



**MISSION ECONOMIC  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

September 30, 2023

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## INTRODUCTORY SECTION



**Mission Economic Development Corporation  
Board Members  
As of September 30, 2023**

**PRESIDENT**

*Richard Hernandez*

**VICE PRESIDENT**

*Jose G. Vargas*

**SECRETARY**

*Deborah Cordova*

**TREASURER**

*Estella Saenz*

**MAYOR**

*Norie Gonzalez Garza*

**MEMBER**

*Carl Davis*

**MEMBER**

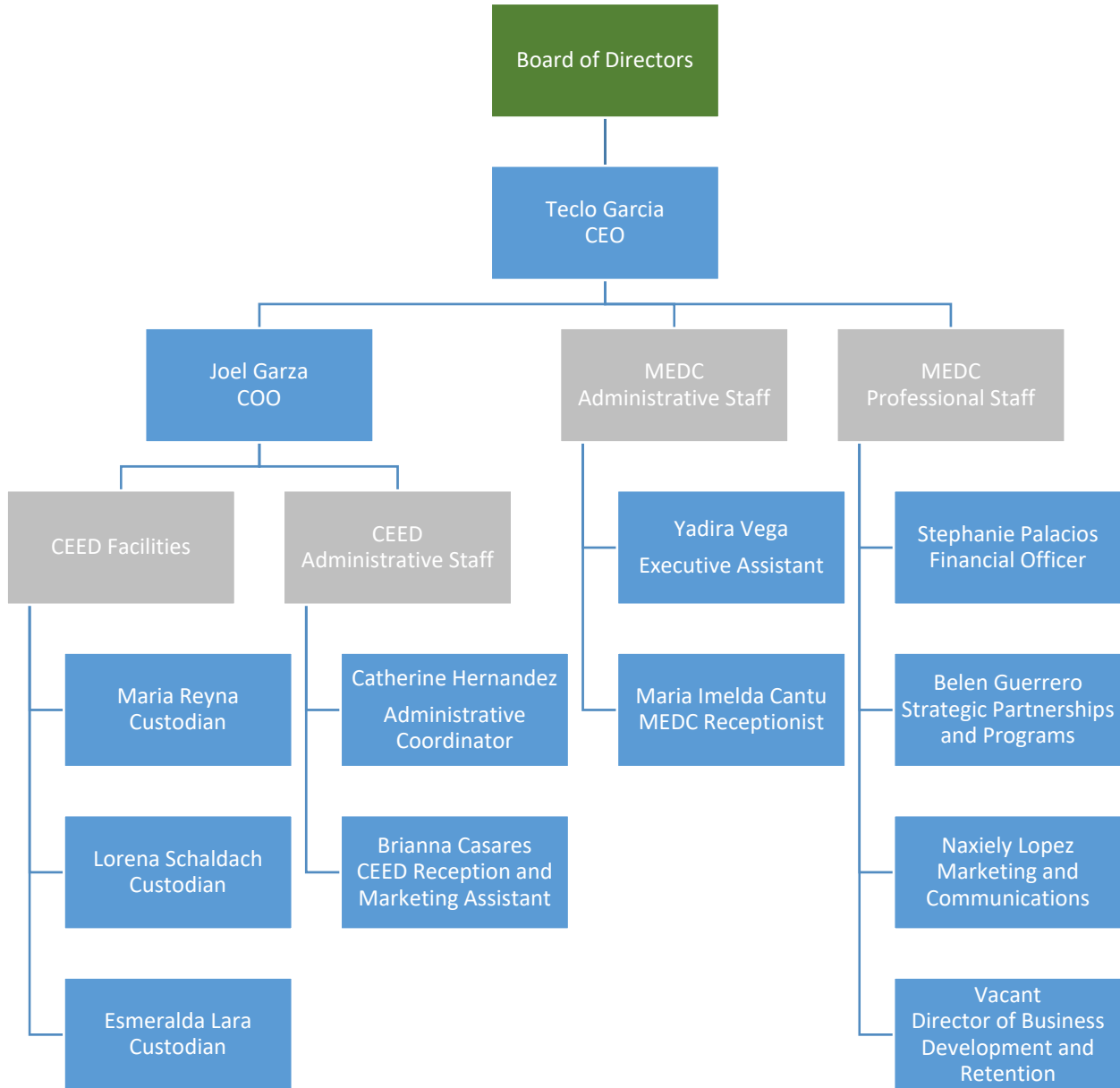
*Noel Salinas*

**ALTERNATE FOR MAYOR POSITION**

*Abiel Flores*

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**Mission Economic Development Corporation  
Organization Chart  
As of September 30, 2023**



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## FINANCIAL SECTION





## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Mission Economic Development Corporation  
Mission, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund of the Mission Economic Development Corporation, a component unit of the City of Mission, Texas, as of September 30, 2023, and the related notes to the financial statements, which collectively comprise Mission Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mission Economic Development Corporation, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mission, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### *Correction of Error*

As discussed in note 3 to the financial statements, revenue and receivables related to the Shary Park Project were not recorded on the books in the prior year. As a result, there was an increase to fund balance/net position in the amount of \$112,341. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission Economic Development Corporation ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mission Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 4-10 and 35-41, respectively, 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***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report April 24, 2024, on our consideration of Mission Economic Development Corporation's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mission Economic Development Corporation's 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 Mission Economic Development Corporation's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

McAllen, Texas

April 24, 2024

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## Mission Economic Development Corporation Management's Discussion and Analysis

As management of the Mission Economic Development Corporation (MEDC), we offer readers of MEDC's financial statements this narrative overview of the financial activities of MEDC for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statement and disclosures following this section.

### Financial Highlights

- The assets of MEDC exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,085,927 (net position).

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

This discussion and analysis is intended to serve as an introduction to MEDC's basic financial statements. MEDC'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 MEDC's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all MEDC'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 MEDC 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.

Both of the government-wide financial statements present governmental activities of MEDC that are principally supported by sales taxes and operating grants and contributions.

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MEDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of MEDC are governmental.

## Mission Economic Development Corporation Management's Discussion and Analysis

**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*.

MEDC maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Capital Projects Fund and the Special Revenue Fund.

MEDC 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 13-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

**Other information.** A budgetary comparison schedule is included as Required Supplementary Information (RSI) for the General Fund and Special Revenue Fund on pages 35-37 and 38, respectively. Budgetary comparison schedule for the Debt Service Fund and Capital Projects Fund are provided as other supplementary information on pages 40 and 41, respectively.

## Mission Economic Development Corporation Management's Discussion and Analysis

### 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 MEDC, assets exceeded by liabilities \$13,085,927 at the close of the fiscal year. Compared to the prior year, net position increased by \$6,057,278.

	Governmental Activities	
	Restated	
	2023	2022
Current and other assets	\$ 15,083,027	\$ 12,044,217
Capital assets	7,331,468	7,641,233
Total assets	<u>22,414,495</u>	<u>19,685,450</u>
Long-term liabilities	8,230,961	11,676,487
Other liabilities	1,047,385	980,314
Total liabilities	<u>9,278,346</u>	<u>12,656,801</u>
Deferred inflow of resources		
Deferred inflow of resources related to leases	50,222	-
Total deferred inflow of resources	<u>50,222</u>	<u>-</u>
Net position:		
Net investment in capital assets	2,594,080	910,976
Restricted	1,131,272	1,726,736
Unrestricted	9,360,575	4,390,937
Total net position	<u>\$ 13,085,927</u>	<u>\$ 7,028,649</u>

At the end of the current fiscal year, MEDC reported a positive balance in unrestricted net position. Restricted net position is restricted for the purpose of debt service and net investment in capital assets.



## Mission Economic Development Corporation Management's Discussion and Analysis

The following table presents detail on revenues and expenses for the governmental activities that affected net position.

	Governmental Activities	
	2023	Restated 2022
Revenues:		
Program revenues:		
Charges for services	\$ 282,164	\$ 263,682
Operating grants and contributions	6,346	351,403
Capital grants and contributions	2,298,596	2,404,565
General Revenues:		
Other taxes	6,504,552	6,103,050
Issuance and filing fees	207,099	122,976
Interest revenue	6,197	-
Investment gains/(losses)	11,245	(28,670)
Miscellaneous	849,194	6,500
Total revenues	<u>10,165,393</u>	<u>9,223,506</u>
Expenses:		
Economic development	3,703,400	3,541,917
Interest on long-term debt	404,715	490,904
Total expenses	<u>4,108,115</u>	<u>4,032,821</u>
Changes in net position	6,057,278	5,190,685
Beginning net position, as restated	<u>7,028,649</u>	<u>1,837,964</u>
Ending net position	<u>\$ 13,085,927</u>	<u>\$ 7,028,649</u>

**Governmental activities.** Governmental activities for the fiscal year increased MEDC's net position by \$6,057,278.

Total revenues reflect an increase of \$941,887, or 10.2% compared to last year. This is attributed to the increase in other taxes and sale of land in FY 22-23. As a result, MEDC experienced an increase in net position.

## Mission Economic Development Corporation Management's Discussion and Analysis

### Financial Analysis of Government's Funds

As noted earlier, MEDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of MEDC governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing MEDC financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, MEDC's governmental funds reported combined ending fund balances of \$14,030,545 an increase of \$3,019,966 in comparison with the prior year. Unassigned fund balance for all governmental funds, which is available for spending at MEDC discretion, reflects a positive \$449,093 balance. The nonspendable fund balance of \$8,280,706 consists of redevelopment assets, land held for sale, prepaids, and lease receivable. In accordance with GASB No. 54; \$1,176,527, is restricted for debt service; and \$4,124,219 is committed, the majority, for various economic development projects, which will be funded over a period of five to 10 years; however, funds are considered committed at the end of the fiscal year.

The General Fund is the chief operating fund of MEDC. At the end of the current fiscal year, unassigned fund balance was a positive \$449,093 and the total fund balance of the general fund was \$12,749,024. This was an increase of \$3,388,655 compared to the prior year.

During the current fiscal year, MEDC general revenues increased by \$1,374,431, partially due to an increase of \$401,502 from Sales Tax revenue and gain on sale of land in the amount of \$763,703. Total expenses increased by \$75,294 partially due to an increase in salaries and related expenses from filling open positions.

Starting in the 2021 fiscal year, MEDC undertook a grant which allowed for redevelopment of property as a private-sector investment. This investment will fund a capital project which will benefit the City. Once completed, this project is conveyed to the City and becomes part of the City's capital assets. During the construction phase, these assets are considered redevelopment assets of MEDC. At end of the current fiscal year the redevelopment asset was \$4,915,504.

The Debt Service Fund has a total fund balance of \$1,176,527, all of which is reserved for the payment of debt service. Sufficient funds were available in the Debt Service Fund to meet principal and interest due for fiscal year 2023.

## Mission Economic Development Corporation Management’s Discussion and Analysis

### General Fund Budgetary Highlights

During the year, the MEDC Board amended the budget twice. All budget amendments must be approved by both the MEDC Board and City Council.

Two budget amendments for expenditures totaling \$1,869,771 during the year were for roof repairs, the transfer to the debt service fund for additional principal payments to be made on outstanding loans and increase in salaries for the Texas Workforce Commission Grant.

### Capital Asset and Debt Administration

**Long-term debt.** At the end of the current fiscal year, MEDC had total long-term debt outstanding of \$8,230,961.

### Mission Economic Development Corporation Outstanding Sales Tax Revenue Bonds and Lease Liabilities September 30, 2023

	Governmental Activities	
	2023	2022
Sales Tax Refunding Bonds Series 2010	\$ -	\$ 640,000
2016 Lone Star National Bank	-	941,688
2016 Frost Loan	3,439,409	3,739,409
2018 BBVA Compass Loan	4,779,349	6,335,305
	8,218,758	11,656,402
Lease Liabilities	12,203	20,085
Total	\$ 8,230,961	\$ 11,676,487

Additional information on MEDC’s long-term debt can be found on pages 30-31 of this report.

## Mission Economic Development Corporation Management's Discussion and Analysis

### Economic Factors and Next Year's Budget

Sales tax is the major revenue source for MEDC and changes in the economy for the City of Mission will have an impact on MEDC's financial situation. Another major economic factor that can affect MEDC's financial situation is the unemployment rate.

- According to the Texas Labor Market Review, the unemployment rate for the McAllen-Edinburg-Mission MSA as of November 30, 2023 was 5.3 percent, which represents a decrease compared to 6.3 percent from prior year. The state average rate is reported at 3.5 percent and the national average rate is at 3.5 percent.
- The 2023 General Fund operating budget was prepared using \$9,299,762 as the estimated restricted fund balance at September 30, 2023. The actual total fund balance for the general fund was \$12,749,024. A \$10,724,535 fund balance is projected at September 30, 2024.

### Requests for Information

This financial report is designed to provide a general overview of MEDC'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.

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## BASIC FINANCIAL STATEMENTS



**Mission Economic Development Corporation**  
**Statement of Net Position**  
**Exhibit A-1**

<i>September 30, 2023</i>	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 939,163
Receivables, net	1,787,720
Due from primary government	3,252,054
Prepaid expenses	517
Land held for resale	3,314,462
Lease receivable	50,222
Redevelopment assets	4,915,504
Restricted assets	823,385
Capital assets	
Land	2,100,959
Leases, net of amortization	12,161
Capital assets, net of accumulated depreciation	5,218,348
<b>Total assets</b>	<b>22,414,495</b>
<b>Liabilities</b>	
Accounts payable	705,978
Accrued interest payable	46,255
Retainage payable	221,904
Due to primary government	72,598
Unearned revenue	650
Noncurrent liabilities	
Due within one year	704,564
Due in more than one year	7,526,397
<b>Total liabilities</b>	<b>9,278,346</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to leases	50,222
<b>Total deferred inflows of resources</b>	<b>50,222</b>
<b>Net Position</b>	
Net investment in capital assets	2,594,080
Restricted for	
Debt service	1,131,272
Unrestricted	9,360,575
<b>Total net position</b>	<b>\$ 13,085,927</b>

*The accompanying notes are an integral part of this financial statement.*

**Mission Economic Development Corporation**  
**Statement of Activities**  
**Exhibit A-2**

<i>For the year ended September 30, 2023</i>					Net (Expenses)
Functions/Programs	Expenses	Program Revenues			Revenue and
		Charges for	Operating	Capital	Changes in
		Services	Grants and	Grants and	Net Assets
			Contributions	Contributions	Governmental
					Activities
Component unit:					
Governmental activities					
Economic development	\$ 3,703,400	\$ 282,164	\$ 6,346	\$ 2,298,596	\$ (1,116,294)
Interest and fiscal charges on long-term debt	404,715	-	-	-	(404,715)
<b>Total governmental activities</b>	<b>\$ 4,108,115</b>	<b>\$ 282,164</b>	<b>\$ 6,346</b>	<b>\$ 2,298,596</b>	<b>(1,521,009)</b>

General revenues	
Sales taxes	6,504,552
Issuance and filing fees	207,099
Interest revenue	6,197
Investment gains	11,245
Miscellaneous	849,194
<b>Total general revenues</b>	<b>7,578,287</b>
Change in net assets	6,057,278
Net position, beginning of year	6,916,308
Prior period adjustment (see Note 3)	112,341
<b>Net position, beginning of year as restated</b>	<b>7,028,649</b>
<b>Net position, end of year</b>	<b>\$ 13,085,927</b>

*The accompanying notes are an integral part of this financial statement.*



**Mission Economic Development Corporation**  
**Balance Sheet - Governmental Funds**  
**Exhibit A-3**

<i>September 30, 2023</i>	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 834,169	\$ -	\$ -	\$ 104,994	\$ 939,163
Restricted cash and cash equivalents	-	346,832	-	-	346,832
Investments	-	476,553	-	-	476,553
Prepaid expenses	517	-	-	-	517
Receivables					
Sales taxes	1,106,137	-	-	-	1,106,137
Accounts-other	310,231	-	-	-	310,231
Accrued interest receivable	-	560	-	-	560
Due from other governments	370,662	-	-	-	370,662
Due from primary government	2,898,472	353,582	-	-	3,252,054
Lease receivable	50,222	-	-	-	50,222
Land held for resale	3,314,462	-	-	-	3,314,462
Redevelopment assets	4,915,504	-	-	-	4,915,504
<b>Total assets</b>	<b>13,800,376</b>	<b>1,177,527</b>	<b>-</b>	<b>104,994</b>	<b>15,082,897</b>
<b>Liabilities</b>					
Accounts payable	705,978	-	-	-	705,978
Accrued interest payable	-	1,000	-	-	1,000
Retainage payable	221,904	-	-	-	221,904
Due to primary government	72,598	-	-	-	72,598
Unearned revenue	650	-	-	-	650
<b>Total liabilities</b>	<b>1,001,130</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,002,130</b>
<b>Deferred inflows of resources</b>					
Deferred inflows related to leases	50,222	-	-	-	50,222
<b>Total deferred inflows of resources</b>	<b>50,222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,222</b>
<b>Fund balances</b>					
Nonspendable	8,280,706	-	-	-	8,280,706
Restricted for					
Debt	-	1,176,527	-	-	1,176,527
Committed	4,019,225	-	-	104,994	4,124,219
Unassigned	449,093	-	-	-	449,093
<b>Total fund balances</b>	<b>12,749,024</b>	<b>1,176,527</b>	<b>-</b>	<b>104,994</b>	<b>14,030,545</b>
<b>Total liabilities and fund balances</b>	<b>\$13,800,376</b>	<b>\$1,177,527</b>	<b>\$ -</b>	<b>\$ 104,994</b>	<b>\$ 15,082,897</b>

*The accompanying notes are an integral part of this financial statement.*

**Mission Economic Development Corporation**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**Exhibit A-4**

*September 30, 2023*

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Total fund balances - governmental funds	\$ 14,030,545
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,319,307
Lease assets of \$28,873 net of accumulated amortization of \$16,712 are not financial resources, and therefore are not reported as assets in governmental funds.	12,161
Receivables for non current assets not due in the current period and not reported in the funds.	130
Payables for lease liabilities and bond principal which are not due in the current period are not reported in the funds.	(8,230,961)
Interest payable on bonds is not accrued in the governmental funds, but rather recognized as an expenditure when due.	(45,255)
<b>Net position of governmental activities</b>	<b>\$ 13,085,927</b>

*The accompanying notes are an integral part of this financial statement.*

**Mission Economic Development Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Governmental Funds**  
**Exhibit A-5**

<i>For the year ended September 30, 2023</i>	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 6,504,552	\$ -	\$ -	\$ -	\$ 6,504,552
Intergovernmental	995,307	-	-	-	995,307
Charges for services	282,164	-	-	-	282,164
Interest	872	4,881	-	314	6,067
Investment gains	-	11,245	-	-	11,245
Miscellaneous	1,602,225	-	-	-	1,602,225
<b>Total revenues</b>	<b>9,385,120</b>	<b>16,126</b>	<b>-</b>	<b>314</b>	<b>9,401,560</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>General government</b>					
Economic development	3,370,892	-	15,869	-	3,386,761
Texas workforce commission grant	6,346	-	-	-	6,346
<b>Debt service</b>					
Principal	8,410	3,437,644	-	-	3,446,054
Interest and fiscal charges	63	418,414	-	-	418,477
<b>Total expenditures</b>	<b>3,385,711</b>	<b>3,856,058</b>	<b>15,869</b>	<b>-</b>	<b>7,257,638</b>
Excess (deficiency) of revenue over (under) expenditures	5,999,409	(3,839,932)	(15,869)	314	2,143,922
<b>Other Financing Sources (Uses)</b>					
Sale of land held for sale	763,703	-	-	-	763,703
Operating transfers	(3,486,798)	3,486,798	-	-	-
<b>Net other financing sources (uses)</b>	<b>(2,723,095)</b>	<b>3,486,798</b>	<b>-</b>	<b>-</b>	<b>763,703</b>
<b>Net change in fund balances</b>	<b>3,276,314</b>	<b>(353,134)</b>	<b>(15,869)</b>	<b>314</b>	<b>2,907,625</b>
Fund balances, beginning of year	9,360,369	1,529,661	15,869	104,680	11,010,579
Prior period adjustment (Note 3)	112,341	-	-	-	112,341
<b>Fund balances, end of year</b>	<b>\$ 12,749,024</b>	<b>\$ 1,176,527</b>	<b>\$ -</b>	<b>\$ 104,994</b>	<b>\$ 14,030,545</b>

*The accompanying notes are an integral part of this financial statement.*

**Mission Economic Development Corporation**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**Exhibit A-6**

*For the year ended September 30, 2023*

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Net change in fund balances - total governmental funds	\$ 2,907,625
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in governmental activities on the statement of net position.	6,194
The depreciation of capital assets used in governmental activities is not reported in the fund financial statements, but should be shown as a decrease in governmental activities on the statement of net position.	(308,011)
Principal payments related to lease liabilities of \$8,410 and the amortization of lease assets of (\$8,476) were reported in the statement of activities.	(66)
Repayment of bond principal is an expenditure in the fund financial statements, but is not an expense in the Statement of Activities. The net effect of these debt principal repayments is to increase net position.	3,437,644
(Increase) decrease in accrued interest from beginning of period to end of period.	13,892
<b>Change in net position of governmental activities</b>	<b>\$ 6,057,278</b>

*The accompanying notes are an integral part of this financial statement.*

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 1: THE REPORTING ENTITY**

The accompanying financial statements include Mission Economic Development Corporation (MEDC) and its blended component unit, Mission Education Development Council, Inc., collectively referred to as “the financial reporting entity.” The component unit has been included in the MEDC’s reporting entity because of the nature and significance of its operational relationship with MEDC.

On September 12, 1994, the Mission Economic Development Corporation 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. The Mission Economic Development Corporation 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. Funding for MEDC comes from an additional ½ of 1% sales tax approved by the voters of the City of Mission. MEDC is operated and governed by a seven member board of directors, six of whom are appointed by the City Council. The seventh member is the mayor of the City of Mission, Texas. The City Council also appoints an alternate board member to serve in instances when the mayor is unable to serve. Any director may be removed from office by the City Council for cause or at will. In addition, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC's bylaws and Articles of Incorporation. Therefore, these accompanying financial statements are not intended to present fairly the financial position, results of operations and cash flows, where appropriate, for the City of Mission, Texas. These financial statements are included in the comprehensive annual financial report for the City of Mission, Texas as a discretely presented component unit.

The authority to enact the sales and use tax for economic development is outlined in the Development Corporation Act of 1979, including subsequent amendments. Under Section 4B of the Act, cities may use the funds raised by this sales tax for purposes related to economic development.

These purposes include:

- Purchasing land, building and equipment;
- Facilities including public safety facilities;
- Targeted infrastructure and improvements for the creation or retention of primary jobs that the Mission Economic Development Corporation's board deems suitable for manufacturing and industrial facilities, research and development facilities, transportation facilities, sewage or solid waste disposal facilities;
- Funding other projects found in the Act that are in the best interests of the City.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 1: THE REPORTING ENTITY (*Continued*)**

***Blended Component Unit***

Mission Education Development Council, Inc. is a non-profit corporation developed to assist and support MEDC by promoting MEDC's education initiatives and Center for Education and Economic Development in order to create a 21st century ready workforce. The Board of Directors consist of seven directors, one of whom is the Mayor of the City of Mission, Texas. The remaining six are appointed by the Mayor and City Council of the City of Mission, Texas. At September 30, 2023, the board of directors and chief executive for Mission Education Development Council, Inc. were the same as those for MEDC.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Mission Economic Development Corporation (MEDC), a component unit of 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 government's accounting policies are described below.

The accounting policies of the MEDC 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.

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the reporting entity. The effect of interfund activity has been removed from these statements. Governmental activities generally are supported by taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who benefit from privileges provided by a given function or segment such as issuance fees and annual fees assessed on conduit debt.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Government-Wide and Fund Financial Statements (Continued)**

MEDC reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund – The Capital Project Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Fund – The Special Revenue Fund is used to account for resources restricted to, or committed for, a specific purpose by the Corporation or a grantor. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**B. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MEDC 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 claims and judgments, are recorded only when payment is due. Sales taxes collected and held by the intermediary collecting governments at year end on behalf of the MEDC are also recognized as revenue.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Information**

***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund, capital projects fund, and special revenue fund. The capital projects fund is appropriated on a project-length basis. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board of Directors as well as the City of Mission, Texas' City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Cash and Cash Equivalents**

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.

**2. Investments**

At September 30, 2023, MEDC had investments comprised of certificates of deposit and government bonds which are reported at fair market value.

The Mission Economic Development Corporation can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. In general, MEDC's investment policy allows MEDC to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

**3. Receivables**

Receivables consist of uncollected sales tax revenue, accrued interest and developer and grant related receivables. For additional information see note 4.



**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Interfund Activities and Transactions**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single “transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “internal balances” line of the government-wide statement of net position.

**5. Order of Expenditure of Funds**

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

**6. Capital Assets**

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are defined by the MEDC as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. All capital assets are recorded at historical cost and depreciated using the straight line method over their estimated useful lives unless they are inexhaustible, such as land. Depreciation is not recorded on items classified as construction in progress. Depreciation expense is recorded in the government-wide Statement of Activities.

<b>Assets</b>	<b>Estimated useful lives</b>
Buildings and improvements	9-46
Furniture and equipment	3-20
Vehicles	3-20

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**7. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. *Deferred outflow of resources* represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from leases. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**8. Fund Balance Reporting**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Fund Balance Reporting (Continued)**

*Assigned Fund Balance* – Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

**9. Land Held for Resale**

MEDC 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 of Mission.

**10. 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 statement of net position because their use is limited by applicable debt covenants. The "interest and sinking fund" account is used to segregate resources accumulated for debt service payments over the next twelve months.

**11. Long-Term Obligations**

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities net of any related premiums or discounts. Bond premiums and discounts are 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.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Leases**

Lease contracts that provide the MEDC with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The leased asset is recorded for the same amount as the related lease liability plus prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

**13. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**14. Rounding Adjustments**

Throughout this annual comprehensive financial report, dollar amounts are rounded, thereby creating differences between the details and the totals.

**15. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 24, 2024 and determined that there were no events that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**16. Recently issued and implemented accounting pronouncements**

The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The GASB has issued the following statements that may be applicable to MEDC.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**16. Recently issued and implemented accounting pronouncements (*Continued*)**

*Current Accounting Standards*

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was adopted in the current year, resulting in no material effect.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. This Statement was adopted in the current year, resulting in no material effect.

In April 2022, GASB issued Statement No. 99, Omnibus 2022, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Clarification of provisions in statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in Statement No. 96,

Subscription-Based Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This Statement was adopted in the current year, resulting in no material effect.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**16. Recently issued and implemented accounting pronouncements (Continued)**

*Future Accounting Standards*

Future accounting standards possibly applicable to the MEDC that have been issued by the Governmental Accounting Standards Board are:

- Statement No. 100, *Accounting Changes and Error Corrections-an Amendment*

In June 2022, GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**NOTE 3: PRIOR PERIOD ADJUSTMENT**

Revenue and receivables related to the Shary Park Project were not recorded on the books in the prior year. As a result, there was an increase to fund balance/net position in the amount of \$112,341.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits* – At September 30, 2023, the carrying value was \$1,285,495 and the bank balance of MEDC's deposits was \$1,290,379. Deposits include demand accounts and certificate of deposits with an initial maturity of three months or less. At September 30, 2023, all deposits were fully insured or collateralized. See custodial credit risk below.

*Investments* – At September 30, 2023, MEDC had investments comprised of certificates of deposit and government bonds.

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.

MEDC's investments reported at fair value, in restricted assets, are as follows at September 30, 2023:

**Investments**

Certificate of deposit (fair value - level 2)	\$ 239,413
Government bonds (fair value - level 2)	237,140
<b>Total investments</b>	<b>\$ 476,553</b>

At September 30, 2023, MEDC had deposits collateralized by pledged securities of \$1,007,446; all deposits were insured by the FDIC or were fully collateralized.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

A reconciliation of cash and cash equivalents and restricted assets as shown on the statement of net position (Exh. A-1) for MEDC is as follows:

Cash and cash equivalents	\$	939,163
Restricted assets		823,385
<hr/>		
Cash and cash equivalents and restricted assets (Exh. A-1)	\$	1,762,548
<hr/>		
Cash on hand	\$	500
Carrying amount of deposits		1,285,495
Investments		476,553
<hr/>		
Cash and cash equivalents and investments	\$	1,762,548
<hr/>		

\*\$353,582 in due from primary government and \$560 in accrued interest receivable are also restricted. However, for presentation purposes it is not included in the restricted amount shown above.

**B. Receivables**

	Taxes	Accounts- Other	Accrued Interest Receivable	Due from Other Governments	Net
<b>Governmental Activities</b>					
General	\$ 1,106,137	\$ 310,231	\$ 130	\$ 370,662	\$ 1,787,160
Debt Service	-	-	560	-	560
<b>Total</b>	<b>\$ 1,106,137</b>	<b>\$ 310,231</b>	<b>\$ 690</b>	<b>\$ 370,662</b>	<b>\$ 1,787,720</b>

**C. Interfund Transfers**

Transfers out of the general fund in the amount of \$3,486,798 to the debt service fund were for the sale of three properties and the increased required payments for debt due within the fiscal year.



**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Land Held for Resale**

MEDC holds commercial real estate lots available for sale within an economically depressed area. At September 30, 2023 the remaining properties are stated at a cost of \$3,314,462, which is less than their estimated fair value. These lots will continue to be sold to attract development to further benefit the City of Mission.

**E. Redevelopment assets**

Redevelopment assets had a year-end balance of \$4,915,504. This project will be conveyed to the City of Mission or other governmental entities upon completion.

Water and Sewer Improvements	\$ 3,450,922
Streets	1,435,832
Right-of-Way	28,750
<hr/>	
Total Revelopment Assets	\$ 4,915,504
<hr/> <hr/>	

**F. Restricted Assets**

Restricted assets held by Mission Economic Development Corporation at September 30, 2023 consisted of the following:

	Cash and Cash Equivalents	Investments	Total Restricted Assets
Debt service fund	\$ 346,832	\$ 476,553	\$ 823,385
Total	\$ 346,832	\$ 476,553	\$ 823,385
<hr/> <hr/>			

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Capital Assets**

The following is a summary of changes in capital assets during the year ended September 30, 2023:

	Balance at September 30, 2022	Increases	Decreases	Balance at September 30, 2023
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,100,959	\$ -	\$ -	\$ 2,100,959
Capital assets, not being depreciated	2,100,959	-	-	2,100,959
Capital assets, being depreciated				
Machinery and equipment	1,275,892	6,194	-	1,282,086
Building	6,368,101	-	-	6,368,101
Capital assets, being depreciated	7,643,993	6,194	-	7,650,187
Less accumulated depreciation for				
Machinery and equipment	(1,109,424)	(61,611)	-	(1,171,035)
Building	(1,014,404)	(246,400)	-	(1,260,804)
Total accumulated depreciation	(2,123,828)	(308,011)	-	(2,431,839)
Total capital assets being depreciated, net	5,520,165	(301,817)	-	5,218,348
Lease assets, being amortized				
Lease assets	28,345	528	-	28,873
Less accumulated amortization	(8,236)	(8,476)	-	(16,712)
Total lease assets, being amortized, net	20,109	(7,948)	-	12,161
Governmental activities capital assets, net	\$ 7,641,233	\$ (309,765)	\$ -	\$ 7,331,468

Depreciation & amortization expense charged to governmental activities totaled \$316,487 for the year ended September 30, 2023.

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Long – Term Debt Payable**

Sales tax revenue notes payable at September 30, 2023 for the MEDC is comprised of the following:

\$6,000,000 - Sales and Use Tax Revenue Note, Series 2016-A due in semi-annual installments of \$300,000 including interest at 2.85% payable to Frost Bank. Note matures August 1, 2036. Note is collateralized by sales tax revenues collected.	\$ 3,439,409
\$7,919,131 - Sales and Use Tax Revenue Note, due in annual installments of \$395,957, including interest at 4.82% payable to BBVA Compass Bank. Note matures on February 15, 2038. Note is collateralized by sales tax revenues collected.	4,779,349
	\$ 8,218,758

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

<i>Year ending September 30,</i>	Principal	Interest	Total
2024	\$ 695,957	\$ 320,479	\$ 1,016,436
2025	695,957	292,453	988,410
2026	695,957	264,699	960,656
2027	695,957	236,945	932,902
2028	695,957	209,369	905,326
2029-2033	3,479,783	629,730	4,109,513
2034-2038	1,259,190	62,294	1,321,484
Total	8,218,758	2,015,969	10,234,727
Current portion	(695,957)	(320,479)	(1,016,436)
Payable after one year	\$ 7,522,801	\$ 1,695,490	\$ 9,218,291

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. 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, 2023:

	September 30, 2022	Additional Obligations and Net Increase	Retirements and Net Decreases	September 30, 2023	Due Within One Year
<b>Bonds and notes:</b>					
Sales Tax Refunding Bond	\$ 640,000	\$ -	\$ (640,000)	\$ -	\$ -
Sales Tax Revenue Note - LSNB	941,688	-	(941,688)	-	-
Sales Tax Revenue Note - Frost	3,739,409	-	(300,000)	3,439,409	300,000
Sales Tax Revenue Note - BBVA	6,335,305	-	(1,555,956)	4,779,349	395,957
Total bonds and notes	<u>11,656,402</u>	-	<u>(3,437,644)</u>	<u>8,218,758</u>	<u>695,957</u>
<b>Other Liabilities:</b>					
Lease Liabilities	20,085	528	(8,410)	12,203	8,607
Total other liabilities	<u>20,085</u>	<u>528</u>	<u>(8,410)</u>	<u>12,203</u>	<u>8,607</u>
<b>Total long-term debt obligations</b>	<u><u>\$ 11,676,487</u></u>	<u><u>\$ 528</u></u>	<u><u>\$ (3,446,054)</u></u>	<u><u>\$ 8,230,961</u></u>	<u><u>\$ 704,564</u></u>

As of September 30, 2023, MEDC does not have any direct borrowings.

**I. Leases - Lessee Obligations**

MEDC has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 Leases and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

MEDC has a lease agreement with Kyocera Document Solutions Southwest, LLC. for multifunction printers with a fixed monthly payment of \$1,309. The lease has an interest rate of 0.408% which is the stated rate in the lease agreement. The lease liability as of September 30, 2023 is \$12,203.

<i>Year ending September 30,</i>	Principal	Interest	Total
2024	\$ 8,607	\$ 34	\$ 8,641
2025	3,596	4	3,600
Total	12,203	38	12,241
Current portion	(8,607)	(34)	(8,641)
Long term	<u>\$ 3,596</u>	<u>\$ 4</u>	<u>\$ 3,600</u>

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Leases – Lessor**

MEDC entered into a 36 month lease as Lessor for the use of the of office space. The lessee is required to make monthly fixed payments of \$1,800. The lease has an interest rate of 3.113%. MEDC recognized lease revenue of \$11,728. The lessor receivable as of September 30, 2023 is \$50,222.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2023 are as follows:

<i>Year ending September 30,</i>	Principal	Interest	Total
2024	\$ 20,325	\$ 1,275	\$ 21,600
2025	20,967	633	21,600
2026	8,930	70	9,000
<b>Total</b>	<b>\$ 50,222</b>	<b>\$ 1,978</b>	<b>\$ 52,200</b>

**K. 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 Industrial Development Bonds to finance various projects in the State of Texas.

To further economic development in the City, Mission Economic Development Corporation has issued Industrial Development Bonds to provide capital financing to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City of Mission, Texas, the State of Texas, nor any political corporation, subdivision nor agency of the State of Texas is obligated in any manner to pay the principal of, premium, if any, interest on, or the purchase price of the bonds, and neither the faith and credit nor the taxing power of the State of Texas, Mission, Texas or any other political corporation, subdivision, or agency thereof, is pledged to the payment of the principal of, premium, if any, interest on, or the purchase price of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2023 there were ten series of Industrial Development Bonds outstanding. There was one issuance in the current fiscal year. The aggregate principal amount payable for the ten series issued prior to October 1, 2023 was \$692.39 million. Issuance dates for the ten series range from May

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)**

**K. Conduit Debt Obligations (Continued)**

2007 to June 2023 and interest rates range from 2.9% to 10.88%. Maturity dates range from December 2025 to May 2050.

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 of which \$1,250 is paid to the financial advisor for local access fees. During the year ended September 30, 2023, there were three applications submitted, one of which was completed.

Upon issuance of conduit debt, an issuance fee is assessed based on the terms of the agreements. For the year ending September 30, 2023, MEDC received \$160,000 of which \$80,000 was paid to local advisor for local access fees.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds which ranges from 2 basis points to 5 basis points depending on the type of project and the rating of the bonds being issued. For the year ended September 30, 2023, MEDC received \$251,698 of which \$125,849 was paid to the advisor for local access fees.

**I. Net Position**

Net position as of September 30, 2023 consists of :

	Governmental Activities
<hr/>	
Net investment in capital assets:	
Capital assets, net of accumulated depreciation/amortization	\$ 7,331,468
Less related liabilities	(4,737,388)
<hr/>	
Total net investment in capital assets	2,594,080
Restricted net position consists of the following:	
Debt service	1,131,272
<hr/>	
Restricted net position - total	1,131,272
Unrestricted net position	9,360,575
<hr/>	
Total net position	\$ 13,085,927
<hr/>	

**Mission Economic Development Corporation**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 5: RISK MANAGEMENT**

MEDC 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 it obtains commercial insurance through the City of Mission, Texas, of which it is a component unit. There have been no significant reductions in insurance coverage from the previous year and there were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**NOTE 6: RELATED PARTY TRANSACTIONS**

The City’s economic development activities via City Council Resolution has delegated all economic development activities to MEDC.

The City of Mission provides personnel services to carry out the daily operating activities of MEDC. MEDC does not reimburse the City of Mission for the services provided as well as accounting and overhead costs.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

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

Incentives	Committed	Expended to Date	Remaining Commitment
Wonderful Citrus	\$ 3,000,000	\$ 2,400,000	\$ 600,000
Cantu Bungalows	500,000	250,000	250,000
IHOP Incentive	338,000	67,600	270,400
RODCO	165,000	-	165,000
Brand Geniuz	55,000	35,000	20,000
Bettcher Manufacturing	74,000	-	74,000
Scooters	100,000	-	100,000
Harbor Freight	150,000	-	150,000
Olive Garden	125,000	-	125,000
New Quest	1,750,000	-	1,750,000
MMC Equity	125,000	-	125,000
Shops at 495	250,000	-	250,000
Other Infrastructure Projects	252,325	112,500	139,825
	<u>\$ 6,884,325</u>	<u>\$ 2,865,100</u>	<u>\$ 4,019,225</u>

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## REQUIRED SUPPLEMENTARY INFORMATION



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**Mission Economic Development Corporation  
Budgetary Comparison Schedule – General Fund  
Exhibit B-1**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Sales tax	\$ 6,800,000	\$ 6,800,000	\$ 6,504,552	\$ (295,448)
<b>Total taxes</b>	<b>6,800,000</b>	<b>6,800,000</b>	<b>6,504,552</b>	<b>(295,448)</b>
Intergovernmental				
E.D.A. reimbursements	-	-	988,961	988,961
Texas workforce comm grant	-	-	6,346	6,346
<b>Total intergovernmental</b>	<b>-</b>	<b>-</b>	<b>995,307</b>	<b>995,307</b>
Charges for services				
CEED rental fees	130,000	130,000	224,044	94,044
CEED reservation fees	2,500	2,500	32,400	29,900
CEED membership fees	5,000	5,000	25,720	20,720
<b>Total Charges for Services</b>	<b>137,500</b>	<b>137,500</b>	<b>282,164</b>	<b>144,664</b>
Interest				
Interest earned on demand deposit	-	-	872	872
<b>Total Interest</b>	<b>-</b>	<b>-</b>	<b>872</b>	<b>872</b>
Miscellaneous				
Application fees-ind. dev. bonds	100,000	100,000	5,000	(95,000)
Annual filing fee-ind. dev. bonds	395,000	395,000	122,099	(272,901)
Issuance fee-ind. dev. bonds	-	-	80,000	80,000
Reimbursements - other	-	-	1,309,635	1,309,635
MRA rental fees	6,500	6,500	6,500	-
Misc. income	1,000	71,000	78,991	7,991
<b>Total miscellaneous</b>	<b>502,500</b>	<b>572,500</b>	<b>1,602,225</b>	<b>1,029,725</b>
<b>Total revenues</b>	<b>7,440,000</b>	<b>7,510,000</b>	<b>9,385,120</b>	<b>1,875,120</b>

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**Mission Economic Development Corporation  
Budgetary Comparison Schedule – General Fund  
Exhibit B-1**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Expenditures</b>				
Current				
Economic Development				
Administration				
Personal services	\$ 846,880	\$ 846,880	\$ 687,360	\$ 159,520
Employee benefits	252,184	252,184	224,106	28,078
Professional and technical services	171,500	171,500	157,654	13,846
Purchased property services	207,000	351,476	157,832	193,644
Other purchased services	139,050	134,050	124,678	9,372
Supplies	55,000	85,000	75,380	9,620
Capital Outlays	75,000	75,000	6,194	68,806
Community promotions	35,000	45,000	50,525	(5,525)
Miscellaneous	53,500	48,500	68,268	(19,768)
Development				
Professional and technical services	5,000	90,000	82,056	7,944
Other purchased services	80,000	178,000	105,088	72,912
Capital Outlays	6,500	6,500	-	6,500
Supplies	5,000	7,000	6,651	349
Projects	1,153,275	1,153,275	1,140,000	13,275
Incentives	850,225	665,225	485,100	180,125
Texas workforce commission grant				
Personal services	-	6,346	6,346	-
Debt Service				
Principal	-	-	8,410	(8,410)
Interest and fiscal charges	-	-	63	(63)
<b>Total expenditures</b>	<b>3,935,114</b>	<b>4,115,936</b>	<b>3,385,711</b>	<b>730,225</b>
<b>Excess of revenues over expenditures</b>	<b>3,504,886</b>	<b>3,394,064</b>	<b>5,999,409</b>	<b>2,605,345</b>

*The accompanying notes to required supplementary information are an integral part of this schedule.*

**Mission Economic Development Corporation  
Budgetary Comparison Schedule – General Fund  
Exhibit B-1 (Continued)**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	\$ 300,000	\$ 300,000	\$ 763,703	\$ 463,703
Operating transfers out	(1,797,849)	(3,486,798)	(3,486,798)	-
Total other financing sources (uses)	(1,497,849)	(3,186,798)	(2,723,095)	463,703
Net change in fund balance	2,007,037	207,266	3,276,314	3,069,048
Fund balance, beginning of year	7,292,725	9,360,369	9,360,369	-
Prior period adjustment (Note 3)	-	-	112,341	112,341
Fund balance, end of year	\$ 9,299,762	\$ 9,567,635	\$12,749,024	\$ 3,181,389

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

**Mission Economic Development Corporation**  
**Budgetary Comparison Schedule – Special Revenue Fund**  
**Exhibit B-2**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Revenues</b>				
Miscellaneous				
Interest	\$ -	\$ -	\$ 314	\$ 314
Total revenues	-	-	314	314
Net change in fund balance	-	-	314	314
Fund balance, beginning of year	132,846	132,846	104,680	(28,166)
Fund balance, end of year	\$ 132,846	\$ 132,846	\$ 104,994	\$ (27,852)

**Mission Economic Development Corporation  
Budgetary Notes to Required Supplementary Information  
Exhibit B-3**

**NOTE A – BUDGETARY INFORMATION**

The Board of Directors prepares a budget each year which is then submitted to the City manager of the City of Mission, Texas. The budget of MEDC is incorporated into the budget process for the City of Mission, Texas which is described below. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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 appropriate budget is first adopted by the Board of Directors of Mission Economic Development Corporation, and then adopted by a majority of the City of Mission, Texas' 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.
7. The current level of budgetary control is the department level within each fund.

The Board of Directors approves the MEDC budget through a resolution before it is presented to City Council for final approval. Any amendments to the budget must also be approved by the Board of Directors before the amendment goes to City Council for final approval.

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 would be classified as assigned.

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## OTHER SUPPLEMENTARY INFORMATION



**Mission Economic Development Corporation  
Budgetary Comparison Schedule – Debt Service Fund  
Exhibit C-1**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Revenues</b>				
Interest earned on investments	\$ 500	\$ 500	\$ 4,623	\$ 4,123
Interest earned on demand deposit	-	-	258	258
Investment gains	-	-	11,245	11,245
<b>Total revenues</b>	<b>500</b>	<b>500</b>	<b>16,126</b>	<b>15,626</b>
<b>Expenditures</b>				
Current				
Debt service				
Principal retirement	3,437,358	3,437,358	3,437,644	(286)
Interest and fiscal agent charges	461,635	461,635	418,414	43,221
<b>Total expenditures</b>	<b>3,898,993</b>	<b>3,898,993</b>	<b>3,856,058</b>	<b>42,935</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(3,898,493)</b>	<b>(3,898,493)</b>	<b>(3,839,932)</b>	<b>(58,561)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers	1,797,849	3,486,798	3,486,798	-
<b>Total other financing sources (uses)</b>	<b>1,797,849</b>	<b>3,486,798</b>	<b>3,486,798</b>	<b>-</b>
Net change in fund balance	(2,100,644)	(411,695)	(353,134)	58,561
Fund balance, beginning of year	1,306,000	1,291,613	1,529,661	238,048
<b>Fund balance, end of year</b>	<b>\$ (794,644)</b>	<b>\$ 879,918</b>	<b>\$ 1,176,527</b>	<b>\$ 296,609</b>

**Mission Economic Development Corporation**  
**Budgetary Comparison Schedule – Capital Projects Fund**  
**Exhibit C-2**

<i>For year ended September 30, 2023</i>	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>Expenditures</b>				
Supplies	\$ -	\$ -	\$ 15,869	\$ -
Total expenditures	-	-	15,869	-
Net change in fund balance	-	-	(15,869)	(15,869)
Fund balance, beginning of year	22,028	-	15,869	15,869
Fund balance, end of year	\$ 22,028	\$ -	\$ -	\$ -