit obligation	<u>113,399</u>	<u>32,279</u>	<u>-</u>	<u>145,678</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 31,352,134</u>	<u>\$ 16,634,259</u>	<u>\$ 13,368,159</u>	<u>\$ 34,618,234</u>	<u>\$ 2,493,957</u>

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 \$41,903 of bond interest expense as part of various construction projects for the year-ended September 30, 2014.

Additional disclosures on capital lease commitments are presented in Note 22.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**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, 2014 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%.      \$ 3,390,000

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

Year Ending September 30,	Principal	Interest
2015	\$ 325,000	\$ 124,259
2016	335,000	111,554
2017	350,000	98,368
2018	365,000	84,603
2019	380,000	70,263
2020-2024	<u>1,635,000</u>	<u>152,749</u>
Total	<u>\$ 3,390,000</u>	<u>\$ 641,796</u>

Sales tax revenue notes payable at September 30, 2014 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.      \$ 1,385,920

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

Year Ending September 30,	Principal	Interest
2015	\$ 684,385	\$ 48,161
2016	<u>701,535</u>	<u>20,870</u>
Total	<u>\$ 1,385,920</u>	<u>\$ 69,031</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

The following is a summary of changes in long-term debt obligations for MEDC for the year ended September 30, 2014:

	September 30, 2012	Additional Obligations and Net Increases	Retirements and Net Decreases	September 30, 2013	Due within One Year
Sales Tax Refunding Bond	\$ 3,705,000	\$ -	\$ 315,000	\$ 3,390,000	\$ 684,385
Sales Tax Revenue Note	<u>2,044,025</u>	-	<u>658,105</u>	<u>1,385,920</u>	<u>325,000</u>
	<u>\$ 5,749,025</u>	<u>\$ -</u>	<u>\$ 973,105</u>	<u>\$ 4,775,920</u>	<u>\$ 1,009,385</u>

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.

Bonds payable at September 30, 2014 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%.	\$ 5,880,000
\$10,620,000 Tax Increment Contract Revenue Bonds Series 2009 payable in annual installments ranging from \$365,000 to \$790,000 from September 1, 2011 through 2029; with interest rates ranging from 3.0% to 5.25%.	8,665,000
\$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.	<u>7,090,000</u>
	<u>\$ 21,635,000</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

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

As of September 30, 2014, the debt service requirements on the bonds outstanding were as follows:

Year Ending September	Principal	Interest	Total
2015	\$ 1,180,000	\$ 961,100	\$ 2,141,100
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	<u>\$ 21,635,000</u>	<u>\$ 8,284,362</u>	<u>\$ 29,919,362</u>

*State Infrastructure Loan Agreement*

On March 25, 2008 the Mission Redevelopment Authority entered into a State Infrastructure Loan Agreement with the State of Texas, acting by and through the Texas Department of Transportation (TXDOT). The agreement became effective on April 3, 2008, upon execution by the State. The loan amount of \$3,000,000 was used to finance the actual costs of the extension of Anzalduas Road from the General Service Administration Complex north to US 83 Expressway. The MRA has agreed to repay the loan over a period of fifteen (15) years at a 3.85% interest rate.

\$ 1,998,880

As of September 30, 2014, the debt service requirements on the loan agreement were as follows:

Year Ending September	Principal	Interest	Total
2015	\$ 190,044	\$ 76,957	\$ 267,001
2016	197,361	69,640	267,001
2017	204,959	62,042	267,001
2018	212,850	54,151	267,001
2019	221,045	45,956	267,001
2020-2023	972,621	95,381	1,068,002
Total	<u>\$ 1,998,880</u>	<u>\$ 404,127</u>	<u>\$ 2,403,007</u>

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

The following is a summary of changes in long-term obligations debt for MRA for the year ended September 30, 2014:

Governmental Activities	Beginning Balance Oct. 1, 2013	Increase	Decrease	Balance Sept. 30, 2014	Due Within One Year
Tax increment contract revenue bonds series 2005	\$ 6,275,000	\$ -	\$ 395,000	\$ 5,880,000	\$ 415,000
Tax increment contract revenue bonds series 2009	9,065,000	-	400,000	8,665,000	415,000
Tax increment contract revenue bonds series 2013	-	7,455,000	365,000	7,090,000	350,000
Less issuance discounts	(281,049)	-	(20,208)	(260,842)	-
Plus issuance premiums	-	95,655	4,788	90,867	-
Total contract revenue bonds	15,058,951	7,550,655	1,144,580	21,465,025	1,180,000
State infrastructure bank loan	2,181,879	-	182,999	1,998,880	190,044
Total governmental activities	<u>\$17,240,830</u>	<u>\$ 7,550,655</u>	<u>\$ 1,327,579</u>	<u>\$ 23,463,905</u>	<u>\$ 1,370,044</u>

*Optional Redemption for Tax Increment Contract Revenue Bonds*

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

*Scheduled Mandatory Redemption for Tax Increment Contract Revenue Bonds*

The Series 2005 Term bonds due September 1, 2016, September 1, 2019, September 1, 2022, and September 1, 2025, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1<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 1st, 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.

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**NOTE 11 – INTERFUND ADVANCES**

Extreme weather affected revenues for the Golf Course during the year. Forty days of inclement weather were experienced in the peak winter season which resulted in an 8,000 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 \$262,540 compared to prior year’s balance. At September 30, 2014, the balance of the Advance in the amount of \$1,575,520 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:

	General Fund	Debt Service Fund	Total Deferred Inflows of Resources
Delinquent property taxes, unavailable	<u>\$ 1,012,002</u>	<u>\$ 343,628</u>	<u>\$ 1,355,630</u>

At the government-wide financial statements, the City reports cumulative deferred charges on refundings as a Deferred Outflows of Resources in the amount of \$774,905 which is net of cumulative amortization of \$51,111.

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**NOTE 13 – UNEARNED REVENUES**

The following summarizes unearned revenues:

Park dedication fees	\$ 430,954
Grants	1,520
Loan receivable - HOME	<u>138,631</u>
Total unearned revenue	<u>\$ 571,105</u>

Unearned revenues of \$44,465 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, 2014 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>\$ 27,200</u>
Total Long-Term Notes Receivables	27,200
Less: Current Portion	<u>(2,400)</u>
	<u>\$ 24,800</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

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

indenture. Similar requirements exist for the debt service of the Public Property Financing Contractual Obligations.

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

Restricted assets included in the Utility Fund as of September 30, 2014 consist of:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Revenue bond reserve fund	\$ 22,268	\$ 439,882	\$ 1,771	\$ 463,921
Bond interest and sinking	1,204,836	144,319	25	1,349,180
Cash with fiscal agent	524,250	-	-	524,250
Revenue bond extension and improvement fund	15,059	294,018	154	309,231
Subdividers deposits	744,459	1,451,764	1,171	2,197,394
Capital recovery fund	<u>203,844</u>	<u>1,123,177</u>	<u>775</u>	<u>1,327,796</u>
	<u>\$ 2,714,716</u>	<u>\$ 3,453,160</u>	<u>\$ 3,896</u>	<u>\$ 6,171,772</u>

Restricted assets included in the Golf Course Fund as of September 30, 2014 consist of reserves for capital projects in the amount of \$40,156.

Restricted assets included in the Solid Waste Fund as of September 30, 2014 consist of reserves for capital projects and debt service in the amount of \$120,723.

**A. Mission Economic Development Corporation**

Restricted assets held by Mission Economic Development Corporation at September 30, 2014 consist of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Debt Service Fund	<u>\$ 246,833</u>	<u>                    </u>	<u>\$ 4</u>	<u>\$ 246,837</u>

**B. Mission Redevelopment Authority**

Restricted assets held by Mission Redevelopment Authority at September 30, 2014 consisted of Debt Service Reserves required by the Tax Increment Contract Bonds in the amount of \$2,413,257.



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**NOTE 16 – PENSION PLAN**

*Plan Description:*

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	Plan Year 2013	Plan Year 2014
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5, 0/20	60/5, 0/20
Update Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	0% of CPI	0% of CPI

*Contributions:*

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

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**NOTE 16 – PENSION PLAN (Continued)**

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

The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 1,969,087
2. Interest on Net Pension Obligation	61,277
3. Adjustment to the ARC	<u>(55,101)</u>
4. Annual Pension Cost (APC)	1,975,263
5. Contributions Made	<u>(1,969,087)</u>
6. Increase (decrease) in net pension obligation	6,176
7. Net Pension obligation/(Asset), beginning of year	<u>875,383</u>
8. Net Pension Obligation/(Asset), end of year	<u>\$ 881,559</u>

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2012	2,068,331	2,059,883	99.59%	868,005
2013	1,977,344	1,969,967	99.63%	875,383
2014	1,975,263	\$1,969,087	99.69%	\$ 881,559

CITY OF MISSION, TEXAS  
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**NOTE 16 – PENSION PLAN (Continued)**

The required contribution rates for Fiscal Year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25.9 years; closed period	25.0 years; closed period	28.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10 year smoothed market	10 year smoothed market	10 year smoothed market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.00% 0.0%	3.00% 0.0%	3.00% 0.0%

*Funded Status and Funding Progress:*

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	<u>\$58,020,823</u>	<u>\$ 65,952,040</u>	88.0%	<u>\$7,931,217</u>	<u>\$24,119,916</u>	32.9%

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**NOTE 16 – PENSION PLAN (*Continued*)**

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedules of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**NOTE 17 – PENSION PLAN – EMERGENCY SERVICES PERSONNEL RETIREMENT FUND**

*Plan Description*

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

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

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

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**NOTE 17 – PENSION PLAN – EMERGENCY SERVICES PERSONNEL RETIREMENT FUND (Continued)**

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

Contribution requirements were established by S.B. 411, 65<sup>th</sup> Legislative, Regular Session (1977) and were amended by board rule in 2006. The monthly contribution requirement per active emergency services personnel member is not actuarially determined, but rather, the minimum contribution requirement is set by board rule. No contributions are required by members. The governing bodies of participating department's members are required to contribute at least the minimum amount prescribed per month per each active member.

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

The City's total contributions to TESRS (including the deposit for TLFFRA) for the years ending September 30, 2014, 2013, and 2012 were \$4,764, \$7,320, and \$10,128 respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

**NOTE 18 – 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 \$49,106 for retirees, contributed by the City.

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**NOTE 18 – OTHER POST EMPLOYMENT BENEFITS *(Continued)***

*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.

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	22,163
Adjustment to annual required contribution	<u>(32,914)</u>
Annual OPEB cost (expense)	206,277
Contributions made	<u>(49,106)</u>
Increase in net OPEB Obligation	157,171
Net OPEB obligation - beginning of year	<u>583,221</u>
Net OPEB obligation - end of year	<u><u>\$740,392</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
9/30/2012	184,512	50.85%	477,170
9/30/2013	181,616	41.61%	583,221
9/30/2014	206,277	23.81%	740,392

*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%.

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**NOTE 18 – OTHER POST EMPLOYMENT BENEFITS *(Continued)***

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.

*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

CITY OF MISSION, TEXAS  
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**NOTE 18 – OTHER POST EMPLOYMENT BENEFITS** *(Continued)*

*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>.

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 2013	Plan Year 2014
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 2014, 2013, and 2012 were \$30,283, \$30,703, and \$31,264 respectively, which equaled the required contributions each year.

**NOTE 19 – 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.



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**NOTE 19 – CONTINGENT LIABILITIES (Continued)**

*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 20 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At September 30, 2014, the City had several active construction projects. The projects include renovation of parks and improvements of infrastructure.

*A. Primary Government*

Project	Spent to Date	Remaining Commitment	Financing Sources
Inspiration Rd US 83 Exp N to Mile 3	\$2,177,005	\$ 259,955	2010 CO
Mile 2 N Conway W to Inspiration	949,640	50,742	Operating
Conway Ave Streetscape Project	1,020,832	1,080,412	Operating/Grant
CWV Center Building Improvements	318,750	80,250	2009 CO
WL, Military Rd Loop Improvement	73,744	36,298	Operating
Taylor Rd US 83 Exp to N Dove	772,886	342,114	Operating
Anzalduas Lift Sts,Wastewater Project	1,447,480	1,892,959	Operating
PD-Roof Reconstruction Project	23,226	568,484	Grant
NWTP 4.5 MGD Expansion Project	77,234	1,421,056	Operating
NW EDAP 4.5 mi To 7 mi Sewer Project	<u>71,800</u>	<u>67,200</u>	Grant
	<u>\$6,932,597</u>	<u>\$ 5,799,470</u>	

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, 2014, 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 & water trunklines project, respectively.

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

*A. Primary Government*

The City leases office equipment and golf carts under operating leases. Total costs for such leases were \$33,544 for the year ended September 30, 2014. The future minimum lease payments for these leases are as follows:

<u>September 30,</u>	
2015	\$ 90,844
2016	83,342
2017	83,342
2018	57,983
2019	<u>57,983</u>
Total	<u>\$ 373,494</u>

*B. Mission Economic Development Corporation*

MEDC has entered into an operating lease for office equipment which begins in the 2015 fiscal year. The future minimum lease payments for the lease are as follows:

<u>September 30,</u>	
2015	\$ 3,077
2016	3,077
2017	3,077
2018	3,077
2019	<u>3,077</u>
Total	<u>\$ 15,385</u>

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September 30, 2014

**NOTE 22 – 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, 2014 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Machinery & Equipment	\$ -	\$ 51,833
Less: Accumulated Depreciation	-	(14,769)
Total	\$ -	\$ 37,064
September 30,		
2015	\$ -	\$ 14,208
2016	-	10,947
2017	-	5,310
Total minimum lease payments	-	30,465
Less: amount representing interest	-	(1,702)
Present value of minimum lease paym	\$ -	\$ 28,763

**NOTE 23 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carried commercial insurance. There have been no reductions in insurance coverage from the previous year; no negative statements or jury awards have exceeded insurance coverage in any of the past three years.

The City established a limited risk management program for workers' compensations and health insurance in a previous year. Effective December 1, 1996, the City became fully insured for workers compensation insurance through a conventional policy. The City's health insurance program is self-funded.

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 23 – 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:

	2014	2013
Unpaid claims, beginning of fiscal year	\$ 113,231	\$ 74,691
Incurred claims (including IBNRs) and adjustments	2,375,659	2,545,078
Claims payments	(2,313,669)	(2,506,538)
Unpaid claims, end of fiscal year	\$ 175,221	\$ 113,231

**NOTE 24 – 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, 2014 Mission Redevelopment Authority reimbursed the City for costs incurred related to the Conway Streetscape Project in the amount of \$168,790. At September 30, 2014, the MRA owed the City \$7,456 for administrative costs. Additionally, the City owed MRA \$149,116 for property taxes collected but not yet remitted.

**NOTE 25 – 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:

	<u>Balance at</u> <u>September 30, 2014</u>
\$1,702,000 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009A dated February 1, 2009	\$ 438,146
\$1,341,250 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009B dated August 1, 2012	328,153

CITY OF MISSION, TEXAS  
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**NOTE 25 – 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
\$6,800,000 Industrial Development Revenue Bond (AmeriTex Pipe & Products LLC) Series 2013 dated August 30, 2013	5,615,419
\$40,200,000 Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 dated March 1, 2011	35,295,000
\$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 2014 dated September 30, 2014	9,000,000
\$56,800,000 Solid Waste Disposal Revenue Bonds (Republic Service, Inc) Series 2012 A dated August 1, 2012	56,800,000
\$6,000,000 Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007 dated May 1, 2007	4,950,000
\$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, 2014	<u>3,373,123</u>
	<u>\$304,749,841</u>

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

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

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 25 – CONDUIT DEBT OBLIGATIONS** (*Continued*)

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, 2014, MEDC received \$7,500 of which \$3,750 was paid to the advisors.

In the current year, MEDC was paid issuance cost of \$21,900 for the issuing of new conduit debt of which \$10,950 was paid to advisors for issuance costs.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds, which ranges from 2 basis points to 5 basis points depending on the type of project and the rating of the bonds being issued. For the year ended September 30, 2014, MEDC received \$152,196 of which \$76,098 was paid to the advisor for local access fees.

In total, MEDC collected \$181,596 in fees related to conduit debt of which \$90,798 was paid to its advisors for application, issuance, advisor and local access fees.

**NOTE 26 – COMPLIANCE WITH REVENUE BOND COVENANTS**

*A. Certain Required Annual Disclosure*

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

*B. Revenue Bond Coverage*

Per the Revenue Bond debt covenants the City's Utility Fund is required to maintain a 125% coverage over the succeeding fiscal year's debt service requirement (first lien bonds); or 125% over the greater of the average annual debt service requirements or the succeeding fiscal year's debt service requirements (junior lien bonds). For the fiscal year ended September 30, 2014 the City's Utility Fund met these coverage requirements.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 27 – 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 \$2,029,496 and \$2,114,147 from the County and City respectively.

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

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, dated April 1, 2003 (“2003 Agreement”), the City of McAllen, Texas and the City of Mission, Texas own and operate the Anzalduas International Crossing ("Anzalduas Bridge") linking United States, south of the City of Mission, Texas and the westernmost part of the city of Reynosa, Tamaulipas, Mexico. According to that agreement, the ownership interest of the City of McAllen and the City of Mission are 66 2/3% and 33 1/3%, respectively.

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

The agreements also provide that these cities as well as the City of Hidalgo will share in the unallocated balance of surplus net revenues at the following percentages: City of McAllen, 44%; City of Mission, 23%; and the City of Hidalgo, 33%. Per separate interlocal agreement, the City of Mission will share 6% of its portion of the unallocated balance of surplus net revenues with the City of Granjeno, Texas.

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

CITY OF MISSION, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2014

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

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, 2014, the amount advanced since the inception for the City of Mission is \$1,918,717 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 29 – COMPLIANCE AND ACCOUNTABILITY**

*A. Finance – Related Legal and Contractual Provision*

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

*Expenditures Exceeding Appropriations*

During the year ended September 30, 2014 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



CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 30 – FUND BALANCES**

At September 30, 2014 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, for funds to be used for various programs to be conducted by the Boy’s and Girl’s Club, and for significant encumbrances outstanding at year end.

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund balance:</b>				
Nonspendable				
Long term receivable	\$ 27,200	\$ -	\$ -	\$ 27,200
Inventory	1,332	-	-	1,332
Prepaid	14,336	-	-	14,336
MEDA-land for resale	-	-	1,435,359	1,435,359
Restricted				
Capital improvements	-	-	1,018,793	1,018,793
Debt service	-	2,065,837	-	2,065,837
Aquatics programs	-	-	10,000	10,000
Municipal court				
Technology	-	-	187,928	187,928
Building security	-	-	34,257	34,257
Juvenile case manager	-	-	123,451	123,451
PD asset sharing	-	-	1,680,978	1,680,978
Drainage improvements	-	-	1,028,237	1,028,237
Scholarships and books	-	-	25,799	25,799
Tourism	-	-	539,027	539,027
Perpetual care	-	-	45,074	45,074
Records preservation	-	-	8,185	8,185
PEG (public, educational, and governmental)	-	-	233,176	233,176
Economic Development	-	-	716,134	716,134
Tax increment	-	-	3,487	3,487
Assigned				
Significant encumbrances	1,357,108	-	-	1,357,108
Asset replacement	85,909	-	-	85,909
Boys and Girls Club	163,271	-	-	163,271
Subsequent year's budget-appropriation of fund balance	4,157,048	-	-	4,157,048
Unassigned	2,591,168	-	-	2,591,168
Total Fund Balances	<u>\$ 8,397,372</u>	<u>\$ 2,065,837</u>	<u>\$ 7,089,885</u>	<u>\$17,553,094</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 31 – 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:

<u>Incentives</u>	<u>Committed</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Colimar International Business	\$ 110,000	\$ 69,694	\$ 40,306
Royal Technologies	1,300,000	300,000	1,000,000
Other infrastructure projects	380,000	89,410	290,590
Infrastructure projects *	<u>1,000,000</u>	<u>175,144</u>	<u>824,856</u>
	<u>\$ 2,790,000</u>	<u>\$ 634,248</u>	<u>\$ 2,155,752</u>

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

**NOTE 32 – 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, \$8,343 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 \$2,254 for the sanitary sewer project.

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

	<u>Balance at October 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at September 30, 2014</u>
Redevelopment Assets	<u>\$ 203,957</u>	<u>\$ 10,597</u>	<u>\$ -</u>	<u>\$ 214,555</u>

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 32 – 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, 2014 are as follows:

Redevelopment Projects	Balance			Balance Sept. 30, 2014
	Oct. 1, 2013	Increase	Decrease	
Anzalduas & FM 396 Overpass-Phase I	\$ 1,874,970	\$ -	\$ 1,874,970	\$ -
FM 396 Overpass at US 83 Expressway	526,218	-	526,218	-
FM 396 Overpass Right of Way Acquisition	181,244	1,080	182,324	-
US 83 Overpass at Inspiration Road-Phase I	339,750	-	-	339,750
US 83 Overpass at Inspiration Road-Phase II	1,856,104	858	-	1,856,962
US 83 Overpass at Inspiration Road-Phase III	-	36,906	-	36,906
Military Highway West Wastewater & Water Trunklines Project	56,350	27,598	-	83,948
Anzalduas Lift Stations	<u>341,505</u>	<u>-</u>	<u>-</u>	<u>341,505</u>
Total Redevelopment Assets	<u>\$ 5,176,141</u>	<u>\$ 66,442</u>	<u>\$ 2,583,512</u>	<u>\$ 2,659,071</u>

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

Anzalduas liftstations	\$ 1,835,893
Conway streetscape	388,214
Military Parkway lighting	<u>120,376</u>
Total reimbursements	2,344,483
Transfers for completed projects	<u>2,583,512</u>
	<u>\$ 4,927,995</u>

The reimbursements represent payments to the City of Mission for redevelopment projects managed by the City. During the fiscal year, the Authority transferred the completed Anzalduas Project to the State of Texas. The total project cost of \$2,583,512 is included as redevelopment expenditures and recorded as a decrease in redevelopment assets on the Statement of Net Position and Governmental Funds Balance Sheet.

CITY OF MISSION, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2014

**NOTE 33 – 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, 2014 the remaining properties are stated at a cost of \$1,435,359, which is less than their estimated fair value. These lots will continue to be sold to attract development to further benefit the City.

**NOTE 34 – ADJUSTMENT TO BEGINNING NET POSITION**

Due to the implementation of GASB 65, as discussed in Note 1, most issuance costs for debt are no longer capitalized and amortized but rather expensed as incurred. At implementation, this statement requires the removal of deferred charges for issuance costs previously capitalized and reduces the beginning net position of the primary government in the amount of \$1,143,115. For the component units, the beginning net position was reduced by \$53,583 for MEDC and by \$574,195 for MRA.

**NOTE 35 – SUBSEQUENT EVENTS**

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

*Sales Tax Refund*

Subsequent to year end, the Texas State Comptroller notified the City that a re-evaluation of sales tax payments and collections occurred which resulted in a rebate in the amount of \$695,000 to a taxpayer. Said amount is to be charged back to the City over a seven year period.

*REQUIRED  
SUPPLEMENTARY  
INFORMATION*



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**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 14,300,000	\$ 14,300,000	\$ 14,319,843	\$ 19,843
Delinquent ad valorem taxes	500,000	500,000	427,655	(72,345)
Interest and penalties on taxes	330,000	330,000	320,153	(9,847)
Net Ad Valorem Tax Revenue	15,130,000	15,130,000	15,067,651	(62,349)
Sales tax	7,300,000	7,300,000	7,664,463	364,463
Sales tax-tax abatement	3,650,000	3,650,000	3,832,232	182,232
Franchise business tax	2,300,000	2,300,000	2,426,223	126,223
Telecommunication access fee	220,000	220,000	209,826	(10,174)
Mixed drink tax	75,000	75,000	48,018	(26,982)
Total Taxes	28,675,000	28,675,000	29,248,413	573,413
Licenses and permits:				
Occupational licenses	50,000	50,000	42,656	(7,344)
Moving and building permits	250,000	250,000	298,007	48,007
Health permits	27,000	27,000	24,372	(2,628)
Electrical permits	75,000	75,000	67,137	(7,863)
Mechanical permits	35,000	35,000	33,566	(1,434)
Plumbing permits	60,000	60,000	62,160	2,160
Alarm permits	12,000	12,000	10,302	(1,698)
Miscellaneous	35,000	35,000	35,676	676
Total Licenses and Permits	544,000	544,000	573,876	29,876
Intergovernmental:				
MCISD and SISD Dare Program	655,000	655,000	730,277	75,277
G.R.E.A.T Program	185,000	185,000	89,771	(95,229)
Reimb. - TXDOT/ROW	536,000	871,581	575,836	(295,745)
Reimb.-Hidalgo Co.-Taylor Rd.	390,000	390,000	234,776	(155,224)
Reimb.-City of McAllen-Taylor Rd.	390,000	390,000	234,776	(155,224)
County contribution-rural fires	40,000	40,000	72,350	32,350
County restitution reimbursement	2,600	2,600	508	(2,092)
Overhead-MRA	175,000	175,000	207,182	32,182
TIRZ Reimbursement	1,396,786	1,038,721	312,818	(725,903)
FEMA reimbursement	-	-	38,458	38,458
FBI overtime	15,000	15,000	-	(15,000)
Task Force	30,000	30,000	31,170	1,170
Peace Officers Fire Prev.	-	-	972	972
DEA Overtime Task Force	30,000	30,000	34,183	4,183
Hidalgo County-library	-	14,482	14,481	(1)
Total Intergovernmental	3,845,386	3,837,384	2,577,558	(1,259,826)
Charges for services:				
Birth certificate service	1,100	1,100	1,111	11
Inspection fee-2%	20,000	20,000	23,997	3,997
Construction material testing fee	10,000	10,000	8,930	(1,070)
Fire inspection fee	26,000	26,000	21,624	(4,376)
Judicial fee-City	4,000	4,000	5,586	1,586
Corporation court fines tax	41,800	41,800	55,078	13,278
Library reservations fee	60	60	125	65
Lot cleaning	25,000	25,000	56,386	31,386
Lot cleaning-admin. Fee	10,000	10,000	36,746	26,746
Lease-service center complex	6,000	6,000	6,000	-
Library copies	28,000	28,000	35,373	7,373
Rent-City buildings	6,000	6,000	6,022	22
Basketball fees & charges	15,000	15,000	9,877	(5,123)
Softball fees & charges	20,000	20,000	11,465	(8,535)
Football fees & charges	10,000	10,000	8,940	(1,060)

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**  
Page 2 of 7

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Kickball fees & charges	1,200	1,200	3,450	2,250
Volleyball fees & charges	3,500	3,500	4,084	584
Park facility rentals	8,000	8,000	14,810	6,810
Other recreational fees	12,000	12,000	7,848	(4,152)
Bannworth pool fees	25,000	25,000	42,545	17,545
Library rentals	75	75	205	130
Cemetery charges	61,000	61,000	90,600	29,600
Vital statistics	120,000	120,000	115,664	(4,336)
Burial transit permit	1,300	1,300	780	(520)
Animal control & shelter fee	3,500	3,500	2,352	(1,148)
Zoning and subdivision fees	40,000	40,000	36,475	(3,525)
5% credit card fee	5,000	5,000	13,018	8,018
Food manager/handler ID fee	18,000	18,000	20,625	2,625
Fire Dept. training fees	-	-	3,570	3,570
Restitution fee-Local	-	-	500	500
Arrest fees-M.P.D.	35,000	35,000	48,815	13,815
Truancy prevention & diversion	-	-	4,075	4,075
Police Dept. service charges	8,000	8,000	10,012	2,012
Total Charges for Services	<u>564,535</u>	<u>564,535</u>	<u>706,688</u>	<u>142,153</u>
Fines:				
Corporation court fines	675,000	675,000	835,795	160,795
Warrant execution fee	120,000	120,000	172,207	52,207
Library fines	17,000	17,000	8,845	(8,155)
Total Fines	<u>812,000</u>	<u>812,000</u>	<u>1,016,847</u>	<u>204,847</u>
Interest:				
Interest earned on investments	15,000	15,000	52,933	37,933
Interest earned on demand deposits	7,000	7,000	10,123	3,123
Total Interest	<u>22,000</u>	<u>22,000</u>	<u>63,056</u>	<u>41,056</u>
Miscellaneous:				
Reimb.-TX Citrus Fiesta	45,000	45,000	46,775	1,775
Reimb.-LRGVDC	-	-	256,455	256,455
Reimb.-Other state agencies	-	-	40,654	40,654
Child safety fees	10,000	10,000	10,753	753
Library donations/memorial	200	800	625	(175)
Insurance settlement	25,000	25,000	38,094	13,094
Miscellaneous income	35,000	35,000	195,457	160,457
Coke machine & vending machines	3,500	3,500	2,318	(1,182)
Street lights reimbursement	-	-	2,578	2,578
Street signs reimbursement	1,000	1,000	900	(100)
Subdividers reimb.-streets	10,000	10,000	8,602	(1,398)
Universal service fund rebate	-	34,980	34,990	10
Oil lease	2,000	2,000	2,173	173
Reimbursement-MEDC	1,000,000	1,000,000	1,000,000	-
Contribution and donations	-	500	600	100
Total Miscellaneous	<u>1,131,700</u>	<u>1,167,780</u>	<u>1,640,974</u>	<u>473,194</u>
Total Revenues	<u>35,594,621</u>	<u>35,622,699</u>	<u>35,827,412</u>	<u>204,713</u>
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,100	2,100	1,982	118
Employee benefits	1,365	1,365	1,346	19
Other purchased services	15,025	15,525	14,226	1,299
Supplies	2,000	1,500	1,533	(33)
Miscellaneous	600	600	101	499
	<u>21,090</u>	<u>21,090</u>	<u>19,188</u>	<u>1,902</u>



**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**  
Page 3 of 7

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Executive Administration:</b>				
Personal services	329,175	329,175	289,659	39,516
Employee benefits	90,517	90,517	73,508	17,009
Other purchased services	22,050	22,050	8,664	13,386
Supplies	6,500	6,500	3,122	3,378
Capital outlays	40,000	40,000	45,421	(5,421)
Miscellaneous	1,000	1,000	396	604
	<u>489,242</u>	<u>489,242</u>	<u>420,770</u>	<u>68,472</u>
<b>Finance Department:</b>				
Personal services	415,672	415,672	416,510	(838)
Employee benefits	115,184	115,184	111,272	3,912
Purchased property services	4,000	3,950	3,949	1
Other purchased services	7,425	7,725	6,893	832
Capital outlays	3,500	3,500	3,015	485
Supplies	6,200	5,950	5,032	918
Miscellaneous	900	900	810	90
	<u>552,881</u>	<u>552,881</u>	<u>547,481</u>	<u>5,400</u>
<b>Municipal Court:</b>				
Personal services	492,585	492,585	488,175	4,410
Employee benefits	142,020	142,020	136,746	5,274
Professional & technical services	10,450	12,650	12,650	-
Other purchased services	3,500	4,800	4,687	113
Supplies	6,500	6,500	6,428	72
Miscellaneous	13,000	9,500	5,162	4,338
	<u>668,055</u>	<u>668,055</u>	<u>653,848</u>	<u>14,207</u>
<b>Planning:</b>				
Personal services	545,222	545,222	505,442	39,780
Employee benefits	165,062	165,062	154,668	10,394
Purchased property services	9,190	9,190	8,190	1,000
Other purchased services	24,700	24,700	23,318	1,382
Supplies	19,300	19,200	17,070	2,130
Miscellaneous	13,550	13,650	15,786	(2,136)
	<u>777,024</u>	<u>777,024</u>	<u>724,474</u>	<u>52,550</u>
<b>Facilities Maintenance:</b>				
Personal services	357,895	357,895	343,474	14,421
Employee benefits	129,398	129,398	123,867	5,531
Purchased property services	55,500	55,500	50,451	5,049
Other purchased services	3,500	3,500	3,070	430
Supplies	155,550	155,550	162,087	(6,537)
Miscellaneous	2,000	2,000	805	1,195
	<u>703,843</u>	<u>703,843</u>	<u>683,754</u>	<u>20,089</u>
<b>Fleet Maintenance:</b>				
Professional & technical services	783,000	783,000	877,534	(94,534)
Miscellaneous	40,000	40,000	40,000	-
	<u>823,000</u>	<u>823,000</u>	<u>917,534</u>	<u>(94,534)</u>
<b>Organizational Expense:</b>				
Professional & technical services	991,000	1,262,000	1,174,683	87,317
Purchased property services	173,300	173,300	153,386	19,914
Other purchased services	137,360	137,360	117,734	19,626
Supplies	8,550	8,550	7,098	1,452
Capital outlays	670,000	670,000	625,186	44,814
Miscellaneous	896,000	920,581	521,774	398,807
	<u>2,876,210</u>	<u>3,171,791</u>	<u>2,599,861</u>	<u>571,930</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**  
Page 4 of 7

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Purchasing:</b>				
Personal services	125,511	125,511	126,950	(1,439)
Employee benefits	34,614	34,614	34,048	566
Purchased property services	2,550	2,550	2,327	223
Other purchased services	12,600	12,600	17,410	(4,810)
Supplies	1,400	1,430	1,277	153
Miscellaneous	900	870	862	8
	<u>177,575</u>	<u>177,575</u>	<u>182,874</u>	<u>(5,299)</u>
<b>City Secretary:</b>				
Personal services	219,101	219,101	219,093	8
Employee benefits	68,607	68,607	67,186	1,421
Professional & technical services	10,200	10,200	11,050	(850)
Purchased property services	1,400	1,400	1,352	48
Other purchased services	16,470	16,470	14,489	1,981
Supplies	800	851	883	(32)
Miscellaneous	1,860	1,809	1,296	513
	<u>318,438</u>	<u>318,438</u>	<u>315,349</u>	<u>3,089</u>
<b>Risk Management:</b>				
Personal services	84,148	84,148	82,798	1,350
Employee benefits	28,045	28,045	27,271	774
Professional & technical services	10,500	10,500	8,811	1,689
Purchased property services	1,750	1,750	1,748	2
Other purchased services	292,370	292,370	274,413	17,957
Supplies	11,000	11,000	7,804	3,196
Miscellaneous	200	200	-	200
	<u>428,013</u>	<u>428,013</u>	<u>402,845</u>	<u>25,168</u>
<b>Elections:</b>				
Employee benefits	650	650	-	650
Professional & technical services	20,000	55,000	45,848	9,152
Purchased property services	10,000	-	-	-
Other purchased services	4,800	6,800	4,191	2,609
Supplies	3,000	3,000	57	2,943
Miscellaneous	150	150	-	150
	<u>38,600</u>	<u>65,600</u>	<u>50,096</u>	<u>15,504</u>
<b>Civil Service:</b>				
Personal services	85,090	85,090	85,303	(213)
Employee benefits	23,538	23,538	23,024	514
Professional & technical services	30,000	42,544	39,250	3,294
Other purchased services	5,100	5,556	5,538	18
Supplies	20,000	7,000	3,516	3,484
	<u>163,728</u>	<u>163,728</u>	<u>156,631</u>	<u>7,097</u>
<b>Human Resources:</b>				
Personal services	218,750	218,750	204,624	14,126
Employee benefits	54,871	54,871	51,017	3,854
Professional & technical services	12,000	12,000	12,565	(565)
Purchased property services	1,500	1,500	1,505	(5)
Other purchased services	3,100	3,100	2,839	261
Supplies	2,250	1,415	1,391	24
Capital outlays	-	580	579	1
Miscellaneous	1,640	1,895	1,864	31
	<u>294,111</u>	<u>294,111</u>	<u>276,384</u>	<u>17,727</u>
<b>Information Technology:</b>				
Personal services	159,275	159,275	159,647	(372)
Employee benefits	51,889	51,889	50,446	1,443
Purchased property services	70,000	75,400	77,098	(1,698)

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**  
Page 5 of 7

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Other purchased services	6,500	2,500	2,300	200
Supplies	1,750	450	385	65
Miscellaneous	200	100	18	82
	<u>289,614</u>	<u>289,614</u>	<u>289,894</u>	<u>(280)</u>
Media Relations:				
Personal services	85,974	100,187	76,675	23,512
Employee benefits	24,549	27,152	20,154	6,998
Other purchased services	2,000	2,000	867	1,133
Supplies	5,500	5,500	3,419	2,081
Capital outlay	3,200	3,200	2,598	602
	<u>121,223</u>	<u>138,039</u>	<u>103,713</u>	<u>34,326</u>
Total General Government	<u>8,742,647</u>	<u>9,082,044</u>	<u>8,344,696</u>	<u>737,348</u>
Public Safety:				
Police Department:				
Personal services	10,077,832	10,077,832	9,459,226	618,606
Employee benefits	2,806,616	2,797,116	2,617,350	179,766
Professional & technical services	107,000	103,276	94,982	8,294
Purchased property services	403,875	405,549	392,682	12,867
Other purchased services	243,800	246,550	218,695	27,855
Supplies	476,600	481,600	460,448	21,152
Miscellaneous	32,045	26,345	24,509	1,836
	<u>14,147,768</u>	<u>14,138,268</u>	<u>13,267,892</u>	<u>870,376</u>
Fire Department:				
Personal services	4,027,121	4,217,121	4,101,489	115,632
Employee benefits	1,110,928	1,138,928	1,045,576	93,352
Purchased property services	159,300	164,880	156,181	8,699
Other purchased services	87,100	86,400	75,788	10,612
Supplies	202,300	191,500	182,777	8,723
Capital outlays	-	373,235	373,521	(286)
Miscellaneous	23,600	19,150	12,023	7,127
	<u>5,610,349</u>	<u>6,191,214</u>	<u>5,947,355</u>	<u>243,859</u>
Fire Prevention Bureau:				
Personal services	392,720	392,720	368,693	24,027
Employee benefits	103,237	103,237	97,063	6,174
Purchased property services	4,500	4,500	4,194	306
Other purchased services	20,675	11,275	5,659	5,616
Supplies	15,300	24,700	21,290	3,410
Capital outlays	3,000	3,000	2,906	94
Miscellaneous	300	300	193	107
	<u>539,732</u>	<u>539,732</u>	<u>499,998</u>	<u>39,734</u>
Total Public Safety	<u>20,297,849</u>	<u>20,869,214</u>	<u>19,715,245</u>	<u>1,153,969</u>
Highways and Streets:				
Street Department:				
Personal services	841,663	841,663	796,349	45,314
Employee benefits	373,964	373,964	354,462	19,502
Professional & technical services	45,000	45,000	11,663	33,337
Purchased property services	1,146,500	1,146,500	1,189,867	(43,367)
Other purchased services	9,300	9,300	9,312	(12)
Supplies	459,200	459,200	419,766	39,434
Capital outlays	4,184,382	3,826,317	1,842,873	1,983,444
Miscellaneous	1,570	1,570	1,512	58
	<u>7,061,579</u>	<u>6,703,514</u>	<u>4,625,804</u>	<u>2,077,710</u>
Total Highways and Streets	<u>7,061,579</u>	<u>6,703,514</u>	<u>4,625,804</u>	<u>2,077,710</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**  
Page 6 of 7

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Health and Welfare:</b>				
<b>Health Regulations and Inspections:</b>				
Personal services	240,962	240,962	238,467	2,495
Employee benefits	80,967	80,967	78,570	2,397
Purchased property services	1,200	400	352	48
Other purchased services	5,850	6,850	6,247	603
Supplies	36,100	35,900	31,302	4,598
Capital outlays	4,000	4,000	1,288	2,712
Miscellaneous	1,300	1,300	1,158	142
	<u>370,379</u>	<u>370,379</u>	<u>357,384</u>	<u>12,995</u>
<b>Total Health and Welfare</b>	<u>370,379</u>	<u>370,379</u>	<u>357,384</u>	<u>12,995</u>
<b>Culture and Recreation:</b>				
<b>Mission Historical Museum:</b>				
Personal services	165,974	165,974	158,804	7,170
Employee benefits	53,642	53,642	50,535	3,107
Purchased property services	5,400	5,900	5,757	143
Other purchased services	8,050	8,050	5,918	2,132
Supplies	3,650	3,150	1,108	2,042
Capital outlays	-	9,500	8,000	1,500
Miscellaneous	250	250	55	195
	<u>236,966</u>	<u>246,466</u>	<u>230,177</u>	<u>16,289</u>
<b>Parks and Recreation Administration:</b>				
Personal services	201,998	201,998	204,137	(2,139)
Employee benefits	57,900	57,900	56,518	1,382
Purchased property services	27,000	27,000	22,910	4,090
Other purchased services	2,800	2,800	2,714	86
Supplies	2,500	2,500	1,953	547
Miscellaneous	100	100	55	45
	<u>292,298</u>	<u>292,298</u>	<u>288,287</u>	<u>4,011</u>
<b>Parks:</b>				
Personal services	869,493	798,927	800,635	(1,708)
Employee benefits	347,730	345,130	327,254	17,876
Purchased property services	471,000	436,566	398,316	38,250
Other purchased services	11,000	13,000	11,860	1,140
Supplies	185,450	183,450	175,939	7,511
Capital outlays	25,000	52,600	49,324	3,276
Miscellaneous	3,000	3,000	1,858	1,142
	<u>1,912,673</u>	<u>1,832,673</u>	<u>1,765,186</u>	<u>67,487</u>
<b>Recreation:</b>				
Personal services	198,505	198,505	177,413	21,092
Employee benefits	48,447	48,447	45,420	3,027
Professional and technical services	68,000	68,000	42,980	25,020
Other purchased services	31,000	31,000	21,820	9,180
Supplies	23,400	23,400	18,050	5,350
Miscellaneous	4,500	4,500	1,645	2,855
	<u>373,852</u>	<u>373,852</u>	<u>307,328</u>	<u>66,524</u>
<b>Library:</b>				
Personal services	779,849	765,636	728,624	37,012
Employee benefits	223,476	220,873	208,594	12,279
Purchased property services	107,500	115,250	107,060	8,190
Other purchased services	49,160	38,330	34,442	3,888
Supplies	35,050	36,630	34,797	1,833
Capital outlays	-	36,532	35,981	551
Miscellaneous	63,200	78,230	75,213	3,017
	<u>1,258,235</u>	<u>1,291,481</u>	<u>1,224,711</u>	<u>66,770</u>

**CITY OF MISSION, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Bannworth Pool:				
Personal services	89,751	89,751	52,748	37,003
Employee benefits	25,286	25,286	13,218	12,068
Purchased property services	29,600	29,600	38,544	(8,944)
Other purchased services	11,400	11,400	5,829	5,571
Supplies	21,700	21,700	14,609	7,091
Miscellaneous	900	900	609	291
	<u>178,637</u>	<u>178,637</u>	<u>125,557</u>	<u>53,080</u>
 Total Culture and Recreation	 <u>4,252,661</u>	 <u>4,215,407</u>	 <u>3,941,246</u>	 <u>274,161</u>
 Total Expenditures	 <u>40,725,115</u>	 <u>41,240,558</u>	 <u>36,984,375</u>	 <u>4,256,183</u>
 Excess (Deficiency) of Revenue Over Expenditures	 <u>(5,130,494)</u>	 <u>(5,617,859)</u>	 <u>(1,156,963)</u>	 <u>4,460,896</u>
 Other Financing Sources (Uses):				
Sale of capital assets	-	-	22,484	22,484
Issuance of debt	-	368,865	368,865	-
Transfers in	4,448,716	4,448,716	4,447,873	(843)
Transfers out	(2,189,355)	(2,482,855)	(2,501,855)	(19,000)
Total Other Financing Sources (Uses)	<u>2,259,361</u>	<u>2,334,726</u>	<u>2,337,367</u>	<u>2,641</u>
 Net Change in Fund Balance	 <u>(2,871,133)</u>	 <u>(3,283,133)</u>	 <u>1,180,404</u>	 <u>4,463,537</u>
 Fund Balance at Beginning of Year	 <u>6,967,791</u>	 <u>6,967,791</u>	 <u>6,967,791</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 4,096,658</u>	 <u>\$ 3,684,658</u>	 <u>\$ 8,148,195</u>	 <u>\$ 4,463,537</u>



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**CITY OF MISSION, TEXAS**

**EXHIBIT B-2**

*RECONCILIATION OF THE GENERAL FUND BUDGETARY SCHEDULE  
TO THE STATEMENT OF REVENUES AND EXPENDITURES  
SEPTEMBER 30, 2014*

Net Changes in the General Fund Fund Balance	\$ 1,180,404
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	80,333
Boys and Girls Club Fund revenues and transfers-in	499,860
Expenditures:	
Capital Assets expenditures	(12)
Boys and Girls Club expenditures	<u>(657,013)</u>
Net Change in Fund Balances	<u>\$ 1,103,572</u>

The accompanying notes are an integral part of this statement.

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

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll ( c )	Percentage Covered Payroll ((b-a)/c)
2011	\$ 47,502,963	\$ 52,011,146	91.3%	\$ 4,508,183	\$ 22,008,197	20.5%
2012	\$ 52,370,908	\$ 55,994,728	93.5%	\$ 3,623,820	\$ 23,839,903	15.2%
2013	\$ 58,020,823	\$ 65,952,040	88.0%	\$ 7,931,217	\$ 24,119,916	32.9%



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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll ( c )	UAAL as a Percentage Covered Payroll ((b-a)/c)
2010	\$ -	\$ 868,410	0.0%	\$ 868,410	\$ 21,444,146	4.0%
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%

CITY OF MISSION, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2014

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	\$ 5,889,935
*Capital Project Funds	\$ 2,284,569

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

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

CITY OF MISSION, TEXAS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2014

During the year ended September 30, 2014, three General Fund Department expenditures exceeded appropriations by a total of \$100,113. See Exhibit B-1.

**Budget to GAAP Reconciliation**

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

<u>Revenues:</u>	<u>General Fund</u>
Actual revenues (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 35,827,412
Adjustments due to GASB Statement 54:	
Capital Asset Replacement Fund revenues	333
Boys and Girls Club revenues	<u>199,860</u>
Total adjustments necessary	<u>200,193</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$ 36,027,605</u>

Note: Does not include other financing resources.

CITY OF MISSION, TEXAS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2014

**Budget to GAAP Reconciliation (Continued)**

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$36,984,375
Adjustments due to GASB Statement 54:	
Capital Asset Replacement Fund expenditures	12
Boys and Girls Club expenditures	<u>657,013</u>
Total adjustments necessary	<u>657,025</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$37,641,400</u>

*OTHER  
SUPPLEMENTARY  
INFORMATION*



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# NON-MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **CAPITAL PROJECT FUNDS**

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

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

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

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

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



**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

**EXHIBIT C-1**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,550,367	\$ 1,159,707	\$ 4,710,074
Investments	1,532,032	389,186	1,921,218
Prepaid items	605	-	605
Receivables:			
Accounts	678,133	18,828	696,961
Special assessments	136,703	-	136,703
Less: allowance for uncollectibles	(5,102)	-	(5,102)
Accrued interest receivable	2,573	14	2,587
Due from other governments	469,734	-	469,734
Due from other funds	178	-	178
Due from component unit	53,758	-	53,758
Land held for resale	1,435,359	-	1,435,359
<b>Total Assets</b>	<b>\$ 7,854,340</b>	<b>\$ 1,567,735</b>	<b>\$ 9,422,075</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 494,285	\$ 41,380	\$ 535,665
Other liabilities	5,012	276,253	281,265
Retainage payable	92,307	231,309	323,616
Accrued payroll	10,829	-	10,829
Due to other funds	460,594	-	460,594
Due to component unit	149,116	-	149,116
Unearned revenue	571,105	-	571,105
<b>Total Liabilities</b>	<b>1,783,248</b>	<b>548,942</b>	<b>2,332,190</b>
<b>FUND BALANCES</b>			
Nonspendable	1,435,359	-	1,435,359
Restricted	4,635,733	1,018,793	5,654,526
<b>Total Fund Balances</b>	<b>6,071,092</b>	<b>1,018,793</b>	<b>7,089,885</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,854,340</b>	<b>\$ 1,567,735</b>	<b>\$ 9,422,075</b>



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**CITY OF MISSION, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-2**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>			
Taxes and special assessments	\$ 1,534,497	\$ -	\$ 1,534,497
Intergovernmental	5,764,083	6,425	5,770,508
Charges for services	255,584	-	255,584
Interest	11,774	1,171	12,945
Miscellaneous	98,519	6,071	104,590
Total Revenues	<u>7,664,457</u>	<u>13,667</u>	<u>7,678,124</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,046,658	-	1,046,658
Public safety	1,012,397	-	1,012,397
Highways and streets	2,650,413	-	2,650,413
Culture and recreation	920,526	-	920,526
Health and welfare	68,992	-	68,992
Economic development	4,231,038	-	4,231,038
Capital projects	-	797,446	797,446
Total Expenditures	<u>9,930,024</u>	<u>797,446</u>	<u>10,727,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,265,567)</u>	<u>(783,779)</u>	<u>(3,049,346)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	293,163	-	293,163
Transfers in	2,286,195	285,000	2,571,195
Transfers out	(66,211)	(364)	(66,575)
Total Other Financing Sources (Uses)	<u>2,513,147</u>	<u>284,636</u>	<u>2,797,783</u>
Net Change in Fund Balances	247,580	(499,143)	(251,563)
Fund Balances at Beginning of Year	<u>5,823,511</u>	<u>1,517,937</u>	<u>7,341,448</u>
Fund Balances at End of Year	<u>\$ 6,071,091</u>	<u>\$ 1,018,794</u>	<u>\$ 7,089,885</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	CDBG	Aquatics Fund	Police Department Special Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 239,958
Investments	-	-	522,393
Prepaid items	525	-	80
Receivables:			
Accounts	138,631	-	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Accrued interest receivable	-	-	385
Due from other governments	76,548	139,302	-
Due from other funds	-	178	-
Due from component unit	-	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 215,704</u>	<u>\$ 139,480</u>	<u>\$ 762,816</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 69,215	\$ 21,533	\$ 39,882
Other liabilities	2,076	1,883	-
Retainage payable	-	-	-
Accrued payroll	4,238	4,715	-
Due to other funds	1,545	101,349	-
Due to component unit	-	-	-
Unearned revenue	138,631	-	-
Total Liabilities	<u>215,705</u>	<u>129,480</u>	<u>39,882</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	10,000	722,933
Total Fund Balances	<u>-</u>	<u>10,000</u>	<u>722,933</u>
Total Liabilities and Fund Balances	<u>\$ 215,705</u>	<u>\$ 139,480</u>	<u>\$ 762,815</u>

<u>Police Federal Sharing Fund</u>	<u>Municipal Court Technology Fund</u>	<u>Designated Purpose Fund</u>	<u>Drainage Assessment Fund</u>	<u>Cemetery Fund</u>	<u>Records Preservation Fund</u>
\$ 924,404	\$ 38,202	\$ 4,949	\$ 796,239	\$ 45,074	\$ 8,184
51,287	149,588	-	100,000	-	-
-	-	-	-	-	-
-	-	356,941	-	-	-
-	-	-	136,703	-	-
-	-	-	(5,102)	-	-
3	192	-	397	-	-
-	-	253,883	-	-	-
-	-	-	-	-	-
-	-	53,758	-	-	-
-	-	-	-	-	-
<u>\$ 975,694</u>	<u>\$ 187,982</u>	<u>\$ 669,531</u>	<u>\$ 1,028,237</u>	<u>\$ 45,074</u>	<u>\$ 8,184</u>
\$ 17,650	\$ 54	\$ 242,266	\$ -	\$ -	\$ -
-	-	717	-	-	-
-	-	92,307	-	-	-
-	-	1,154	-	-	-
-	-	331,567	-	-	-
-	-	-	-	-	-
-	-	1,520	-	-	-
<u>17,650</u>	<u>54</u>	<u>669,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
958,044	187,928	-	1,028,237	45,074	8,183
<u>958,044</u>	<u>187,928</u>	<u>-</u>	<u>1,028,237</u>	<u>45,074</u>	<u>8,183</u>
<u>\$ 975,694</u>	<u>\$ 187,982</u>	<u>\$ 669,531</u>	<u>\$ 1,028,237</u>	<u>\$ 45,074</u>	<u>\$ 8,183</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 703	\$ 379,919	\$ 12,157
Investments	25,000	-	149,588
Prepaid items	-	-	-
Receivables:			
Accounts	-	160,403	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Accrued interest receivable	96	5	192
Due from other governments	-	-	-
Due from other funds	-	-	-
Due from component unit	-	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 25,799</u>	<u>\$ 540,327</u>	<u>\$ 161,937</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 1,300	\$ 101,882
Other liabilities	-	-	-
Retainage payable	-	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	25,798
Due to component unit	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>1,300</u>	<u>127,680</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	25,799	539,028	34,257
Total Fund Balances	<u>25,799</u>	<u>539,028</u>	<u>34,257</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,799</u>	<u>\$ 540,328</u>	<u>\$ 161,937</u>

<u>Park Dedication Fund</u>	<u>Juvenile Case Manager Fund</u>	<u>PEG Capital Fund</u>	<u>Tax Increment Reinvestment Zone Fund</u>	<u>Mission Economic Development Authority</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
\$ 130,594	\$ 24,461	\$ 76,295	\$ 152,603	\$ 716,628	\$ 3,550,370
299,588	100,000	134,588	-	-	1,532,032
-	-	-	-	-	605
-	-	22,159	-	-	678,134
-	-	-	-	-	136,703
-	-	-	-	-	(5,102)
771	385	135	-	11	2,572
-	-	-	-	-	469,733
-	-	-	-	-	178
-	-	-	-	-	53,758
-	-	-	-	1,435,359	1,435,359
<u>\$ 430,953</u>	<u>\$ 124,846</u>	<u>\$ 233,177</u>	<u>\$ 152,603</u>	<u>\$ 2,151,998</u>	<u>\$ 7,854,342</u>
\$ -	\$ -	\$ -	\$ -	\$ 505	\$ 494,287
-	337	-	-	-	5,013
-	-	-	-	-	92,307
-	723	-	-	-	10,830
-	335	-	-	-	460,594
-	-	-	149,116	-	149,116
430,953	-	-	-	-	571,104
<u>430,953</u>	<u>1,395</u>	<u>-</u>	<u>149,116</u>	<u>505</u>	<u>1,783,251</u>
-	-	-	-	1,435,359	1,435,359
-	123,452	233,176	3,487	716,134	4,635,732
-	123,452	233,176	3,487	2,151,493	6,071,091
<u>\$ 430,953</u>	<u>\$ 124,847</u>	<u>\$ 233,176</u>	<u>\$ 152,603</u>	<u>\$ 2,151,998</u>	<u>\$ 7,854,342</u>

**CITY OF MISSION, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	CDBG	Aquatics Fund	Police Department Special Fund
<b>REVENUES</b>			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	919,597	139,303	25,612
Charges for services	-	56,460	-
Interest	-	-	2,314
Miscellaneous	-	3,230	-
Total Revenues	<u>919,597</u>	<u>198,993</u>	<u>27,926</u>
<b>EXPENDITURES</b>			
Current:			
General government	850,605	-	-
Public safety	-	-	147,857
Highways and streets	-	-	-
Culture and recreation	-	338,297	-
Health and welfare	68,992	-	-
Economic development	-	-	-
Total Expenditures	<u>919,597</u>	<u>338,297</u>	<u>147,857</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(139,304)</u>	<u>(119,931)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	-	-	30,841
Transfers in	-	139,304	-
Transfers out	-	-	(6,289)
Total Other Financing Sources (Uses)	<u>-</u>	<u>139,304</u>	<u>24,552</u>
Net Change in Fund Balances	-	-	(95,379)
Fund Balances at Beginning of Year	<u>-</u>	<u>10,000</u>	<u>818,312</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 722,933</u>



Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Cemetery Fund	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 884,355	\$ -	\$ -
763,307	-	1,646,196	240,572	-	-
-	39,652	-	-	10,000	6,040
1,983	1,106	-	2,057	116	27
3,193	-	488	5,087	-	-
<u>768,483</u>	<u>40,758</u>	<u>1,646,684</u>	<u>1,132,071</u>	<u>10,116</u>	<u>6,067</u>
-	41,557	-	-	11,614	8,617
190,106	-	674,434	-	-	-
-	-	923,071	1,727,342	-	-
-	-	81,923	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>190,106</u>	<u>41,557</u>	<u>1,679,428</u>	<u>1,727,342</u>	<u>11,614</u>	<u>8,617</u>
<u>578,377</u>	<u>(799)</u>	<u>(32,744)</u>	<u>(595,271)</u>	<u>(1,498)</u>	<u>(2,550)</u>
-	-	-	-	-	-
-	-	32,744	-	-	-
(12,049)	-	-	-	-	-
<u>(12,049)</u>	<u>-</u>	<u>32,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
566,328	(799)	-	(595,271)	(1,498)	(2,550)
<u>391,716</u>	<u>188,727</u>	<u>-</u>	<u>1,623,508</u>	<u>46,572</u>	<u>10,733</u>
<u>\$ 958,044</u>	<u>\$ 187,928</u>	<u>\$ -</u>	<u>\$ 1,028,237</u>	<u>\$ 45,074</u>	<u>\$ 8,183</u>

**CITY OF MISSION, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Taxes and special assessments	\$ -	\$ 650,142	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	29,549
Interest	96	631	1,019
Miscellaneous	-	90	-
Total Revenues	<u>96</u>	<u>650,863</u>	<u>30,568</u>
EXPENDITURES			
Current:			
General government	-	-	107,144
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	431,831	-
Health and welfare	-	-	-
Economic development	-	-	-
Total Expenditures	<u>-</u>	<u>431,831</u>	<u>107,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>96</u>	<u>219,032</u>	<u>(76,576)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(47,873)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(47,873)</u>
Net Change in Fund Balances	96	219,032	(124,449)
Fund Balances at Beginning of Year	<u>25,703</u>	<u>319,996</u>	<u>158,706</u>
Fund Balances at End of Year	<u>\$ 25,799</u>	<u>\$ 539,028</u>	<u>\$ 34,257</u>

Park Dedication Fund	Juvenile Case Manager Fund	PEG Capital Fund	Tax Increment Reinvestment Zone Fund	Mission Economic Development Authority	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,534,497
-	-	-	2,029,496	-	5,764,083
68,475	45,407	-	-	-	255,583
-	564	1,003	472	387	11,775
-	-	86,431	-	-	98,519
<u>68,475</u>	<u>45,971</u>	<u>87,434</u>	<u>2,029,968</u>	<u>387</u>	<u>7,664,457</u>
-	26,948	173	-	-	1,046,658
-	-	-	-	-	1,012,397
-	-	-	-	-	2,650,413
68,475	-	-	-	-	920,526
-	-	-	-	-	68,992
-	-	-	4,144,446	86,592	4,231,038
<u>68,475</u>	<u>26,948</u>	<u>173</u>	<u>4,144,446</u>	<u>86,592</u>	<u>9,930,024</u>
-	19,023	87,261	(2,114,478)	(86,205)	(2,265,567)
-	-	-	-	262,322	293,163
-	-	-	2,114,147	-	2,286,195
-	-	-	-	-	(66,211)
-	-	-	2,114,147	262,322	2,513,147
-	19,023	87,261	(331)	176,117	247,580
-	104,429	145,915	3,818	1,975,376	5,823,511
<u>\$ -</u>	<u>\$ 123,452</u>	<u>\$ 233,176</u>	<u>\$ 3,487</u>	<u>\$ 2,151,493</u>	<u>\$ 6,071,091</u>

**CITY OF MISSION, TEXAS**  
*COMMUNITY DEVELOPMENT FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-5**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,399,773	\$ 919,597	\$ (480,176)
Total Intergovernmental	<u>1,399,773</u>	<u>919,597</u>	<u>(480,176)</u>
 Total Revenues	 <u>1,399,773</u>	 <u>919,597</u>	 <u>(480,176)</u>
Expenditures:			
Current:			
General Government:			
General administration	173,752	167,784	5,968
Housing rehabilitation	1,156,021	682,821	473,200
Total General Government	<u>1,329,773</u>	<u>850,605</u>	<u>479,168</u>
Health and Welfare:			
Other social services	70,000	68,992	1,008
Total Health and Welfare	<u>70,000</u>	<u>68,992</u>	<u>1,008</u>
 Total Expenditures	 <u>1,399,773</u>	 <u>919,597</u>	 <u>480,176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 -	 -	 -
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MISSION, TEXAS**

**EXHIBIT C-6**

*AQUATICS FUND*

*SPECIAL REVENUE FUND*

*BUDGETARY COMPARISON SCHEDULE*

*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 149,354	\$ 139,303	\$ (10,051)
SISD contribution	-	-	-
Miscellaneous	-	3,230	3,230
Total Intergovernmental	<u>149,354</u>	<u>142,533</u>	<u>(6,821)</u>
Charges for Service:			
Aquatics	52,600	56,460	3,860
Total Charges for Services	<u>52,600</u>	<u>56,460</u>	<u>3,860</u>
 Total Revenues	 <u>201,954</u>	 <u>198,993</u>	 <u>(2,961)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	169,868	177,097	(7,229)
Employee benefits	40,441	38,138	2,303
Professional and technical	210	210	-
Purchased property services	69,500	74,729	(5,229)
Other purchased services	17,000	8,105	8,895
Supplies	48,990	35,250	13,740
Capital outlays	5,000	4,598	402
Miscellaneous	300	171	129
Total Culture and Recreation	<u>351,309</u>	<u>338,297</u>	<u>13,012</u>
 Total Expenditures	 <u>351,309</u>	 <u>338,297</u>	 <u>13,012</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(149,355)</u>	 <u>(139,304)</u>	 <u>10,051</u>
Other Financing Sources (Uses):			
Transfers in	149,355	139,304	(10,051)
Total Other Financing Sources (Uses)	<u>149,355</u>	<u>139,304</u>	<u>(10,051)</u>
 Net Change in Fund Balance	 -	 -	 -
 Fund Balance at Beginning of Year	 <u>10,000</u>	 <u>10,000</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 10,000</u>	 <u>\$ 10,000</u>	 <u>\$ -</u>

**CITY OF MISSION, TEXAS**  
**POLICE DEPARTMENT SPECIAL FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-7**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State Seizures:			
State seizures	\$ -	\$ 25,612	\$ 25,612
Total State Seizures	-	25,612	25,612
Interest:			
Interest earned on investments	-	1,220	1,220
Interest earned on demand deposits	-	1,094	1,094
Total Interest	-	2,314	2,314
Total Revenues	-	27,926	27,926
Expenditures:			
Current:			
Public Safety:			
State Seizures:			
Personal services	100,000	7,429	92,571
Employee benefits	2,000	1,446	554
Professional & technical services	30,000	34,855	(4,855)
Purchased property services	370,000	3,903	366,097
Other purchased services	25,000	16,120	8,880
Supplies	70,000	10,941	59,059
Capital outlays	208,000	71,698	136,302
Miscellaneous	6,656	1,465	5,191
Total Public Safety	811,656	147,857	663,799
Total Expenditures	811,656	147,857	663,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	(811,656)	(119,931)	691,725
Other Financing Sources (Uses):			
Sale of capital assets	-	30,841	30,841
Transfer out	(6,344)	(6,289)	55
Total Other Financing Sources (Uses)	(6,344)	24,552	30,896
Net Change in Fund Balance	(818,000)	(95,379)	722,621
Fund Balance at Beginning of Year	818,312	818,312	-
Fund Balance at End of Year	\$ 312	\$ 722,933	\$ 722,621

**CITY OF MISSION, TEXAS**  
*POLICE FEDERAL SHARING FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-8**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Equitable sharing	\$ 372,692	\$ 763,307	\$ 390,615
Miscellaneous revenue	-	3,193	3,193
Total Intergovernmental	<u>372,692</u>	<u>766,500</u>	<u>393,808</u>
Interest:			
Interest earned on investments	-	111	111
Interest earned on demand deposits	-	1,871	1,871
Total Interest	<u>-</u>	<u>1,982</u>	<u>1,982</u>
Total Revenues	<u>372,692</u>	<u>768,482</u>	<u>395,790</u>
Expenditures:			
Current:			
Public Safety:			
Professional & technical services	4,100	4,294	(194)
Purchased property services	20,000	19,750	250
Other purchased services	10,000	1,565	8,435
Supplies	50,000	29,621	20,379
Capital outlays	665,778	81,093	584,685
Miscellaneous	3,000	53,782	(50,782)
Total Public Safety	<u>752,878</u>	<u>190,105</u>	<u>562,773</u>
Total Expenditures	<u>752,878</u>	<u>190,105</u>	<u>562,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(380,186)</u>	<u>578,377</u>	<u>958,563</u>
Other Financing Sources (Uses):			
Transfers out	(12,049)	(12,049)	-
Total Other Financing Sources (Uses)	<u>(12,049)</u>	<u>(12,049)</u>	<u>-</u>
Net Change in Fund Balance	(392,235)	566,328	958,563
Fund Balance at Beginning of Year	<u>391,716</u>	<u>391,716</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (519)</u>	<u>\$ 958,044</u>	<u>\$ 958,563</u>

**CITY OF MISSION, TEXAS**  
**MUNICIPAL COURT TECHNOLOGY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-9**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Court technology fees	\$ 30,000	\$ 39,652	\$ 9,652
Total Charges for Services	<u>30,000</u>	<u>39,652</u>	<u>9,652</u>
Interest:			
Interest earned on investments	625	918	293
Interest earned on demand deposits	300	187	(113)
Total Interest	<u>925</u>	<u>1,105</u>	<u>180</u>
Total Revenues	<u>30,925</u>	<u>40,757</u>	<u>9,832</u>
Expenditures:			
Current:			
General Government:			
Purchased property services	9,622	3,051	6,571
Supplies	1,500	437	1,063
Capital outlays	53,900	36,648	17,252
Miscellaneous	3,278	1,420	1,858
Total General Government	<u>68,300</u>	<u>41,556</u>	<u>26,744</u>
Total Expenditures	<u>68,300</u>	<u>41,556</u>	<u>26,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(37,375)</u>	<u>(799)</u>	<u>36,576</u>
Other Financing Sources (Uses):			
Transfer out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(37,375)	(799)	36,576
Fund Balance at Beginning of Year	<u>188,727</u>	<u>188,727</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 151,352</u>	<u>\$ 187,928</u>	<u>\$ 36,576</u>



**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-10**

Page 1 of 4

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
<b>Intergovernmental:</b>			
DHS-Stonegarden Grant 2011	\$ -	\$ 72,680	\$ 72,680
DHS-Stonegarden Grant 2012	170,524	163,115	(7,409)
DHS-Stonegarden Grant 2013	-	50,151	50,151
Bullet Proof Vest Grant	12,049	12,049	-
Urban County Grant-B&G Club	37,000	36,964	(36)
Tabacco Compliance Grant	2,925	2,925	-
OVAG Grant# 0802439	42,000	42,268	268
Local Border Security Program 2013	15,000	15,000	-
Local Border Security Program 2014	-	118,757	118,757
Tx. Dept of Transportation-STEP Grant	78,824	78,765	(59)
2013 SHSP Grant	12,000	11,603	(397)
2014 DSHS Grant	16,872	16,695	(177)
SAFEE Grant	57,100	53,707	(3,393)
FTA Grant	1,988,021	738,457	(1,249,564)
FTA Freedom Funds Grant	113,837	-	(113,837)
TSLAC Grant	12,502	12,501	(1)
LEOSE-Peace Officer Allocation	9,978	9,979	1
Fire Prevention Grant	1,508	488	(1,020)
Texas Parks and Wildlife Grant	39,310	25,966	(13,344)
TIRZ Reimbursement	525,465	184,614	(340,851)
Total Intergovernmental	<u>3,134,915</u>	<u>1,646,684</u>	<u>(1,488,231)</u>
 Total Revenues	 <u>3,134,915</u>	 <u>1,646,684</u>	 <u>(1,488,231)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Safety:</b>			
<b>Tabacco Compliance Grant:</b>			
Personal services	2,925	2,925	-
	<u>2,925</u>	<u>2,925</u>	<u>-</u>
 <b>Bullet Proof Vest Grant:</b>			
Capital outlays	24,098	24,098	-
	<u>24,098</u>	<u>24,098</u>	<u>-</u>
 <b>VCLG Grant:</b>			
Personal services	33,721	32,624	1,097
Employee benefits	8,279	9,645	(1,366)
	<u>42,000</u>	<u>42,269</u>	<u>(269)</u>
 <b>TXDOT-Step Grant:</b>			
Personal services	64,972	65,898	(926)
Employee benefits	13,852	12,866	986
	<u>78,824</u>	<u>78,764</u>	<u>60</u>

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-10**

Page 2 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
2014 SHSP			
Supplies	4,340	4,340	-
Capital outlay	21,032	20,270	762
	<u>25,372</u>	<u>24,610</u>	<u>762</u>
2013 SHSP Grant			
Supplies	5,607	5,209	398
Capital outlays	6,393	6,393	-
	<u>12,000</u>	<u>11,602</u>	<u>398</u>
SAFEE Grant			
Personal services	42,577	42,322	255
Employee benefits	12,900	11,641	1,259
Other purchased services	2,660	1,865	795
Supplies	3,807	2,696	1,111
Capital outlay	1,500	1,473	27
	<u>63,444</u>	<u>59,997</u>	<u>3,447</u>
Fire Prevention Grant			
Supplies	1,508	488	1,020
	<u>1,508</u>	<u>488</u>	<u>1,020</u>
LEOSE Grant			
Other purchased services	9,978	9,979	(1)
	<u>9,978</u>	<u>9,979</u>	<u>(1)</u>
2013 Stonegarden Grant:			
Personal services	-	50,151	(50,151)
	<u>-</u>	<u>50,151</u>	<u>(50,151)</u>
Local Border Security Program 2013:			
Personal services	12,500	12,500	-
Supplies	2,500	2,500	-
	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Local Border Security Program 2014			
Personal services	-	89,075	(89,075)
Employee benefits	-	17,290	(17,290)
Supplies	-	12,392	(12,392)
	<u>-</u>	<u>118,757</u>	<u>(118,757)</u>
Stonegarden Grant:			
Personal services	-	60,866	(60,866)
Employee benefits	-	11,814	(11,814)
	<u>-</u>	<u>72,680</u>	<u>(72,680)</u>

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-10**

Page 3 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
2012 Stonegarden Grant			
Personal services	35,144	35,143	1
Employee benefits	7,493	7,012	481
Capital outlay	127,887	120,959	6,928
	<u>170,524</u>	<u>163,114</u>	<u>7,410</u>
 Total Public Safety	 <u>445,673</u>	 <u>674,434</u>	 <u>(228,761)</u>
 Highways and Streets:			
FTA Grant			
Capital outlay	2,485,026	923,071	1,561,955
	<u>2,485,026</u>	<u>923,071</u>	<u>1,561,955</u>
 FTA freedom funds grant			
Capital outlay	142,297	-	142,297
	<u>142,297</u>	<u>-</u>	<u>142,297</u>
 Total Highways and Streets	 <u>2,627,323</u>	 <u>923,071</u>	 <u>1,704,252</u>
 Culture and Recreation:			
Urban County Grant-Boys & Girls Club:			
Personal services	30,700	30,700	-
Employee benefits	2,800	2,800	-
Supplies	3,500	3,464	36
	<u>37,000</u>	<u>36,964</u>	<u>36</u>
 Texas Parks and Wildlife Grant:			
Capital outlays	39,310	32,458	6,852
	<u>39,310</u>	<u>32,458</u>	<u>6,852</u>
 TSLAC Grant			
Supplies	1,530	1,530	-
Capital outlay	7,972	7,972	-
Miscellaneous	3,000	2,999	1
	<u>12,502</u>	<u>12,501</u>	<u>1</u>
 Total Culture and Recreation	 <u>88,812</u>	 <u>81,923</u>	 <u>6,889</u>
 Total Expenditures	 <u>3,161,808</u>	 <u>1,679,428</u>	 <u>1,482,380</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(26,893)</u>	 <u>(32,744)</u>	 <u>(5,851)</u>

**CITY OF MISSION, TEXAS**  
*DESIGNATED PURPOSE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Transfers in	26,893	32,744	5,851
Total Other Financing Sources (Uses)	<u>26,893</u>	<u>32,744</u>	<u>5,851</u>
 Net Change in Fund Balance	 -	 -	 -
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

**CITY OF MISSION, TEXAS**  
**DRAINAGE ASSESSMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-11**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 850,000	\$ 884,355	\$ 34,355
Total Assessments	<u>850,000</u>	<u>884,355</u>	<u>34,355</u>
Intergovernmental:			
MEDC contributions	-	240,572	240,572
Total Intergovernmental	<u>-</u>	<u>240,572</u>	<u>240,572</u>
Interest:			
Interest earned on investments	400	978	578
Interest earned on demand deposits	500	1,079	579
Total Interest	<u>900</u>	<u>2,057</u>	<u>1,157</u>
Miscellaneous:			
Drainage reimb.-subdividers	7,000	4,765	(2,235)
Miscellaneous income	-	322	322
Total Miscellaneous	<u>7,000</u>	<u>5,087</u>	<u>(1,913)</u>
Total Revenues	<u>857,900</u>	<u>1,132,071</u>	<u>274,171</u>
Expenditures:			
Current:			
Highways and Streets:			
Professional and technical services	30,000	-	30,000
Purchased property services	4,800	4,800	-
Other purchased services	-	1,538	(1,538)
Capital outlays	2,401,008	1,719,585	681,423
Supplies	8,200	-	8,200
Miscellaneous	1,100	1,419	(319)
Total Highways and Streets	<u>2,445,108</u>	<u>1,727,342</u>	<u>717,766</u>
Total Expenditures	<u>2,445,108</u>	<u>1,727,342</u>	<u>717,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,587,208)</u>	<u>(595,271)</u>	<u>991,937</u>
Other Financing Sources (Uses):			
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,587,208)	(595,271)	991,937
Fund Balance at Beginning of Year	<u>1,623,508</u>	<u>1,623,508</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 36,300</u>	<u>\$ 1,028,237</u>	<u>\$ 991,937</u>

**CITY OF MISSION, TEXAS**  
**CEMETERY FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-12**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	\$ -	\$ -	\$ -
Interest earned on demand deposits	-	116	116
Perpetual care	6,000	10,000	4,000
Total Interest	<u>6,000</u>	<u>10,116</u>	<u>4,116</u>
Total Revenues	<u>6,000</u>	<u>10,116</u>	<u>4,116</u>
Expenditures:			
Current:			
General Government			
Supplies	3,500	-	3,500
Miscellaneous	300	243	57
Capital outlay	15,500	11,371	4,129
Total General Government	<u>19,300</u>	<u>11,614</u>	<u>7,686</u>
Total Expenditures	<u>19,300</u>	<u>11,614</u>	<u>7,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,300)	(1,498)	11,802
Fund Balance at Beginning of Year	<u>46,572</u>	<u>46,572</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 33,272</u>	<u>\$ 45,074</u>	<u>\$ 11,802</u>

**CITY OF MISSION, TEXAS**  
*RECORDS PRESERVATION FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-13**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 6,500	\$ 6,040	\$ (460)
Total Charges for Service	<u>6,500</u>	<u>6,040</u>	<u>(460)</u>
Interest:			
Interest earned on demand deposits	-	27	27
Total Interest	<u>-</u>	<u>27</u>	<u>27</u>
Total Revenues	<u>6,500</u>	<u>6,067</u>	<u>(433)</u>
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,000	1,000	-
Other purchased service	1,500	1,487	13
Supplies	4,500	4,817	(317)
Capital outlays	2,000	1,280	720
Miscellaneous	100	33	67
Total Record Preservation	<u>9,100</u>	<u>8,617</u>	<u>483</u>
Total Expenditures	<u>9,100</u>	<u>8,617</u>	<u>483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,600)	(2,550)	50
Fund Balance at Beginning of Year	<u>10,733</u>	<u>10,733</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,133</u>	<u>\$ 8,183</u>	<u>\$ 50</u>

**CITY OF MISSION, TEXAS**  
*SPEER MEMORIAL LIBRARY*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-14**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ -	\$ 96	\$ 96
Total Interest	<u>-</u>	<u>96</u>	<u>96</u>
 Total Revenues	<u>-</u>	<u>96</u>	<u>96</u>
 Expenditures:			
Current:			
Culture and Recreation:			
Miscellaneous	-	-	-
Capital outlays	-	-	-
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	96	96
 Fund Balance at Beginning of Year	<u>25,703</u>	<u>25,703</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 25,703</u>	<u>\$ 25,799</u>	<u>\$ 96</u>



**CITY OF MISSION, TEXAS**  
*HOTEL/MOTEL TAX FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-15**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 550,000	\$ 650,142	\$ 100,142
Miscellaneous	-	90	90
Total Taxes	<u>550,000</u>	<u>650,232</u>	<u>100,232</u>
Interest:			
Interest earned on demand deposits	200	498	298
Interest earned on investments	400	133	(267)
Total Interest	<u>600</u>	<u>631</u>	<u>31</u>
Total Revenues	<u>550,600</u>	<u>650,863</u>	<u>100,263</u>
Expenditures:			
Current:			
Culture and Recreation:			
Tourist Promotion & Advertising:			
Miscellaneous	461,500	425,707	35,793
Other purchased services	39,000	6,124	32,876
Capital outlay	25,000	-	25,000
	<u>525,500</u>	<u>431,831</u>	<u>93,669</u>
Total Culture and Recreation	<u>525,500</u>	<u>431,831</u>	<u>93,669</u>
Total Expenditures	<u>525,500</u>	<u>431,831</u>	<u>93,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,100</u>	<u>219,032</u>	<u>193,932</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25,100	219,032	193,932
Fund Balance at Beginning of Year	<u>319,996</u>	<u>319,996</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 345,096</u>	<u>\$ 539,028</u>	<u>\$ 193,932</u>

**CITY OF MISSION, TEXAS**  
MUNICIPAL COURT BLDG SECURITY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**EXHIBIT C-16**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 23,000	\$ 29,549	\$ 6,549
Total Charges for Services	<u>23,000</u>	<u>29,549</u>	<u>6,549</u>
Interest:			
Interest earned on investments	450	919	469
Interest earned on demand deposits	600	100	(500)
Total Interest	<u>1,050</u>	<u>1,019</u>	<u>(31)</u>
Total Revenues	<u>24,050</u>	<u>30,568</u>	<u>6,518</u>
Expenditures:			
Current:			
Purchased property services	5,000	-	5,000
Other purchased services	8,071	4,925	3,146
Supplies	500	213	287
Capital outlay	110,000	101,882	8,118
Miscellaneous	550	124	426
Total Expenditures	<u>124,121</u>	<u>107,144</u>	<u>16,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,071)</u>	<u>(76,576)</u>	<u>23,495</u>
Other Financing Sources (Uses):			
Transfers in (out)	(48,716)	(47,873)	843
Total Other Financing Sources (Uses)	<u>(48,716)</u>	<u>(47,873)</u>	<u>843</u>
Net Change in Fund Balance	(148,787)	(124,449)	24,338
Fund Balance at Beginning of Year	<u>158,706</u>	<u>158,706</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 9,919</u>	<u>\$ 34,257</u>	<u>\$ 24,338</u>

**CITY OF MISSION, TEXAS**  
*PARK DEDICATION FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-17**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
Park dedication fee	\$ 109,000	\$ 68,475	\$ (40,525)
Total Charges for Services	<u>109,000</u>	<u>68,475</u>	<u>(40,525)</u>
Total Revenues	<u>109,000</u>	<u>68,475</u>	<u>(40,525)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Zone 2-Northeast:			
Capital outlays	30,000	-	30,000
	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Zone 3-Southwest:			
Capital outlays	79,000	68,475	10,525
	<u>79,000</u>	<u>68,475</u>	<u>10,525</u>
Total Culture and Recreation	<u>109,000</u>	<u>68,475</u>	<u>40,525</u>
Total Expenditures	<u>109,000</u>	<u>68,475</u>	<u>40,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MISSION, TEXAS**  
*JUVENILE CASE MANAGER FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-18**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 34,000	\$ 45,407	\$ 11,407
Total Charges for Services	<u>34,000</u>	<u>45,407</u>	<u>11,407</u>
Interest:			
Interest earned on investments	275	385	110
Interest earned on demand deposits	125	179	54
Total Interest	<u>400</u>	<u>564</u>	<u>164</u>
Total Revenues	<u>34,400</u>	<u>45,971</u>	<u>11,571</u>
Expenditures:			
Current:			
Personal services	20,659	19,248	1,411
Employee benefits	8,047	7,476	571
Miscellaneous	300	224	76
Total Expenditures	<u>29,006</u>	<u>26,948</u>	<u>2,058</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,394	19,023	13,629
Fund Balance at Beginning of Year	<u>104,429</u>	<u>104,429</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 109,823</u>	<u>\$ 123,452</u>	<u>\$ 13,629</u>

**CITY OF MISSION, TEXAS**  
*PEG CAPITAL FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-19**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
PEG capital fee	\$ 80,000	\$ 86,431	\$ 6,431
Total Charges for Services	<u>80,000</u>	<u>86,431</u>	<u>6,431</u>
Interest:			
Interest earned on investment	-	861	861
Interest earned on demand deposit	-	142	142
Total Interest	<u>-</u>	<u>1,003</u>	<u>1,003</u>
Total Revenues	<u>80,000</u>	<u>87,434</u>	<u>7,434</u>
Expenditures:			
Miscellaneous:			
Depository charges	250	173	77
Total Expenditures	<u>250</u>	<u>173</u>	<u>77</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,750	87,261	7,511
Fund Balance at Beginning of Year	<u>145,915</u>	<u>145,915</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 225,665</u>	<u>\$ 233,176</u>	<u>\$ 7,511</u>

**CITY OF MISSION, TEXAS**  
*TAX INCREMENT REINVESTMENT ZONE FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-20**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,800,000	\$ 2,029,496	\$ 229,496
Total Intergovernmental	<u>1,800,000</u>	<u>2,029,496</u>	<u>229,496</u>
Interest:			
Interest earned on demand deposits	<u>30</u>	<u>472</u>	<u>442</u>
Total Interest	<u>30</u>	<u>472</u>	<u>442</u>
Total Revenues	<u>1,800,030</u>	<u>2,029,968</u>	<u>229,938</u>
Expenditures:			
Current:			
Economic Development	<u>3,885,200</u>	<u>4,144,446</u>	<u>(259,246)</u>
Total Expenditures	<u>3,885,200</u>	<u>4,144,446</u>	<u>(259,246)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,085,170)</u>	<u>(2,114,478)</u>	<u>(29,308)</u>
Other Financing Sources (Uses):			
Transfers in	<u>2,085,000</u>	<u>2,114,147</u>	<u>29,147</u>
Total Other Financing Sources (Uses)	<u>2,085,000</u>	<u>2,114,147</u>	<u>29,147</u>
Net Change in Fund Balance	(170)	(331)	(161)
Fund Balance at Beginning of Year	<u>3,818</u>	<u>3,818</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,648</u>	<u>\$ 3,487</u>	<u>\$ (161)</u>

**CITY OF MISSION, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-21**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 3,600,000	\$ 3,658,155	\$ 58,155
Delinquent ad valorem taxes	115,000	117,794	2,794
Interest & penalties on taxes	87,000	84,076	(2,924)
Total Taxes	<u>3,802,000</u>	<u>3,860,025</u>	<u>58,025</u>
Interest:			
Interest earned on investments	1,000	8,017	7,017
Interest earned on demand deposits	4,000	2,538	(1,462)
Total Interest	<u>5,000</u>	<u>10,555</u>	<u>5,555</u>
Total Revenues	<u>3,807,000</u>	<u>3,870,580</u>	<u>63,580</u>
Expenditures:			
Current:			
Debt Service:			
Principal retirement	1,970,000	1,970,000	-
Interest and fiscal agent charges	1,174,029	1,144,688	29,341
Total Debt Service	<u>3,144,029</u>	<u>3,114,688</u>	<u>29,341</u>
Total Expenditures	<u>3,144,029</u>	<u>3,114,688</u>	<u>29,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>662,971</u>	<u>755,892</u>	<u>92,921</u>
Other Financing Sources (Uses):			
Issuance of debt	2,285,000	2,285,000	-
Payment to refunded bond escrow agent	(2,232,849)	(2,232,849)	-
Transfers in	-	364	364
Transfers out	(425,000)	(431,003)	(6,003)
Total Other Financing Sources (Uses)	<u>(372,849)</u>	<u>(378,488)</u>	<u>(5,639)</u>
Net Change in Fund Balance	290,122	377,404	87,282
Fund Balance at Beginning of Year	<u>1,688,433</u>	<u>1,688,433</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,978,555</u>	<u>\$ 2,065,837</u>	<u>\$ 87,282</u>

**CITY OF MISSION, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2014**

**EXHIBIT C-22**

	Capital Projects Fund	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>						
Cash and cash equivalents	\$ 337,643	\$ 54,064	\$ 247,397	\$ -	\$ 520,604	\$ 1,159,708
Investments	-	-	389,186	-	-	389,186
Receivables:						
Accounts	-	-	18,828	-	-	18,828
Accrued interest receivable	-	-	-	-	14	14
Total Assets	<u>\$ 337,643</u>	<u>\$ 54,064</u>	<u>\$ 655,411</u>	<u>\$ -</u>	<u>\$ 520,618</u>	<u>\$ 1,567,736</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 41,380	\$ 41,380
Other liabilities	-	-	276,253	-	-	276,253
Retainage payable	-	-	231,309	-	-	231,309
Total Liabilities	<u>-</u>	<u>-</u>	<u>507,562</u>	<u>-</u>	<u>41,380</u>	<u>548,942</u>
<b>FUND BALANCES</b>						
Reserved for capital projects	337,643	54,064	147,850	-	479,237	1,018,794
Total Fund Balances	<u>337,643</u>	<u>54,064</u>	<u>147,850</u>	<u>-</u>	<u>479,237</u>	<u>1,018,794</u>
Total Liabilities and Fund Balances	<u>\$ 337,643</u>	<u>\$ 54,064</u>	<u>\$ 655,412</u>	<u>\$ -</u>	<u>\$ 520,617</u>	<u>\$ 1,567,736</u>



**CITY OF MISSION, TEXAS**

**EXHIBIT C-23**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	Capital Projects Fund	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>Revenues:</b>						
Intergovernmental	\$ 6,425	\$ -	\$ -	\$ -	\$ -	\$ 6,425
Interest	-	123	459	77	512	1,171
Miscellaneous	-	-	6,071	-	-	6,071
Total Revenues	<u>6,425</u>	<u>123</u>	<u>6,530</u>	<u>77</u>	<u>512</u>	<u>13,667</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Capital projects	15,350	329	278,208	94,299	409,260	797,446
Total Expenditures	<u>15,350</u>	<u>329</u>	<u>278,208</u>	<u>94,299</u>	<u>409,260</u>	<u>797,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,925)</u>	<u>(206)</u>	<u>(271,678)</u>	<u>(94,222)</u>	<u>(408,748)</u>	<u>(783,779)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	285,000	-	-	-	-	285,000
Transfers out	-	-	-	(364)	-	(364)
Total Other Financing Sources (Uses)	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>(364)</u>	<u>-</u>	<u>284,636</u>
Net Change in Fund Balance	276,075	(206)	(271,678)	(94,586)	(408,748)	(499,143)
Fund Balance at Beginning of Year	<u>61,568</u>	<u>54,270</u>	<u>419,528</u>	<u>94,586</u>	<u>887,985</u>	<u>1,517,937</u>
Fund Balance at End of Year	<u>\$ 337,643</u>	<u>\$ 54,064</u>	<u>\$ 147,850</u>	<u>\$ -</u>	<u>\$ 479,237</u>	<u>\$ 1,018,794</u>

# **PROPRIETARY FUNDS**

## **ENTERPRISE FUNDS**

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

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

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

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

**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
<b>Operating Revenues:</b>			
Water sales, net of adjustment	\$ 12,400,000	\$ 10,819,806	\$ (1,580,194)
Connection fee	115,000	134,705	19,705
Reconnect fee	95,000	94,058	(942)
W/W system cap. recovery fee	-	182,255	182,255
Sewage service	5,970,000	5,963,839	(6,161)
Wastewater assessment	60,000	69,800	9,800
Service charge	65,000	58,079	(6,921)
Industrial sewer surcharge	40,000	27,432	(12,568)
Waterline and sewer line	1,000	1,089	89
TIRZ reimbursement	5,100,000	1,835,893	(3,264,107)
5% credit card fee	18,000	21,578	3,578
Miscellaneous income	20,000	62,909	42,909
Operating Revenues	<u>23,884,000</u>	<u>19,271,443</u>	<u>(4,612,557)</u>
<b>Nonoperating Revenues:</b>			
Interest earned	31,000	90,000	59,000
Gain (loss) on disposal of capital assets	-	5,105	5,105
Insurance settlement	-	17,267	17,267
Nonoperating Revenues	<u>31,000</u>	<u>112,372</u>	<u>81,372</u>
<b>Total Revenues</b>	<u>23,915,000</u>	<u>19,383,815</u>	<u>(4,531,185)</u>
<b>Operating Expenses:</b>			
<b>Utility Administration:</b>			
Personal services	658,608	609,177	49,431
Employee benefits	188,560	172,510	16,050
Purchased property services	18,000	18,289	(289)
Other purchased services	20,450	17,993	2,457
Supplies	8,050	7,465	585
Miscellaneous	900	174	726
	<u>894,568</u>	<u>825,608</u>	<u>68,960</u>
<b>Water Distribution:</b>			
Personal services	994,538	927,173	67,365
Employee benefits	377,152	367,978	9,174
Professional & technical services	3,525	3,525	-
Purchased property services	473,975	434,008	39,967
Other purchased services	35,200	33,177	2,023
Supplies	793,000	649,333	143,667
Capital outlays	2,218,563	769,823	1,448,740
Miscellaneous	16,400	13,113	3,287
	<u>4,912,353</u>	<u>3,198,130</u>	<u>1,714,223</u>

**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
<b>Water Treatment:</b>			
Personal services	377,587	365,320	12,267
Employee benefits	136,224	135,737	487
Professional & technical services	95,000	74,077	20,923
Purchased property services	297,100	265,792	31,308
Other purchased services	5,050	3,379	1,671
Supplies	834,800	585,125	249,675
Capital outlays	169,000	10,980	158,020
Miscellaneous	51,300	29,492	21,808
	<u>1,966,061</u>	<u>1,469,902</u>	<u>496,159</u>
<b>Wastewater Treatment and Collection:</b>			
Personal services	393,309	377,290	16,019
Employee benefits	138,761	135,972	2,789
Professional & technical services	60,000	54,538	5,462
Purchased property services	855,750	779,478	76,272
Other purchased services	7,400	7,066	334
Supplies	239,650	173,781	65,869
Capital outlays	5,171,500	1,982,101	3,189,399
Miscellaneous	243,200	223,583	19,617
	<u>7,109,570</u>	<u>3,733,809</u>	<u>3,375,761</u>
<b>Industrial Pretreatment:</b>			
Personal services	44,106	44,989	(883)
Employee benefits	14,271	14,242	29
Purchased property services	135,000	150,804	(15,804)
Other purchased services	1,100	-	1,100
Supplies	14,200	9,694	4,506
Capital outlays	8,500	8,366	134
Miscellaneous	75,000	72,764	2,236
	<u>292,177</u>	<u>300,859</u>	<u>(8,682)</u>
<b>Utility Billing and Collection:</b>			
Personal services	246,945	247,732	(787)
Employee benefits	82,522	82,030	492
Purchased property services	31,205	17,985	13,220
Other purchased services	150,540	144,145	6,395
Supplies	15,123	14,185	938
Capital outlays	3,500	3,600	(100)
Miscellaneous	2,500	2,244	256
	<u>532,335</u>	<u>511,921</u>	<u>20,414</u>

**CITY OF MISSION, TEXAS**  
**UTILITY FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-24**  
Page 3 of 4

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
<b>Organizational Expense:</b>			
Professional & technical services	715,000	211,840	503,160
Purchased property services	8,100	-	8,100
Other purchased services	90,116	86,897	3,219
Capital outlays	30,000	-	30,000
Miscellaneous	479,900	183,669	296,231
	<u>1,323,116</u>	<u>482,406</u>	<u>840,710</u>
<b>Meter Readers:</b>			
Personal services	249,616	225,774	23,842
Employee benefits	98,473	95,262	3,211
Purchased property services	11,050	9,624	1,426
Other purchased services	5,478	3,789	1,689
Supplies	102,542	93,892	8,650
Miscellaneous	2,000	525	1,475
	<u>469,159</u>	<u>428,866</u>	<u>40,293</u>
<b>Northside Water Treatment Plant:</b>			
Personal services	256,192	240,798	15,394
Employee benefits	93,824	90,903	2,921
Professional & technical services	20,000	6,985	13,015
Purchased property services	472,400	431,895	40,505
Other purchased services	3,900	3,447	453
Supplies	1,429,300	1,129,305	299,995
Capital outlays	25,000	21,699	3,301
Miscellaneous	41,500	32,607	8,893
	<u>2,342,116</u>	<u>1,957,639</u>	<u>384,477</u>
<b>2014 TWDB:</b>			
Professional & technical services	-	71,800	(71,800)
	<u>-</u>	<u>71,800</u>	<u>(71,800)</u>
<b>Total Operating Expenses</b>	<u>19,841,455</u>	<u>12,980,940</u>	<u>6,860,515</u>
<b>Nonoperating Expenses:</b>			
Bond interest expense	1,187,474	981,823	205,651
Bond fiscal charges	6,000	186,989	(180,989)
Bond principal	2,000,000	2,285,000	(285,000)
<b>Total Nonoperating Expenses</b>	<u>3,193,474</u>	<u>3,453,812</u>	<u>(260,338)</u>
<b>Transfers:</b>			
Transfers in (out)	<u>(4,400,000)</u>	<u>(4,400,000)</u>	<u>-</u>
<b>Capital Contributions</b>	<u>289,500</u>	<u>835,206</u>	<u>545,706</u>

**CITY OF MISSION, TEXAS**  
*UTILITY FUND*  
*ENTERPRISE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>27,145,429</u>	<u>19,999,546</u>	<u>7,145,883</u>
Net Position (Budgetary Basis)	<u>\$ (3,230,429)</u>	<u>(615,731)</u>	<u>\$ 2,614,698</u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(4,993,758)	
Bond principal		2,285,000	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>2,868,368</u>	
		<u>159,610</u>	
Net Position (GAAP Basis)		<u>\$ (456,121)</u>	

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
<b>Operating Revenues:</b>			
Pro shop sales	\$ 90,000	\$ 65,879	\$ (24,121)
Cart and club rental	185,000	147,334	(37,666)
Pull carts and club rentals	2,600	2,459	(141)
Food and beverage sales	115,000	91,202	(23,798)
Daily green fees	375,000	286,045	(88,955)
Trail fees	62,000	51,062	(10,938)
Juniors' fees	28,000	20,122	(7,878)
Capital fees	-	44,125	44,125
Prepaid members	200,000	173,236	(26,764)
Driving range	42,000	28,098	(13,902)
Miscellaneous income	1,000	1,114	114
Operating Revenues	<u>1,100,600</u>	<u>910,676</u>	<u>(189,924)</u>
<b>Nonoperating Revenues:</b>			
Interest earned	-	85	85
Gain (loss) on disposal of capital assets	-	(124)	(124)
Nonoperating Revenues	<u>-</u>	<u>(39)</u>	<u>(39)</u>
Total Revenues	<u>1,100,600</u>	<u>910,637</u>	<u>(189,963)</u>
<b>Operating Expenses:</b>			
Cost of sales-pro shop	69,000	52,996	16,004
Cost of sales-restaurant	60,000	54,483	5,517
Total Cost of Sales	<u>129,000</u>	<u>107,479</u>	<u>21,521</u>
<b>Golf Course Operation:</b>			
<b>Club House:</b>			
Personal services	278,140	248,181	29,959
Employee benefits	85,665	81,300	4,365
Purchased property services	65,011	84,003	(18,992)
Other purchased services	7,700	6,172	1,528
Supplies	23,250	17,965	5,285
Capital outlays	1,000	726	274
Miscellaneous	1,400	814	586
	<u>462,166</u>	<u>439,161</u>	<u>23,005</u>
<b>Grounds:</b>			
Personal services	279,309	282,198	(2,889)
Employee benefits	108,918	108,686	232
Purchased property services	36,000	23,651	12,349
Other purchased services	1,000	163	837
Supplies	125,500	83,337	42,163
Capital outlays	500	500	-
	<u>551,227</u>	<u>498,535</u>	<u>52,692</u>

**CITY OF MISSION, TEXAS**  
**GOLF COURSE FUND**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Restaurant:			
Personal services	35,105	36,229	(1,124)
Employee benefits	8,430	7,034	1,396
Supplies	500	267	233
Miscellaneous	500	168	332
	<u>44,535</u>	<u>43,698</u>	<u>837</u>
Organizational Expense:			
Other purchased services	7,000	6,524	476
Miscellaneous	16,480	13,705	2,775
	<u>23,480</u>	<u>20,229</u>	<u>3,251</u>
Total Golf Course Operation	<u>1,210,408</u>	<u>1,109,102</u>	<u>101,306</u>
Depreciation	-	239,017	(239,017)
Total Operating Expenses	<u>1,210,408</u>	<u>1,348,119</u>	<u>(137,711)</u>
Nonoperating Expenses:			
Capital lease interest expense	1,244	1,682	(438)
Bond and capital lease principal	13,000	12,519	481
Total Nonoperating Expenses	<u>14,244</u>	<u>14,201</u>	<u>43</u>
Transfers:			
Transfers in (out)	-	-	-
Capital Contributions	-	1,149	1,149
Operating and Nonoperating Expenses, and Capital Contributions (Budgetary Basis)	<u>1,224,652</u>	<u>1,361,171</u>	<u>(136,519)</u>
Net Position (Budgetary Basis)	<u>\$ (124,052)</u>	<u>(450,534)</u>	<u>\$ (326,482)</u>
Adjustments:			
Bond and capital lease principal		12,519	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		1,226	
		<u>13,745</u>	
Net Position (GAAP Basis)		<u>\$ (436,789)</u>	



**CITY OF MISSION, TEXAS**  
**SOLID WASTE**  
**ENTERPRISE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-26**  
Page 1 of 2

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
<b>Operating Revenues:</b>			
Garbage fees	\$ 5,500,000	\$ 5,573,145	\$ 73,145
Brush fees	640,000	639,158	(842)
Roll-off fees	5,000	5,900	900
Franchise fees	120,000	129,906	9,906
Miscellaneous income	3,000	3,415	415
Operating Revenues	<u>6,268,000</u>	<u>6,351,524</u>	<u>83,524</u>
<b>Nonoperating Revenues:</b>			
Interest earned	<u>2,000</u>	<u>11,981</u>	<u>9,981</u>
Nonoperating Revenues	<u>2,000</u>	<u>11,981</u>	<u>9,981</u>
Total Revenues	<u>6,270,000</u>	<u>6,363,505</u>	<u>93,505</u>
<b>Operating Expenses:</b>			
Personal services	230,957	154,726	76,231
Employee benefits	58,435	43,199	15,236
Purchase property services	350	461	(111)
Other purchased services	5,200	1,970	3,230
Supplies	116,525	50,606	65,919
Capital outlays	222,000	204,246	17,754
Solid waste disposal	5,875,000	5,601,250	273,750
Landfill-Waste disposal service	81,432	42,454	38,978
Landfill charges-Brush	-	9,792	(9,792)
Miscellaneous	5,000	3,238	1,762
	<u>6,594,899</u>	<u>6,111,942</u>	<u>482,957</u>
<b>2014 PPFCO Funds</b>			
Supplies	1,237,500	1,289,265	(51,765)
Capital outlay	3,587,500	3,537,143	50,357
	<u>4,825,000</u>	<u>4,826,408</u>	<u>(1,408)</u>
Total Expenses	<u>11,419,899</u>	<u>10,938,350</u>	<u>481,549</u>
Depreciation	-	60,729	(60,729)
Total Operating Expense	<u>11,419,899</u>	<u>10,999,079</u>	<u>420,820</u>
<b>Nonoperating Expense</b>			
Bond interest	37,000	46,793	(9,793)
Fiscal agent fees	56,000	55,000	1,000
Total Nonoperating Expenses	<u>93,000</u>	<u>101,793</u>	<u>(8,793)</u>
<b>Transfers:</b>			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF MISSION, TEXAS**  
*SOLID WASTE*  
*ENTERPRISE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

	<u>Budgeted Amounts</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>11,512,899</u>	<u>11,100,872</u>	<u>412,027</u>
Net Income (Budgetary Basis)	<u>\$ (5,242,899)</u>	<u>(4,737,367)</u>	<u>\$ (318,522)</u>
Adjustments:			
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>3,741,389</u>	
		<u>3,741,389</u>	
Net Income (GAAP Basis)		<u>\$ (995,978)</u>	

*CAPITAL ASSETS  
USED IN THE  
OPERATION OF  
GOVERNMENTAL  
FUNDS*



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CITY OF MISSION, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULE BY SOURCE  
 As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental Funds Capital Assets:		
Land	\$ 33,705,337	\$ 33,641,748
Buildings and structures	20,709,434	20,614,693
Improvements other than buildings	16,322,246	16,123,750
Furniture and equipment	26,119,461	24,939,868
Construction in progress	6,752,248	3,845,413
Infrastructure	<u>89,399,527</u>	<u>86,575,905</u>
Total Governmental Funds Capital Assets	<u>\$ 193,008,253</u>	<u>\$ 185,741,377</u>
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 92,989,827	\$ 90,304,042
Bond funds	34,081,605	33,393,660
Enterprise funds	1,264	1,264
Special funds	22,415,334	19,014,634
Donations	15,311,192	15,113,032
Developers	<u>28,209,032</u>	<u>27,914,745</u>
Total Governmental Funds Capital Assets	<u>\$ 193,008,253</u>	<u>\$ 185,741,377</u>

CITY OF MISSION, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY  
 For the fiscal year ended September 30, 2014

<u>Function and Activity:</u>	<u>Governmental Funds Capital Assets September 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2014</u>
General Government	\$ 9,148,526	\$ 868,083	\$ 139,788	\$ 9,876,821
Public Safety	29,235,367	1,081,399	196,179	30,120,587
Highways and Streets	121,134,943	5,282,905	45,268	126,372,580
Health and Welfare	225,037	1,288	1,641	224,684
Cultural and Recreational	<u>25,997,504</u>	<u>524,442</u>	<u>108,365</u>	<u>26,413,581</u>
Total Governmental Funds Capital Assets	<u>\$ 185,741,377</u>	<u>\$ 7,758,117</u>	<u>\$ 491,241</u>	<u>\$ 193,008,253</u>

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

September 30, 2014

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 3,497,295	\$ 3,450,090	\$ 546,682	\$ 1,720,638	\$ 36,930	\$ 625,186	\$ 9,876,821
Public Safety	620,757	10,622,311	216,672	18,635,996	1,625	23,226	30,120,587
Highways and Streets	28,065,788	-	354,916	3,121,335	89,131,985	5,698,556	126,372,580
Health and Welfare	-	15,640	-	209,044	-	-	224,684
Cultural and Recreational	<u>1,521,497</u>	<u>6,621,393</u>	<u>15,203,975</u>	<u>2,432,448</u>	<u>228,987</u>	<u>405,280</u>	<u>26,413,580</u>
Total Governmental Funds Capital Assets	<u>\$ 33,705,337</u>	<u>\$ 20,709,434</u>	<u>\$ 16,322,245</u>	<u>\$ 26,119,461</u>	<u>\$ 89,399,527</u>	<u>\$ 6,752,248</u>	<u>\$ 193,008,253</u>



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*SUPPLEMENTARY  
SCHEDULES*



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CITY OF MISSION, TEXAS  
UTILITY FUND  
SCHEDULE OF REVENUE BOND COVERAGE  
Year Ended September 30, 2014

Operating Revenues	\$ 19,271,444	
Interest Earned by funds Created by the Bond Indenture	<u>17,974</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 19,289,418</u>
Operating Expenses	15,106,327	
Less: Depreciation Expense	<u>(4,993,758)</u>	
Operating Expenses Per Bond Ordinance		<u>10,112,569</u>
Net Revenue Per Bond Ordinance		<u>\$ 9,176,849</u>
Average Annual Debt Service Requirements		<u>\$ 2,549,556</u>
Succeeding Fiscal Year Debt Service Requirement		<u>\$ 2,979,111</u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>360%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>308%</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, 2014

	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 989,807	\$ 1,188	\$ 417,121	\$ 54,331	\$ 1,462,447
Investments	351,217	-	1,229,124	254,002	1,834,343
Cash and Investments September 30, 2013	<u>\$ 1,341,024</u>	<u>\$ 1,188</u>	<u>\$ 1,646,245</u>	<u>\$ 308,333</u>	<u>\$ 3,296,790</u>
Cash Receipts:					
Transfer from operating cash	3,141,926	-	-	-	3,141,926
Transfer from other I&S accounts	468,195	-	-	-	468,195
Bond Proceeds	4,582	-	-	-	4,582
Interest received	1,008	2	16,086	878	17,974
Total Cash Receipts	<u>3,615,711</u>	<u>2</u>	<u>16,086</u>	<u>878</u>	<u>3,632,677</u>
Total Cash And Investments Available	<u>4,956,735</u>	<u>1,190</u>	<u>1,662,331</u>	<u>309,211</u>	<u>6,929,467</u>
Cash Disbursements:					
Principal payments	2,000,000	-	-	-	2,000,000
Interest and fiscal charges	1,138,896	-	-	-	1,138,896
Bank Charges	489	176	182	134	981
Transfer to Operating cash	-	1,014	1,200,000	-	1,201,014
Transfer to other I&S accounts	468,195	-	-	-	468,195
Total Cash Disbursements	<u>3,607,580</u>	<u>1,190</u>	<u>1,200,182</u>	<u>134</u>	<u>4,809,086</u>
Cash and Investments, September 30, 2014	<u>\$ 1,349,155</u>	<u>\$ -</u>	<u>\$ 462,149</u>	<u>\$ 309,077</u>	<u>\$ 2,120,381</u>
Total Cash and Investments Restricted at September 30, 2014 is Composed of the Following:					
Cash and cash equivalents	\$ 1,204,836	\$ -	\$ 22,267	\$ 15,059	\$ 1,242,162
Investments	144,319	-	439,882	294,018	878,219
Total	<u>\$ 1,349,155</u>	<u>\$ -</u>	<u>\$ 462,149</u>	<u>\$ 309,077</u>	<u>\$ 2,120,381</u>

# STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends	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.	



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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013 <sup>(2)</sup>	2014
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 56,117,203	\$ 67,235,280	\$ 70,919,116	\$ 80,154,508	\$ 81,796,368	\$ 83,887,342	\$ 84,133,258	\$ 83,493,816	\$ 86,989,075	\$ 90,947,382
Restricted	802,534	1,288,945	2,061,067	3,366,072	3,176,789	3,438,023	5,637,112	6,781,018	6,968,743	8,343,487
Unrestricted	9,351,081	4,758,744	6,276,658	8,107,109	7,831,393	7,082,454	7,201,682	3,784,019	3,619,351	310,932
Total governmental activities net position	\$ 66,270,818	\$ 73,282,969	\$ 79,256,841	\$ 91,627,689	\$ 92,804,550	\$ 94,407,819	\$ 96,972,052	\$ 94,058,853	\$ 97,577,169	\$ 99,601,801
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 43,815,647	\$ 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
Restricted	3,634,865	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
Unrestricted	2,852,339	6,319,627	6,735,489	6,311,881	6,694,247	6,126,919	8,521,237	10,924,800	10,480,521	10,920,761
Total business-type activities net position	\$ 50,302,851	\$ 59,227,516	\$ 64,290,998	\$ 70,705,183	\$ 70,621,362	\$ 69,287,230	\$ 72,809,619	\$ 73,644,022	\$ 71,115,988	\$ 69,204,477
<b>Primary Government</b>										
Net investment in capital assets	\$ 99,932,850	\$ 118,149,766	\$ 124,801,134	\$ 139,936,278	\$ 140,668,899	\$ 142,156,024	\$ 144,097,588	\$ 141,855,876	\$ 143,507,830	\$ 145,779,585
Restricted	4,437,399	3,282,348	5,734,558	7,977,604	8,231,373	8,329,652	9,961,164	11,138,181	11,085,456	11,795,001
Unrestricted	12,203,420	11,078,371	13,012,147	14,418,990	14,525,640	13,209,373	15,722,919	14,708,819	14,099,872	11,231,693
Total primary government net position	\$ 116,573,669	\$ 132,510,485	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049	\$ 169,781,671	\$ 167,702,875	\$ 168,693,158	\$ 168,806,278

(1) 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.

(2) The 2013 net position was restated due to the implementation of GASB Statement No. 65.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 7,109,520	\$ 8,112,283	\$ 7,742,186	\$ 8,100,542	\$ 7,742,072	\$ 14,511,545	\$ 7,570,043	\$ 8,764,781	\$ 7,937,668	\$ 8,138,372
Public Safety	12,438,467	13,451,482	14,890,373	16,907,573	20,240,072	19,309,796	19,387,472	21,485,642	21,229,856	22,217,291
Highways and streets	4,430,985	5,466,843	5,479,786	5,654,237	4,223,462	6,427,413	6,255,895	6,532,351	7,297,376	6,893,470
Sanitation										
Health and welfare	522,734	526,449	359,073	334,726	374,867	570,197	903,935	1,354,970	988,923	1,179,895
Economic development	602,633	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
Culture and recreation	3,494,941	4,619,038	4,320,014	4,905,126	5,125,473	5,661,309	6,044,088	5,904,008	6,247,020	6,856,306
Interest on long-term debt	930,755	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
Total governmental activities expenses	29,530,035	34,170,185	34,966,607	39,716,265	42,520,546	51,472,503	45,413,759	49,084,759	50,905,530	50,974,633
Business-type Activities										
Utility system	11,434,910	11,362,995	12,225,436	14,665,301	15,343,467	15,305,547	15,376,432	15,668,400	16,626,432	16,293,835
Golf course operations	1,282,405	1,285,326	1,319,407	1,276,139	1,388,041	1,288,879	1,374,400	1,414,494	1,403,124	1,351,719
Solid waste operations	3,250,388	3,552,159	3,970,782	4,370,782	4,780,337	4,931,714	5,188,079	5,500,676	5,785,151	7,360,268
Total business-type activities expenses	15,967,703	16,200,480	17,515,625	20,313,445	21,511,845	21,526,140	21,938,911	22,583,570	23,814,707	25,005,822
Total primary government expenses	\$ 45,497,738	\$ 50,370,665	\$ 52,482,232	\$ 60,029,710	\$ 64,032,391	\$ 72,998,643	\$ 67,352,670	\$ 71,668,329	\$ 74,720,237	\$ 75,980,455
<b>Program Revenues</b>										
Governmental Activities										
Charges for services										
General government	\$ 1,217,942	\$ 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
Public Safety	1,048,893	1,065,521	94,884	98,736	121,003	110,007	105,723	83,142	67,164	118,310
Highways and streets	607,249	536,943	571,890	593,759	565,910	630,054	644,298	541,497	682,323	884,355
Sanitation										
Health and welfare	174,673	165,112	308,457	284,437	256,293	274,502	134,981	235,708	153,223	237,738
Culture and recreation	272,120	148,885	283,201	350,394	351,378	279,180	306,294	337,112	328,626	371,962
Other activities										
Operating grants and contributions	3,529,449	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
Capital grants and contributions	5,627,239	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
Total governmental activities program revenues	12,477,565	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
Business-type activities										
Charges for services										
Utility system	11,798,496	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
Golf course operation	1,028,222	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
Solid waste operation	3,253,240	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
Operating grants and contributions	210,701	214,527	778,236	518,466	172,971	26,525	17,397	14,463	13,216	24,921
Capital grants and contributions	11,635,606	5,739,699	2,866,803	5,629,521	684,120	677,685	3,157,395	393,825	483,302	836,355
Total business-type activities program revenues	27,926,265	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
Total primary government program revenues	\$ 40,403,830	\$ 40,994,161	\$ 36,501,442	\$ 48,364,111	\$ 34,101,672	\$ 39,829,953	\$ 37,699,808	\$ 36,716,142	\$ 40,473,866	\$ 40,893,361



	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
Net (expense)/revenue										
Governmental activities	\$ (17,052,470)	\$ (18,588,054)	\$ (21,302,634)	\$ (18,799,336)	\$ (31,215,733)	\$ (33,579,671)	\$ (35,251,404)	\$ (37,533,378)	\$ (36,215,332)	\$ (37,407,665)
Business-type activities	11,958,562	9,211,550	5,321,841	7,133,738	1,285,014	410,981	5,598,542	2,581,191	1,968,961	2,320,571
Total primary government net expense	<u>\$ (5,093,908)</u>	<u>\$ (9,376,504)</u>	<u>\$ (15,980,793)</u>	<u>\$ (11,665,598)</u>	<u>\$ (29,930,719)</u>	<u>\$ (33,168,690)</u>	<u>\$ (29,652,862)</u>	<u>\$ (34,952,187)</u>	<u>\$ (34,246,371)</u>	<u>\$ (35,087,094)</u>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property taxes	\$ 10,324,334	\$ 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
Sales taxes	6,787,566	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
Franchise taxes	2,013,665	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
Hotel/motel taxes	283,886	309,496	358,276	479,950	400,690	490,446	496,759	537,574	577,711	650,142
Alcoholic beverage taxes	33,608	51,914	59,529	79,084	86,136	79,864	78,066	73,518	69,167	48,018
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
Contributions and donations	22,130	70,184	-	80,883	1,002	-	-	2	-	724
Investment earnings	124,325	280,538	371,301	328,642	110,515	29,131	41,545	54,703	66,153	99,730
Miscellaneous	495,068	370,546	678,123	718,583	636,427	533,384	965,999	18,122	2,586,583	667,816
Special item	-	-	-	-	(196,470)	-	-	-	-	-
Transfers	150,000	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
Total governmental activities	<u>20,234,582</u>	<u>25,600,199</u>	<u>27,276,505</u>	<u>31,170,184</u>	<u>32,392,594</u>	<u>35,182,940</u>	<u>35,953,087</u>	<u>34,620,179</u>	<u>39,733,648</u>	<u>39,432,296</u>
Business-type activities										
Investment earnings	108,774	152,995	317,265	179,189	71,342	17,060	16,782	34,678	50,944	77,145
Miscellaneous	99,307	110,121	104,376	101,258	159,822	221,302	107,065	218,534	52,061	90,774
Transfers	(150,000)	(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)
Total business-type activities	<u>58,081</u>	<u>(286,884)</u>	<u>(258,359)</u>	<u>(719,553)</u>	<u>(1,368,836)</u>	<u>(1,861,638)</u>	<u>(2,076,153)</u>	<u>(1,746,788)</u>	<u>(4,496,995)</u>	<u>(4,232,081)</u>
Total primary government	<u>\$ -20,292,663</u>	<u>\$ -25,313,315</u>	<u>\$ -27,018,146</u>	<u>\$ -30,450,631</u>	<u>\$ -31,023,738</u>	<u>\$ -33,321,302</u>	<u>\$ -33,876,934</u>	<u>\$ -32,873,391</u>	<u>\$ -35,236,653</u>	<u>\$ -35,200,215</u>
Change in Net Position										
Governmental activities	\$ 3,182,112	\$ 7,012,145	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861	\$ 1,603,269	\$ 701,683	\$ (2,913,199)	\$ 3,518,316	\$ 2,024,631
Business-type activities	12,016,643	8,924,666	5,063,483	6,414,185	(83,822)	(1,450,657)	3,522,389	834,403	(2,528,034)	(1,911,510)
Total primary government	<u>\$ 15,198,755</u>	<u>\$ 15,936,811</u>	<u>\$ 11,037,354</u>	<u>\$ 18,785,033</u>	<u>\$ 1,093,039</u>	<u>\$ 152,612</u>	<u>\$ 4,224,072</u>	<u>\$ (2,078,797)</u>	<u>\$ 990,282</u>	<u>\$ 113,121</u>

(1) The 2013 net position was restated due to the implementation of GASB Statement No. 65.

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2005	10,324,334	6,787,566	2,013,665	283,886	33,608	19,443,059
2006	12,569,230	7,961,019	2,028,000	309,496	51,914	22,919,659
2007	13,778,424	8,859,345	2,069,904	358,276	59,529	25,125,478
2008	16,335,934	9,784,577	2,248,558	479,950	79,084	28,928,103
2009	17,798,280	9,552,728	2,265,859	400,690	86,136	30,103,693
2010	17,795,460	9,814,665	2,326,751	490,446	79,864	30,507,186
2011	18,143,897	10,234,485	2,396,994	496,759	78,066	31,350,202
2012	18,087,005	10,857,234	2,790,119	537,574	73,518	32,345,450
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

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013 (2)	2014
<b>GENERAL FUND</b>										
<b>Pre GASB 54</b>										
Reserved	\$ 232,659	\$ 107,877	\$ 252,164	\$ 1,643,102	\$ 194,874	\$ 189,606	\$ -	\$ -	\$ -	\$ -
Unreserved	2,987,048	4,341,125	5,121,470	4,206,593	7,083,203	7,861,173	-	-	-	-
<b>Total Pre GASB 54</b>	<b>\$ 3,219,707</b>	<b>\$ 4,449,002</b>	<b>\$ 5,373,634</b>	<b>\$ 5,849,695</b>	<b>\$ 7,278,077</b>	<b>\$ 8,050,779</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Post GASB 54</b>										
Nonspendable										
Long term receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,400	\$ 32,000	\$ 29,600	\$ 27,200
Inventory	-	-	-	-	-	-	713	885	796	1,332
Prepaid	-	-	-	-	-	-	9,079	16,380	12,795	14,336
Assigned										
Significant encumbrance	-	-	-	-	-	-	707,546	625,681	172,579	1,357,108
Funds assigned for asset replacement	-	-	-	-	-	-	95,006	175,221	5,589	85,909
Funds assigned for Boys & Girls Club	-	-	-	-	-	-	267,196	295,768	320,422	163,271
Funds assigned for recreation programs	-	-	-	-	-	-	32,829	-	-	-
Subsequent year budget appropriation	-	-	-	-	-	-	-	1,119,142	2,871,133	4,157,048
Unassigned	-	-	-	-	-	-	9,179,554	4,984,804	3,880,888	2,591,168
<b>Total Post GASB 54</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,326,323</b>	<b>\$ 7,249,882</b>	<b>\$ 7,293,802</b>	<b>\$ 8,397,372</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
<b>Pre GASB 54</b>										
Reserved	\$ 3,254,271	\$ 4,572,792	\$ 4,322,710	\$ 8,976,608	\$ 10,796,738	\$ 9,412,486	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	324,931	501,387	768,423	936,206	1,161,627	1,218,688	-	-	-	-
<b>Total Pre GASB 54</b>	<b>\$ 3,579,202</b>	<b>\$ 5,074,179</b>	<b>\$ 5,091,133</b>	<b>\$ 9,912,814</b>	<b>\$ 11,958,365</b>	<b>\$ 10,631,174</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Post GASB 54</b>										
Nonspendable										
MEDA Land for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,862,550	\$ 1,862,550	\$ 1,468,341	\$ 1,435,359
Restricted										
Capital Improvements	-	-	-	-	-	-	3,265,269	3,124,863	1,663,852	1,251,969
Economic Development	-	-	-	-	-	-	-	-	507,035	716,134
Debt Service	-	-	-	-	-	-	1,114,955	1,315,076	1,688,433	2,065,837
Aquatics Programs	-	-	-	-	-	-	10,000	10,000	10,000	10,000
Municipal Court	-	-	-	-	-	-	414,497	464,588	451,861	345,637
PD Asset Sharing	-	-	-	-	-	-	935,693	1,773,041	1,210,028	1,680,978
Drainage Improvements	-	-	-	-	-	-	533,047	514,275	1,623,508	1,028,237
Scholarships and Books	-	-	-	-	-	-	25,453	25,594	25,703	25,799
Tourism	-	-	-	-	-	-	437,435	412,953	319,997	539,027
Perpetual Care	-	-	-	-	-	-	33,839	37,541	46,572	45,074
Records Preservation	-	-	-	-	-	-	9,929	13,016	10,733	8,184
Tax Increment	-	-	-	-	-	-	4,402	3,999	3,818	3,487
<b>Total Post GASB 54</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,647,069</b>	<b>\$ 9,557,498</b>	<b>\$ 9,029,881</b>	<b>\$ 9,155,722</b>

(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, 2010.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
<b>Revenues</b>										
Taxes	\$ 19,450,112	\$ 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
Licenses and permits	999,942	1,176,810	1,048,873	696,135	515,229	552,496	643,827	554,324	497,739	573,875
Intergovernmental	4,855,473	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
Charges for services	516,484	785,816	1,126,575	1,131,486	954,560	853,506	718,021	905,492	893,511	1,048,380
Fines	946,280	1,008,935	928,498	845,877	820,359	775,992	613,174	811,498	814,104	1,016,847
Investment earnings	224,856	462,951	519,103	570,477	132,095	41,819	54,112	57,649	59,252	87,731
Special assessments	426,252	400,179	472,710	494,579	506,520	523,299	531,715	540,032	682,323	884,355
Miscellaneous	1,860,804	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
<b>Total Revenues</b>	<b>29,280,203</b>	<b>32,009,913</b>	<b>35,207,411</b>	<b>39,949,342</b>	<b>40,380,098</b>	<b>50,234,403</b>	<b>42,878,069</b>	<b>43,781,876</b>	<b>42,442,832</b>	<b>47,576,304</b>
<b>Expenditures</b>										
General government	7,658,126	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
Public safety	12,804,066	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
Highways and streets	4,031,056	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
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and Welfare	497,496	551,362	357,778	343,248	373,037	566,753	872,624	1,351,381	960,761	426,376
Economic and physical development	602,633	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
Culture and recreation	3,357,198	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
Capital projects	1,851,950	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
Debt service										
Principal	1,340,000	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
Interest	795,997	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
Other charges	8,280	8,930	8,503	8,630	8,630	7,450	5,950	5,950	8,239	5,450
<b>Total expenditures</b>	<b>32,946,802</b>	<b>33,955,754</b>	<b>35,330,168</b>	<b>42,925,365</b>	<b>44,183,600</b>	<b>53,044,018</b>	<b>49,777,622</b>	<b>51,119,509</b>	<b>48,901,300</b>	<b>51,483,555</b>
Excess of revenues over (under) expenditures	(3,666,599)	(1,945,841)	(122,757)	(2,976,023)	(3,803,503)	(2,809,615)	(6,899,553)	(7,337,633)	(6,458,468)	(3,907,251)

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
<b>Other financing sources (uses)</b>										
Transfers in	3,174,927	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
Transfers out	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)	(3,993,315)	(4,167,545)	(2,797,949)	(2,725,835)	(2,820,764)	(2,999,433)
Refunding bond issued	-	-	-	-	-	-	-	3,165,000	-	2,285,000
Bonds issued	4,115,000	4,100,000	-	7,000,000	5,804,678	-	2,930,000	2,635,000	-	368,865
Long-term debt proceeds	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	168,426	168,441	-	84,236	298,283	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(3,185,773)	-	(2,232,849)
Capital leases	-	-	384,344	-	-	108,326	-	-	-	-
Proceeds from sale of assets	18,323	20,114	-	105,340	-	46,800	114,205	259,112	1,374,771	315,647
Total other financing sources (uses)	4,283,323	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
<b>Special and extraordinary items:</b>										
Special item	-	-	-	-	(295,683)	-	-	-	-	-
Total special and extraordinary items	-	-	-	-	(295,683)	-	-	-	-	-
Net change in fund balances	\$ 616,724	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)	\$ (1,571,112)	\$ (2,166,012)	\$ (483,697)	\$ 1,229,411
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	7.78%	8.32%	8.15%	8.16%	7.91%	7.15%	8.90%	7.90%	7.54%	7.00%

(1) The 2013 net position was restated due to the implementation of GASB Statement No. 65.

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Occupancy Tax	Alcoholic Beverage Tax	Total
2005	10,331,387	6,787,566	2,013,665	283,886	33,608	19,450,112
2006	12,332,808	7,961,019	2,028,000	309,496	51,914	22,683,237
2007	13,773,567	8,859,345	2,069,905	358,276	59,529	25,120,622
2008	16,097,946	9,784,577	2,248,558	479,950	79,084	28,690,115
2009	17,507,334	9,552,728	2,265,859	400,690	86,136	29,812,747
2010	17,829,903	9,814,665	2,326,751	490,446	79,864	30,541,629
2011	18,236,586	10,234,485	2,396,994	496,759	78,066	31,442,891
2012	18,151,725	10,857,234	2,790,119	537,574	73,518	32,410,170
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

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

Fiscal Year Ended September 30,	Real Property		Non-Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate <sup>1</sup>	Estimated Actual Taxable Value <sup>2</sup>	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Property					
2005	805,549,768	1,141,385,750	245,449,393	347,471,060	1,844,913,851	0.5398	2,192,384,911	0.84%	
2006	915,768,153	1,321,705,696	266,242,149	364,403,708	2,139,312,290	0.5589	2,503,715,998	0.85%	
2007	997,313,190	1,512,771,351	277,201,924	434,731,656	2,352,554,809	0.5566	2,787,286,465	0.84%	
2008	1,201,607,606	1,738,634,339	318,353,327	529,477,247	2,729,118,025	0.5566	3,258,595,272	0.84%	
2009	1,308,104,315	1,737,671,626	287,384,742	420,102,009	2,913,058,674	0.5666	3,333,160,683	0.87%	
2010	1,401,660,290	1,937,539,558	274,072,218	486,901,384	3,126,370,682	0.5566	3,613,272,066	0.87%	
2011	1,463,644,082	2,032,661,499	268,558,129	532,302,145	3,232,561,565	0.5566	3,764,863,710	0.86%	
2012	1,468,867,159	2,043,740,424	366,527,219	558,744,227	3,320,390,575	0.5388	3,879,134,802	0.86%	
2013	1,500,235,907	2,085,403,055	376,726,890	555,879,190	3,406,486,662	0.5288	3,962,365,852	0.86%	
2014	1,503,272,817	2,208,552,001	384,505,956	575,539,632	3,520,791,142	0.5288	4,096,330,774	0.86%	

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

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

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

Fiscal Year	City of Mission			Overlapping Rates <sup>1</sup>								Total Direct & Overlapping Rates <sup>2</sup>		
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County		School District		La Joya ISD		South Texas College			Drainage Dist. No. 1 Tax Rate	
				Tax Rate	Tax Rate	Sharyland ISD Tax Rate	La Joya ISD Tax Rate	South Texas ISD Tax Rate	South Texas College Tax Rate					
2005-06	0.4344	0.1245	0.5589	0.5900	1.5632	1.6420	1.5650	1.6420	0.0392	0.0435	0.1589	0.0435	0.1589	6.16
2006-07	0.4455	0.1111	0.5566	0.5900	1.4574	1.5800	1.5451	1.5800	0.0392	0.0413	0.1548	0.0413	0.1548	5.96
2007-08	0.4455	0.1111	0.5566	0.5900	1.1800	1.2520	1.1850	1.2520	0.0492	0.0492	0.1540	0.0492	0.1540	5.02
2008-09	0.4609	0.1057	0.5666	0.5900	1.1240	1.3216	1.1850	1.3216	0.0492	0.0700	0.1498	0.0700	0.1498	5.06
2009-10	0.4413	0.1153	0.5566	0.5900	1.2800	1.3110	1.2000	1.3110	0.0492	0.0725	0.1491	0.0725	0.1491	5.21
2010-11	0.4498	0.1068	0.5566	0.5900	1.3000	1.3110	1.2000	1.3110	0.0492	0.0725	0.1497	0.0725	0.1497	5.23
2011-12	0.4221	0.1167	0.5388	0.5900	1.3000	1.3110	1.2000	1.3110	0.0492	0.0733	0.1507	0.0733	0.1507	5.21
2012-13	0.4086	0.1202	0.5288	0.5900	1.3000	1.3110	1.2855	1.3110	0.0492	0.0750	0.1507	0.0750	0.1507	5.29
2013-14	0.4212	0.1076	0.5288	0.5900	1.3000	1.3110	1.2855	1.3110	0.0492	0.0957	0.1500	0.0957	0.1500	5.31
2014-15	0.4140	0.1048	0.5188	0.5900	1.3300	1.3110	1.3355	1.3110	0.0492	0.0957	0.1850	0.0957	0.1850	5.42

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

1. Overlapping rates are those of the City, County, and school districts that apply to property owners within the City of Mission. Not all overlapping rates apply to all City of Mission property owners (for example the rates for La Joya School District apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the La Joya School District).

2. (Total Tax Rate)-The allocation of operation and debt service is not available at this time for the County, School Districts, Special Districts and the Community College.

**City of Mission  
Principal Property Tax Payers  
September 30, 2014**

Taxpayer	Tax Year 2014			Tax Year 2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Frontera Generation LTD	67,964,220	1	1.92%	-	-	-
Sharyland Utilities LP	54,382,610	2	1.54%	-	-	-
Shary Retail LTD	38,483,905	3	1.09%	-	-	-
AEP Texas Central Co	17,408,690	4	0.49%	10,853,710	4	0.59%
Bert Ogden Chevrolet	16,975,096	5	0.48%	11,946,612	2	0.65%
Wal-Mart Real Estate Business	11,647,651	6	0.33%	6,552,052	10	0.36%
VRS Sharyland LLC	11,342,347	7	0.32%	-	-	0.00%
H.E.Butt Grocery Company	11,061,873	8	0.31%	9,066,366	6	0.49%
CNMK Texas Properties LTD	10,775,770	9	0.30%	7,620,355	8	0.42%
192 Mission LTD	9,800,875	10	0.28%	-	-	0.00%
Halliburton Energy Serv (HS)	-	-	-	16,848,320	1	0.92%
Rio Grande Snack Co	-	-	-	11,511,835	3	0.63%
Southwestern Bell Telephone	-	-	-	10,721,501	5	0.58%
Spikes Motor Company, Inc.	-	-	-	8,928,194	7	0.49%
Wal-Mart Stores Texas LP #452	-	-	-	6,784,030	9	0.37%
Total	<u>\$ 249,843,037</u>		<u>7.06%</u>	<u>\$ 100,832,975</u>		<u>5.50%</u>

Source: Hidalgo County Tax Assessor.



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

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collection within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	9,928,090	9,342,725	94.1%	542,383	9,885,108	99.6%
2006	12,045,882	11,347,253	94.2%	645,212	11,992,465	99.6%
2007	13,241,161	12,684,294	95.8%	491,148	13,175,442	99.5%
2008	15,893,072	15,035,133	94.6%	768,080	15,803,213	99.4%
2009	17,305,109	16,251,424	93.9%	933,659	17,185,083	99.3%
2010	17,361,554	16,529,835	95.2%	679,679	17,209,514	99.1%
2011	17,803,116	16,989,023	95.4%	606,279	17,595,302	98.8%
2012	17,798,270	17,102,655	96.1%	449,434	17,552,089	98.6%
2013	17,835,988	17,194,844	96.4%	304,232	17,499,076	98.1%
2014	18,585,075	17,937,794	96.5%	-	17,937,794	96.5%

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Obligation Bonds	Capital Leases			
2005	20,225,000	150,000	-	32,224,385	1,615,000	-	54,214,385	0.49%	958
2006	22,868,856	100,000	-	34,394,311	1,295,000	119,372	58,777,539	0.49%	1,009
2007	21,531,842	50,000	284,958	41,320,103	845,000	84,651	64,116,554	0.49%	1,048
2008	27,030,268	-	186,452	39,277,568	430,000	46,603	66,970,891	0.48%	1,025
2009	31,369,184	272,001	81,739	37,251,918	220,000	300,706	69,495,548	0.45%	1,013
2010	29,502,057	168,000	143,232	29,959,204	-	206,332	59,978,825	0.37%	833
2011	30,348,323	96,000	70,484	32,089,427	-	113,252	62,717,486	0.37%	814
2012	30,982,042	24,000	24,719	31,659,650	-	40,730	62,731,141	0.35%	790
2013	28,877,394	-	-	30,142,873	-	41,282	59,061,549	0.32%	734
2014	27,903,296	-	-	29,032,906	4,880,000	28,762	61,844,964	0.33%	763

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

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Debt Payable From Business-type Revenues</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2005	21,840,000	581,562	1,615,000	19,643,438	1.06%	347.17
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%	338.33
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%	389.27
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

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, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 151,665,000	13.70%	\$ 20,778,105
Hidalgo County Drainage District #1	157,905,000	13.05%	20,606,603
Hidalgo Independent School District	42,515,000	0.28%	119,042
La Joya Independent School District	271,223,156 <sup>(1)</sup>	13.63%	36,967,716
Mission Consolidated Independent School District	140,788,222 <sup>(1)</sup>	70.46%	99,199,381
Sharyland Independent School District	126,386,508 <sup>(1)</sup>	58.48%	73,910,830
South Texas College District	88,834,991	12.79%	11,361,995
Subtotal Overlapping Debt			<u>\$ 262,943,672</u>
City of Mission	\$ 27,903,296	100.00%	<u>\$ 27,903,296</u>
Total Direct and Overlapping Debt			<u><u>\$ 290,846,968</u></u>

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

Source: Municipal Advisory Council of Texas.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 92,245,693	\$ 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
Total net debt applicable to limit	19,643,438	22,002,281	20,576,991	25,760,827	30,079,474	28,055,184	29,020,045	29,489,924	27,021,567	24,739,163
Legal debt margin	\$ 72,602,255	\$ 84,963,334	\$ 97,050,749	\$ 110,695,074	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033	\$ 136,529,605	\$ 143,302,766	\$ 151,300,394
Total net debt applicable to the limit as a percentage of debt limit	21.29%	20.57%	17.49%	18.88%	20.65%	17.95%	17.95%	17.76%	15.86%	14.05%
Legal Debt Margin Calculation for Fiscal Year										
Assessed value	\$ 1,844,913,851	\$ 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
Add back: exempt real property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total assessed value	\$ 1,844,913,851	\$ 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
Debt limit (5% of total assessed value)	92,245,693	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
Debt applicable to limit:										
General obligation bonds	21,840,000	24,030,000	22,250,000	27,180,000	31,440,000	29,528,000	30,135,000	30,805,000	28,710,000	31,685,000
Less: Amount set aside for repayment of general obligation debt	(581,562)	(732,719)	(828,009)	(989,173)	(1,140,526)	(1,472,816)	(1,114,955)	(1,315,076)	(1,688,433)	(2,065,837)
Less: Business-type general obligations	(1,615,000)	(1,295,000)	(845,000)	(430,000)	(220,000)	-	-	-	-	(4,880,000)
Total net debt applicable to limit	19,643,438	22,002,281	20,576,991	25,760,827	30,079,474	28,055,184	29,020,045	29,489,924	27,021,567	24,739,163
Legal debt margin	\$ 72,602,255	\$ 84,963,334	\$ 97,050,749	\$ 110,695,074	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033	\$ 136,529,605	\$ 143,302,766	\$ 151,300,394

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

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

<b>Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Charges and Other <sup>(1)</sup></b>	<b>Less: Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service <sup>(3)</sup></b>		<b>Coverage <sup>(4)</sup></b>
				<b>Principal</b>	<b>Interest</b>	
2005	12,130,545	8,098,284	4,032,261	1,197,000	1,620,913	1.43%
2006	15,074,316	7,786,843	7,287,473	1,486,000	1,615,995	2.35%
2007	15,000,320	8,016,670	6,983,650	2,073,759	1,406,974	2.01%
2008	16,339,351	9,205,146	7,134,205	2,056,873	1,691,463	1.90%
2009	16,289,267	9,016,007	7,273,260	2,172,316	1,966,747	1.76%
2010	15,272,007	9,197,669	6,074,338	2,056,000	1,339,718	1.79%
2011	17,530,504	9,422,969	8,107,535	1,856,000	1,265,272	2.60%
2012	17,754,118	10,004,211	7,749,907	1,933,000	1,192,441	2.48%
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%

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

(2) Total operating expenses exclusive of depreciation.

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

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

Note: The City does not have special assessment bonds.

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

Fiscal Year	Population <sup>(1)</sup>	MSA <sup>(2)</sup>		Median Age <sup>(1)</sup>	MSA <sup>(2)</sup>		Percentage High School Graduates <sup>(3)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
		Personal Income	Capita Personal Income		Personal Income	Capita Personal Income			
2005	56,582	11,007,643,000	16,837	30.50	84.8	14,869	5.20%		
2006	58,279	12,084,495,000	17,903	31.70	93.1	15,341	5.20%		
2007	61,193	13,052,934,000	18,771	32.00	85.3	15,536	5.60%		
2008	65,310	14,055,483,000	19,651	32.70	80.0	15,451	7.30%		
2009	68,575	15,409,425,000	20,917	32.20	79.6	15,439	9.30%		
2010	72,004	16,036,052,000	21,171	30.90	82.4	15,341	9.90%		
2011	77,058	16,965,278,000	21,771	30.90	82.9	15,517	10.20%		
2012	79,368	17,789,208,000	22,390	29.80	89.0	20,767	8.10%		
2013	80,452	18,341,843,000	22,757	27.20	88.9	25,749	7.90%		
2014	81,050	18,827,748,000	23,073	29.30	90.7	38,508	6.90%		

(1) Estimated (except for the FY 2011-information was received from the 2010 US Census).

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

(3) Source: Region One, Texas Education Agency, Local School Directory.com, Mission CISD & Sharyland ISD

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

## City of Mission Principal Employers

<u>Employer</u>	<u>2014<sup>(1)</sup></u>			<u>2004<sup>(2)</sup></u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Mission CISD	2,228	1	3.48%	-	-	0.00%
Sharyland ISD	1,201	2	1.88%	-	-	0.00%
Mission Regional Medical Center	1,194	3	1.87%	-	-	0.00%
T-Mobile	832	4	1.30%	-	-	0.00%
City of Mission	640	5	1.00%	-	-	0.00%
H.E.B. Grocery	638	6	1.00%	-	-	0.00%
Wal-Mart Super Center	337	7	0.53%	-	-	0.00%
Home Depot	172	8	0.27%	-	-	0.00%
Target	166	9	0.26%	-	-	0.00%
Royal Technologies	137	10	0.21%	-	-	0.00%
Total	<u>7,545</u>		<u>11.79%</u>	<u>-</u>		<u>0.00%</u>

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

(2) Source: Information not available.



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

Function	Full-time Equivalent Employees as of September 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	78	75	76	80	80	79	77	77	76	83
Public Safety										
Police										
Officers	114	116	116	120	126	130	140	146	146	146
Civilians	40	42	44	46	51	52	53	53	51	50
Fire										
Firefighters and Officers (1)	51	63	63	64	67	67	66	67	67	67
Civilians	3	2	6	6	6	6	8	7	7	7
Highways and Streets										
Streets	27	26	27	30	33	33	33	32	32	32
Health and Welfare										
Health	10	7	7	7	7	7	7	8	8	8
Culture and recreation										
Aquatics	3	2	2	2	3	3	3	2	3	3
Museum	3	2	2	2	3	4	4	4	4	5
Parks and Recreation	34	35	35	38	47	44	45	45	44	45
Library	22	20	20	20	20	20	22	21	19	19
Golf Course	27	20	20	27	17	16	17	17	17	17
Sanitation										
Water distribution	77	78	78	78	79	83	87	86	88	87
Wastewater	12	12	13	13	13	12	12	15	13	14
Solid waste (2)	-	-	-	-	-	-	-	-	-	17
Community Development	3	3	3	3	3	5	4	3	3	3
<b>Total</b>	<b>504</b>	<b>503</b>	<b>512</b>	<b>536</b>	<b>555</b>	<b>561</b>	<b>578</b>	<b>583</b>	<b>578</b>	<b>603</b>

Source: City of Mission Finance Department-Budget Office.

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

(2) Commencement of in-house collection system created 17 additional positions in 2014.

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Police</b>										
Physical arrests	3,892	3,943	4,592	4,081	4,002	4,373	3,000	4,305	4,079	3,632
Parking Violation	59	44	96	64	67	41	35	75	55	29
Traffic Violations	15,118	12,042	13,217	22,473	20,757	10,957	12,970	13,685	8,093	12,071
<b>Fire</b>										
Number of calls answered	1,938	1,977	2,159	2,270	1,967	2,450	2,738	3,239	2,818	3,715
Inspections	884	790	2,945	2,479	3,015	2,392	2,154	1,803	2,599	1,773
<b>Highways and Streets</b>										
Streets resurfacing (miles)	28,600	20,000	8,564	6,088	3,750	5,596	4,240	5,530	5,130	6,070
Potholes repaired	15,379	13,006	24,729	10,217	6,438	12,449	6,710	15,783	21,122	30,911
<b>Sanitation</b>										
Refuse collected (tons/day) <sup>(1)</sup>	150	159	193	146	150	173	176	218	225	377
Recyclables collected (tons/day)	0.07	0.03	0.05	0.08	0.21	0.16	0.26	0.26	0.24	0.27
<b>Culture and recreation</b>										
Golf Course										
Rounds	54,588	53,464	54,125	68,173	65,942	52,491	59,162	54,056	60,306	46,388
<b>Recreation</b>										
Programs	17	34	32	32	32	32	32	32	37	31
Parks Maintained	22	24	24	24	25	25	25	25	25	28
<b>Water</b>										
New connections (year)	1,122	1,237	1,202	650	1,748	463	512	370	353	297
Water mains breaks (year)	486	563	459	603	557	649	452	507	395	463
Average daily consumption (millions of gallons)	10.56	12.56	10.85	12.44	13.23	11.00	13.63	12.63	13.02	12.56
<b>Wastewater</b>										
Average daily sewage treatment	4.60	6.00	6.03	6.06	5.97	6.57	6.32	6.68	7.09	7.19

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**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	2	2	2	2
Patrol Units	80	85	88	94	96	87	100	111	111	111
Fire Protection										
Fire Stations	4	4	4	4	4	4	5	5	5	5
Highways and Streets										
Streets (miles) <sup>(1)</sup>	306	535	539.52	543.46	327.14	344.25	359.77	370.26	383.88	387.14
Number of Streetlights	4,673	4,767	2,636	2,679	2,726	4,856	4,945	4,473	4,158	4,261
Culture and recreation										
Parks acreage	226	310	310	419	419	419	419	419	419	419
Parks	22	24	24	24	25	25	25	25	25	28
Swimming pools	2	2	2	2	2	2	2	3	3	3
Tennis Courts	2	2	2	3	4	4	4	4	9	9
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	2	2	2	2	2	2	2	2	2	2
Water mains (miles)	270	410	415.86	422.56	425.36	429.07	436.35	442.21	457.45	460.79
Fire hydrants	3,000	2,254	2,408	2,444	2,457	2,481	2,496	2,784	2,803	2,813
Number of Service connections	20,763	21,995	22,902	23,308	23,785	24,248	24,734	25,157	25,510	25,807
Number of Gallons Sold (in millions)	3,387.70	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
Daily Average Consumption (gallons <sup>(2)</sup> )	10.60	12.56	10.85	12.44	11.59	9.90	12.37	12.81	13.27	11.80
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	200	315	319.45	323.16	325.11	325.93	328.70	328.707	356.75	357.77
Number of Service connections	17,683	18,606	18,632	20,510	21,285	21,694	22,110	22,439	22,815	23,028
Storm sewers (miles)	75	110	112.17	114.95	115.91	116.83	118.99	121.16	145.03	145.92
Daily average treatment in gallons <sup>(3)</sup>	4.60	6.00	6.03	6.06	5.97	6.57	6.60	6.70	7.10	7.20
Maximum daily treatment capacity <sup>(2)</sup>	5.16	7.00	7.34	8.12	6.70	12.92	7.87	8.60	9.18	12.00

Source: City departments.

(1) Amounts prior to 2009 were estimated and amounts beginning in 2009 are actual.

(2) Amount is in millions.

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



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*FEDERAL AWARDS  
SECTION*



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

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

We have audited, 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, 2014, 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 January 15, 2015. 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, LLP  
Certified Public Accountants

McAllen, Texas  
February 2, 2015



**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, 2014. 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, 2014.

### **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, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal 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, LLP  
Certified Public Accountants

McAllen, Texas  
February 2, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2014

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

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*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

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

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

Identification of major programs:

<u>CFDA number (s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
For the Year Ended September 30, 2014

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**Section II – Financial Statement Findings**

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None.

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

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

CITY OF MISSION, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
 STATUS OF PRIOR YEAR FINDINGS  
 For the Year Ended September 30, 2014

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**Section II – Financial Statement Findings**

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

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

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

CITY OF MISSION, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2014

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

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2014

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
	<u>Federal Emergency Management Agency</u>			
	Passed Through Texas Department of Public Safety - Division of Emergency Management:			
43TX-EMPG-0715	Emergency Management Assistance	97.042	\$ 38,457	-
	Total Pass Through Programs		<u>38,457</u>	-
	Total Federal Emergency Management Agency		<u>38,457</u>	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division Of Emergency Management:			
211-SS-0019	2011 Operation Stone Garden Grant	97.067	72,680	-
EMW-2012-SS-00018-S01	2012 Operation Stone Garden Grant	97.067	163,115	-
EMW-2013-SS-00045	2013 State Homeland Security Program	97.067	50,151	-
13-SR-48768-01	State Homeland Security Program	97.067	<u>11,603</u>	-
	Total Pass through TX Governor's Division Of Emergency Management		<u>297,549</u>	-
	Total Pass Through Programs		<u>297,549</u>	-
	Total U.S. Department of Homeland Security		<u>297,549</u>	-
	<u>National Highway Traffic Safety Administration</u>			
	Direct Program:			
582EGF6162	STEP	20.600	<u>78,765</u>	-
	Total Direct Program		<u>78,765</u>	-
	Total National Highway Traffic Safety Administration		<u>78,765</u>	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	202,155	-
	Bullet Proof Vest Program	16.607	<u>12,049</u>	-
	Total Direct Programs		<u>214,204</u>	-
	Total U.S. Department of Justice		<u>214,204</u>	-

CITY OF MISSION, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*CONTINUED*)  
Year Ended September 30, 2014

(01)		(02)	(03)	(04)
Project Number	Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
	<u>U.S. Department of Housing and Urban Development</u>			
	Direct Programs:			
B-12-MC-48-0513	Community Development Block Grant	14.218	530,330	68,992
B-13-MC-48-0514	Community Development Block Grant	14.218	<u>389,267</u>	<u>-</u>
	Total Direct Programs		<u>919,597</u>	<u>68,992</u>
	Total U.S. Department of Housing and Urban Development		<u>919,597</u>	<u>68,992</u>
	TOTAL FEDERAL AWARDS EXPENDED		<u>\$ 1,548,572</u>	<u>\$ 68,992</u>



CITY OF MISSION, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2014

**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.