

City of Mission



100 YEARS AND GROWING STRONG!



Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2009

City of Mission, Texas

CITY OF MISSION, TEXAS

Comprehensive Annual Financial Report

*For Fiscal Year Ended
September 30, 2009*

*Prepared By:
Finance Department*

MISSION CITY COUNCIL



Norberto "Beto" Salinas
Mayor



Leo Olivarez
Mayor Pro Tem



Maria Elena Ramirez
Council Member



Norie Gonzalez Garza
Council Member



Ruben Plata
Council Member

CITY OF MISSION, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2009

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INTRODUCTORY SECTION

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

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



CITY OF MISSION

"Home of the Grapefruit"

February 4, 2010

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, 2009, is submitted in accordance with Section 3.14 of the City Charter.

This report contains management's representations concerning the finances of the City of Mission; consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mission has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mission's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Long Chilton, L.L.P., has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2009. 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 CAFR includes all funds of the City and is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory section includes this transmittal letter, a copy of the Certificate of Achievement Award, a list of principal officials, and the City's organizational chart. The Financial section includes the MD&A, basic financial statements, required supplementary information, capital assets, and other supplementary schedules. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984, The Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget (OMB) Circular A-133. Information related to the single audit,

including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report.

CITY PROFILE AND STRUCTURE

The City of Mission was incorporated on March 19, 1910 and is located along the U.S. - Mexico border in South Texas. The City currently occupies a land area of approximately 34.21 square miles. The City's population has grown since the 2000 Census from 45,408, to an estimated population of 67,119, an increase of 47.8%. The City is empowered to levy a property tax on both real and personal properties 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 will require the City Manager, Finance Director, and Department Head approval. 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.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 103-110 as part of the required supplementary information. For governmental

funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 132.

LOCAL ECONOMY

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

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

The City continues to work very closely with the MRA and Hunt Valley Development to promote development along the Anzalduas Highway, which is currently under construction. It is expected that once the area is fully developed, both property and sales tax revenues will increase. Over the last ten years, sales tax revenues had been very stable; however, a decrease of 2.4% compared to prior year was experienced during FY 2009.

Tourism

Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to over 30,000 "Winter Texans" for four to six months out of the year. Winter Texans are mostly retired citizens from northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the economy of the City. The City currently has ten hotels that provide lodging to tourists. Hotel/motel occupancy tax receipts, which had been increasing over the last ten years, reflect a 16.51% decrease from the previous year.

Employment

According to the Texas Labor Market Review December 2009 report, the City's unemployment rate was 9.3% as of November 2009. Although the unemployment rate rose, it is expected to decline with the opening of the Anzalduas International Bridge, which began operations on December 15, 2009.

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

- In the retail sector, Dr. Shah Eye Center has completed Phase I of a three phase \$3.4 million capital investment project. The 31,400 sq. ft. 13 unit facility where Dr. Shah relocated his existing practice added 8 new positions to his existing 22. Shary Plaza, a 6,000 sq. ft. building was completed in December 2008 and when fully occupied will create approximately 20 new jobs. Other retail businesses include Dollar Tree, which created 20 jobs, and Aaron's Sales & Lease, which created 7 jobs.

- Some new developments on the industrial side have also come about. Metal Processing International (MPI) relocated their business to Mission and added 40 new employees to their existing 60. Valley Superior Powder Coating, a tenant of MPI, also opened for business and is expected to hire 20 employees.
- In the restaurant category, Cocina Del Caribe opened for business with 6 new employees. Mi Casita Restaurant and Border Theatre Café also opened for business during FY 2009 creating 2 and 5 jobs respectively.
- In the service sector, the Anzalduas International Bridge began operations on December 15, 2009. The \$48 million capital investment project has created 15 jobs. Construction of Vantage Luxury Condominiums was completed in December 2008 and has created 30 new jobs. Other business, which created new jobs, include: Mission Valley Dialysis Center-10 new jobs; Hampton Inn & Suites-23 jobs; Work Force Solutions-51 jobs; and Stripes Stores-15 jobs.

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

Major Accomplishments For the Year 2008 - 2009

- ✓ Extended a Property Tax Freeze for the elderly and the disabled and approved a \$10,000 Tax Exemptions for the elderly and the disabled.
- ✓ Procured over \$3 million in federal, state, and private grants to assist in public safety, public works, and other City departments.
- ✓ In conjunction with Hidalgo County Precinct 3, the City was able to overlay several miles of streets within the City limits.
- ✓ Continued construction of Bentsen Palm Community Park, a 67-acre park on South Inspiration Road. Project was completed in October 2009.
- ✓ Continued the philosophy in CDBG program of focusing solely on the reconstruction of homes and the funding of several public agencies. Thirteen homes were constructed in the CDBG housing program during the year.
- ✓ Continued working with City of McAllen and City of Hidalgo on the Anzalduas Bridge Project, which began operations in December 2009.
- ✓ Texas Department of Transportation (TXDOT) allocated \$22 million Stimulus Funds to the City of Mission for the construction of the Bryan Road Overpass as part of the Anzalduas Highway, which is currently under construction.
- ✓ Issued \$5.5 million in bonds. Proceeds to be used for the expansion of the Boys and Girls Club. New gyms will be built at the City's CWV and Banworth Parks, providing services can be provided to the Southern and Eastern parts of the City.
- ✓ The City saved over \$400,000 by refunding various outstanding bond issues. The issues refunded are: 1995 PPFCO, 1998 PPFCO, 1998 CO, 2000 PPFCO, and the 2000 CO.
- ✓ Texas Water Development Board (TWDB) authorized the issuance of an \$8.285 million zero interest loan (ARRA funds) for the expansion of the City's water plants. The City

accepted the loan in November 2009 and closed in December 2009. This loan will save the City approximately over \$7 million in a 20 year span based on 2009 rates.

- ✓ Continued with the expansion of 2 Mile Line between Taylor Road and Conway Avenue. TXDOT has allocated Stimulus Funds for the construction of this project.
- ✓ Completed the ORCA grant sewer connection program in conjunction with the Hidalgo County Urban County program.
- ✓ Continued the alley maintenance and paving program in the City.
- ✓ Completed the expansion of the Stewart Road Bridge.
- ✓ Continues a strong relationship with MEDC, MEDA, MRA, and the Greater Mission Chamber of Commerce in order to promote commerce and industrial growth.
- ✓ MEDC secured a \$3 million dollar loan from First National Bank for reconstruction of the Mission Shary Golf Course irrigation system and club house renovation. Both projects commenced in October 2009.
- ✓ Enhanced Adult Recreation Programs, such as volleyball, softball, basketball, flag-football, and other recreational activities to include Senior Citizen programs.
- ✓ Completed the construction of the new water tower in the northeast area of City.
- ✓ Assessed all City departments and services to ensure efficiency and effectiveness of tax dollars by maximizing all resources and implementation of new ideas in order to provide a more efficient municipal government.
- ✓ Brought in the Boys and Girls Club Organization as a City Department to increase services to the children of Mission.
- ✓ Completed the City Hall Annex Building, which has been leased to the Mission Chamber of Commerce for 99 years.

Major Initiatives For Fiscal Year 2009-2010

- Decrease the tax rate from \$0.5666 to \$0.5566 per \$100.00 valuation. The adopted tax rate is lower than the effective tax rate of \$0.5701.
- Continue applying for federal and state grants that would enable the City to provide additional positions at the Police and Fire Departments to increase the safety of its citizens.
- Continuation of street, bridge and drainage improvements to improve infrastructure.
- Complete the Birdwell Park improvements.
- Commence the Northwest Park Improvement Project.
- Completion of Bentsen Palm Community Park.
- Fifteen (15) houses to be constructed in the CDBG housing program.
- Commence the expansion of the North Water Plant.
- Commence the construction of Fire Station No. 5/Police Substation, which will be located near the new Anzalduas International Bridge.
- Complete the replacement of the irrigation system and the club house renovation at the Mission Shary Golf Course.
- Continuation of water and sewer line improvements in order to upgrade the City's utility infrastructure.
- Increase the number of rounds played and membership at the Shary Golf Course through constant promotion of the Golf Course.
- Continue the alley paving program as funds are available.

- Continuation of the strong relationship with MEDC, MEDA, MRA, and Chamber of Commerce in order to promote commerce and industrial growth.
- Continue to support residential and commercial growth throughout the City in the hope that it will spur economic growth and opportunities for the community.

LONG-TERM FINANCIAL PLANNING

In fiscal year 1999, the City Council passed resolution #963 establishing an unreserved, undesignated fund balance equal to a minimum of three months of operating expenditures for the General Fund. The City met this requirement as of September 30, 2009 with the fund balance increasing by approximately \$1,428,377. Careful long-term financial planning is an important goal for the City; therefore, it is the intent of the City Council and management to continue meeting the resolution requirement.

The City's FY 2010 Budget was prepared very conservatively based on the current recession, and includes minimal funds for capital construction projects. The City will continue to apply for federal and state grants and will continue to fund capital projects through the issuance of debt. In August 2009, \$13 million in bonds were issued. \$7.5 million were to refund \$7.4 million in outstanding debt, and the other \$5.5 million will be used for park improvements and construction of two new gyms for the Boys and Girls Club. In addition to the \$13 million in bonds, a tax note for \$300,000 was issued for the purchase of a cemetery from the Roman Catholic Diocese of Brownsville, Texas.

Subsequent to end of the fiscal year, City Council hired a consultant to update the City's Comprehensive Master Plan. The Plan will be use 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, 2008. This is the eighth 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.

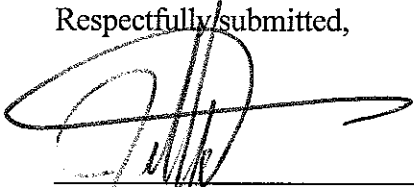
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff 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. Due credit also should be given to the Mayor, City Council,

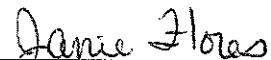
MEDC, MRA, and MEDA for their interests and support in planning and conducting the operations of the City in a responsible and progressive manner.

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

Respectfully submitted,



Julio C. Cerda, P.E.
City Manager



Janie Flores
Finance Director

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF MISSION, TEXAS

*List of Principal Officials
Year Ended September 30, 2009*

CITY OFFICIALS

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

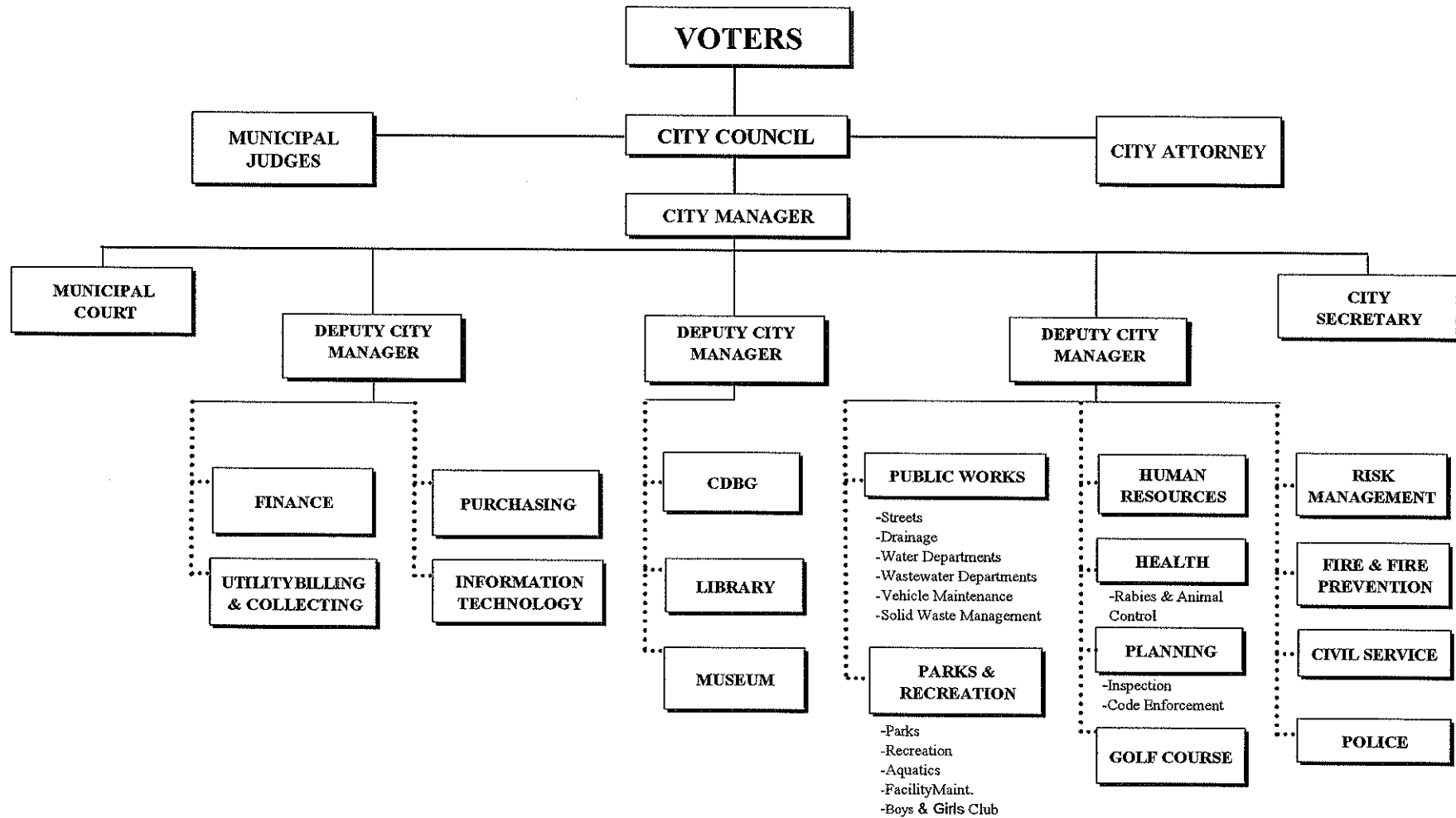
CITY ADMINISTRATION

<i>City Manager</i>	<i>Julio Cerda</i>
<i>City Secretary</i>	<i>Anna Carrillo</i>
<i>Finance Director</i>	<i>Janie Flores</i>
<i>Chief Accountant</i>	<i>Randy Perez</i>
<i>City Attorney</i>	<i>David H. Guerra</i>
<i>CDBG Director</i>	<i>Joanne Longoria</i>
<i>Civil Service Director</i>	<i>Jesse Lerma</i>
<i>Fire Chief</i>	<i>Ricardo Saldana</i>
<i>Golf Course Director</i>	<i>Paul Schaefer, Jr.</i>
<i>Health Director</i>	<i>Noel Barrera</i>
<i>Human Resources Director</i>	<i>Noemi Mungia</i>
<i>Library Director</i>	<i>Rusty Dove</i>
<i>Municipal Judge</i>	<i>Jonathan Wehrmeister</i>
<i>Museum Director</i>	<i>Adela Ortega</i>
<i>Parks and Recreation Director</i>	<i>Julian Gonzalez</i>
<i>Planning and Zoning Director</i>	<i>Sergio Zavala</i>
<i>Police Chief</i>	<i>Leo Longoria Jr.</i>
<i>Public Works Director</i>	<i>Ruben Diaz</i>
<i>Purchasing Director</i>	<i>Elizabeth Cabrera</i>
<i>Risk Management Director</i>	<i>Rosie Salazar</i>

OFFICIAL ISSUING REPORT

*Janie Flores
Finance Director*

CITY OF MISSION, TEXAS ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Mission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mission Redevelopment Authority, which represent 34.11 percent, 87.42 percent and 47.3 percent, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mission Redevelopment Authority is based upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Mission Redevelopment Authority were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2010 on our consideration of the City of Mission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and the required supplementary information schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mission's basic financial statements. The introductory section, the other supplementary information section, the capital assets used in the operations of governmental funds section, the supplemental schedules section, the statistical section and the federal awards section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information section, the capital assets used in the operations of governmental funds section, and the supplemental schedules section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The accompanying schedule of expenditures of federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements of the City of Mission, Texas. The accompanying schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
February 3, 2010

Management's Discussion and Analysis

As management of the City of Mission, we offer the City of Mission's financial statements readers, this narrative overview and analysis of the financial activities of the City of Mission for the fiscal year ended September 30, 2009. 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 3-9 of this report.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$163,425,912 (net assets). Of this amount, \$14,525,640 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,093,039. Governmental activities contributed \$1,176,861 while the Business-type activities had a reduction of \$83,822. Total revenues reflect a decrease of 17.37% compared to prior year. Expenses increased by 5.86%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,236,442 an increase of \$3,473,934 or 22.04% compared with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$7,083,203 or 24.27% of total General Fund expenditures.
- The City of Mission's total debt increased by \$2,624,515 or 3.90% during the current fiscal year. The increase is attributed to the issuance of \$5,495,000 in certificate of obligations, \$7,565,000 in refunding bonds, and \$300,000 in tax notes. The \$300,000 Tax Note was used to purchase the San Jose Cemetery from the Roman Catholic Diocese of Brownsville, Texas. The 2009 Certificate of Obligation bond proceeds will be used for various park projects, including the construction of two new gyms for the Boys and Girls Club. The 2009 Refunding bonds refunded \$7.4 million outstanding obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mission's basic financial statements. The City of Mission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Mission's finances, in a manner similar to a private-sector business.

The ***statement of net assets*** presents information on all the City of Mission's assets and liabilities, with the difference between the two reported as ***net assets***. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Mission is improving or deteriorating.

The statement of activities presents information showing how the government's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Mission that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mission include general government, public safety, highways and streets, health and welfare, sanitation, economic development, and culture and recreation. The business-type activities of the City of Mission include a utility system (water and sewer), a golf course operation, and a solid waste operation.

The government-wide financial statements include not only the City of Mission itself (known as the primary government), but also legally separate component units for which the City of Mission is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 37-39 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-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, which are considered major funds. Data from the other twenty-six 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 121 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 40-43 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 45-49 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 50-51 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 52-100 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 101-116 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. Combining statements and individual fund schedules begin on page 121 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Mission, assets exceeded liabilities by \$163,425,912 at the close of the most recent fiscal year.

The following table summarizes the City's net assets as of September 30, 2009.

Net Assets September 30, 2009						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
		RESTATED				RESTATED
Current and other assets	\$ 26,459,228	\$ 23,274,663	\$ 27,248,949	\$ 26,815,144	\$ 53,708,177	\$ 50,089,807
Capital assets	104,880,608	101,439,715	86,424,394	88,777,597	191,305,002	190,217,312
Total assets	131,339,836	124,714,378	113,673,343	115,592,741	245,013,179	240,307,119
Long-term liabilities	35,320,332	29,511,280	38,258,174	40,081,507	73,578,506	69,592,787
Other liabilities	3,214,954	3,575,410	4,793,807	4,806,053	8,008,761	8,381,463
Total liabilities	38,535,286	33,086,690	43,051,981	44,887,560	81,587,267	77,974,250
Net assets						
Invested in capital assets, net of related debt	81,796,368	80,154,508	58,872,531	59,781,770	140,668,899	139,936,278
Restricted	3,176,789	3,366,072	5,054,584	4,611,532	8,231,373	7,977,604
Unrestricted (deficit)	7,831,393	8,107,109	6,694,247	6,311,881	14,525,640	14,418,990
Total net assets	\$ 92,804,550	\$ 91,627,689	\$ 70,621,362	\$ 70,705,183	\$ 163,425,912	\$ 162,332,872

By far the largest portion of the City's net assets (86.08 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Mission uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Mission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Consequently, these long-term considerations have a significant impact on the resulting net assets; of which 5.04% are subject to external restrictions on how they may be used, leaving the remaining balance of 8.88% unrestricted net assets to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Mission is able to report positive balances in all three categories of net assets; both for the City as a whole, as well as for its separate governmental and business-type activities. The total net assets reflect an increase of \$1,093,040 compared to the prior year.

Analysis of Changes in Net Assets

The following table summarizes the changes in the City's net assets from its activities for the fiscal year ended September 30, 2009.

City of Mission Changes in Net Assets September 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:		RESTATED				RESTATED
Program revenues:						
Charges for services	\$ 2,952,904	\$ 3,365,342	\$ 21,939,768	\$ 21,299,197	\$ 24,892,672	\$ 24,664,539
Operating grants and contributions	6,389,650	6,453,451	172,971	518,466	6,562,621	6,971,917
Capital grants and contributions	1,962,259	11,098,136	684,120	5,629,520	2,646,379	16,727,656
General Revenues:						
Property taxes	17,798,280	16,335,934	-	-	17,798,280	16,335,934
Other taxes	12,305,413	12,592,167	-	-	12,305,413	12,592,167
Other	688,901	1,242,083	231,164	280,447	920,065	1,522,530
Total revenues	<u>42,097,407</u>	<u>51,087,113</u>	<u>23,028,023</u>	<u>27,727,630</u>	<u>65,125,430</u>	<u>78,814,743</u>
Expenses:						
General government	7,742,072	8,100,542	-	-	7,742,072	8,100,542
Public safety	20,240,072	16,907,573	-	-	20,240,072	16,907,573
Highways and streets	4,223,462	5,654,237	-	-	4,223,462	5,654,237
Economic development	3,084,465	2,301,994	-	-	3,084,465	2,301,994
Culture and recreation	5,125,473	4,905,126	-	-	5,125,473	4,905,126
Health and welfare	374,867	334,726	-	-	374,867	334,726
Interest on long-term debt	1,730,135	1,512,067	-	-	1,730,135	1,512,067
Utility system	-	-	15,343,467	14,665,301	15,343,467	14,665,301
Golf course operations	-	-	1,388,041	1,276,139	1,388,041	1,276,139
Solid waste operations	-	-	4,780,337	4,372,005	4,780,337	4,372,005
Total expenses	<u>42,520,546</u>	<u>39,716,265</u>	<u>21,511,845</u>	<u>20,313,445</u>	<u>64,032,391</u>	<u>60,029,710</u>
Increases in net assets before transfers	(423,139)	11,370,848	1,516,178	7,414,185	1,093,039	18,785,033
Transfers	<u>1,600,000</u>	<u>1,000,000</u>	<u>(1,600,000)</u>	<u>(1,000,000)</u>	-	-
Changes in net assets	<u>1,176,861</u>	<u>12,370,848</u>	<u>(83,822)</u>	<u>6,414,185</u>	<u>1,093,039</u>	<u>18,785,033</u>
Net assets-10/01/08	<u>91,627,689</u>	<u>79,256,841</u>	<u>70,705,183</u>	<u>64,290,998</u>	<u>162,332,872</u>	<u>143,547,839</u>
Net assets-09/30/09	<u>\$ 92,804,550</u>	<u>\$ 91,627,689</u>	<u>\$ 70,621,361</u>	<u>\$ 70,705,183</u>	<u>\$ 163,425,911</u>	<u>\$ 162,332,872</u>

Total revenues generated from both governmental and business-type activities for this year were \$65,125,430 reflecting a decrease of \$13,689,313 or 17.37% compared to last year.

- Capital Grants and Contributions decreased approximately 84.18% compared to prior year. The reason for this decrease is attributable to a decrease in capital contributions received from the component units as well as contributions from developers declining due to the economic conditions that have affected the nation as well as the City.
- Property taxes and other taxes increased 4.06% compared to the prior year. The City's tax rate increased from \$0.5566 to \$0.5666 per \$100 valuation for FY 2009; in addition, the property values increased by 6.7% for FY 2009. The City's economic condition continues to grow, but at a slower pace. The Anzalduas International Bridge, which directly connects the City of Mission to the City of Reynosa, Nuevo Leon, Mexico, is scheduled to open in December 2009. The opening of this bridge is expected to bring commercial and retail development along the Anzalduas Highway, currently under construction, which will

connect the bridge with US Highway 83. As this area is develops, the City anticipates significant increases in both sales tax and property tax revenues.

- Charges for services had a slight increase of 1% compared to prior year. Water rates were increased by 3% for FY 2009.

Expenses increased by \$4 million or 6.67% compared to prior year. Some of the factors that contributed to the overall increase are:

- Depreciation, which reflects a 14.12% increase over prior year.
- Employee benefits increased by 17.01%, caused by an increase in employee retirement contributions, which increased 29.98%. The City's Full Rate Retirement Annual Required Contribution (ARC) was calculated to be 13.27%; however, the City funded 10.84%, requiring the creation of a Net Pension Obligation under GASB 27. The City has the option to fund the Full Rate over a period of eight years; however, the City will fund the Full Rate by FY 2011.
- Wages increased by 4.84%. The increase in wages is attributed to payment of sick leave and vacation benefits paid to employees who retired or left the City, during the year, plus 8 new positions that were added during the fiscal year.

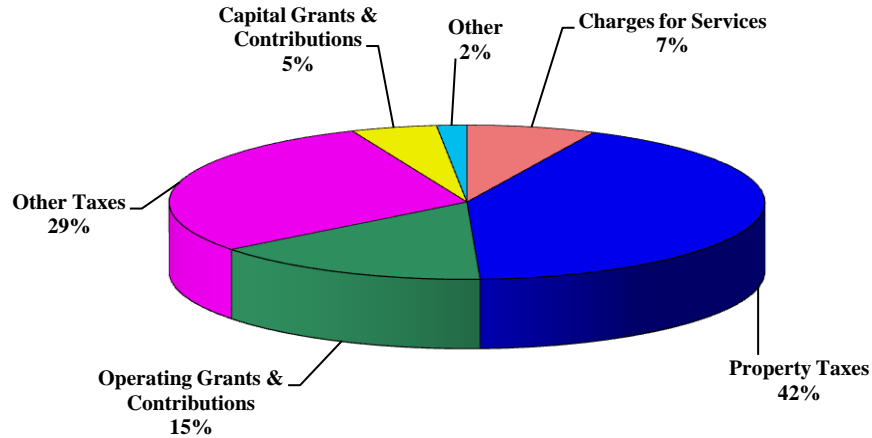
Governmental activities. Governmental activities increased the City of Mission's net assets by \$1,176,861 thereby accounting for 100% of the total growth in net assets. The major contributor to the increase in governmental activities net assets were transfers-in which increased by \$600,000. Total expenses exceeded revenues by \$423,139. Some of the factors that attributed to the decrease in revenues are as follows:

Program revenues decreased by 45.95% compared to prior year. Although, the City has not experienced the full effect of the economic problems that the Nation is facing, it has seen a drastic decline in building and related permits.

- The number of permits issued decreased by 12.95%. Total number of permits issued for FY 2009 was 3,947 compared to 4,534 issued in FY 2008.
- Capital grants and contributions decreased by 82.32%. The entire amount of capital contributions was received from several developers. The City's component units did not undertake any infrastructure projects; therefore not conveying any assets to the City in FY 2009.
- Tax revenues represent 71% of all governmental activities revenues. As displayed in the following graph, property taxes are the largest single source of funds comprising 42% of total revenues, while other taxes make up 29% of total revenues. As mentioned on page 23, the City increased the property tax rate of \$0.5566 to \$0.5666 per \$100 valuation for FY 2009, while property values reflect a 6.7% increase for FY 2009. The City's economic condition continues to grow, but at a slower pace. The Anzalduas International Bridge, which directly connects the City of Mission to the City of Reynosa, Nuevo Leon, Mexico,

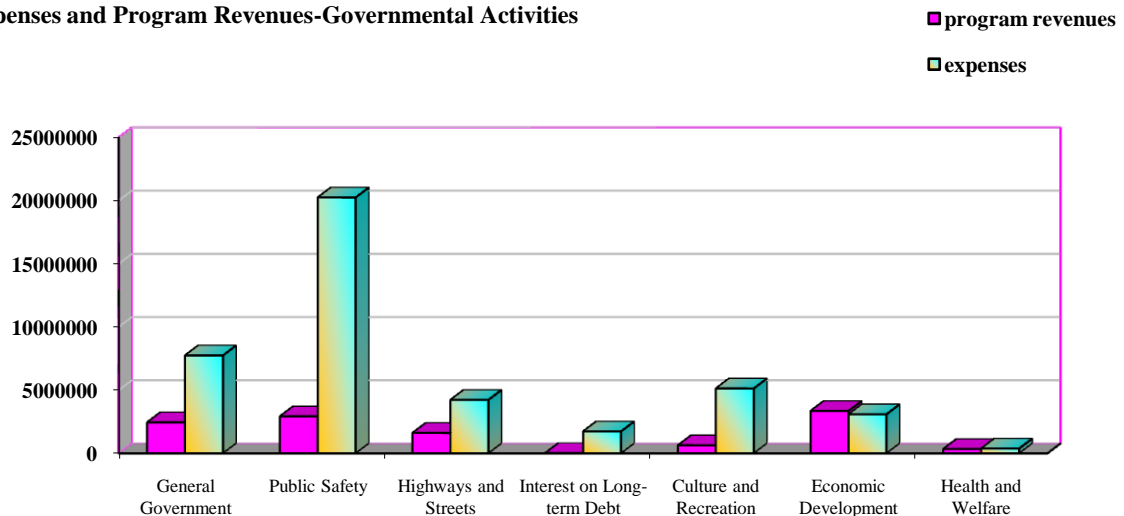
is scheduled to open in December 2009. The opening of this bridge is expected to bring commercial and retail development along the Anzalduas Highway, currently under construction, which will connect the bridge with US Highway 83. As this area is develops, the City anticipates significant increases in both sales tax and property tax revenues.

Revenues by Source-Governmental Activities



The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 73.41% of total expenses for fiscal year 2009.

Expenses and Program Revenues-Governmental Activities



Expenses for **governmental activities** of the City totaled \$42,520,546 for the year ended September 30, 2009. Expenses increased by 7.06% compared to fiscal year 2008. The major factors that affected the increase were salaries and employee benefits.

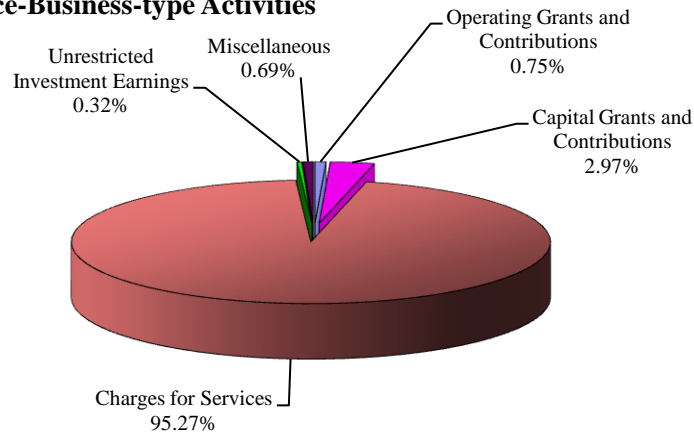
- Wages increased by 5.84%. The increase in wages is attributed to increase in overtime cost, payments of accrued sick leave and vacation benefits to various employees who retired or left the City, plus 8 new positions added during the fiscal year.

- Public Safety expenses reflect an increase of 19.71% compared to prior year. The increase is attributed to increases in depreciation expense, employee benefits, and overtime; plus the previously mention 8 positions added to the police department in FY 2009. In addition, the Fire Department received a “SAFER” grant for the hiring of 12 additional firefighters in FY 2007, with the City’s share increasing incrementally until it reaches 100%, in FY 2011. For FY 2009, the City’s cost was 50%.
- Employee benefits increased by 17.85%, caused by an increase in employer retirement contributions, which increased 31.50%. The City’s Full Rate Retirement Annual Required Contribution (ARC) was calculated to be 13.27% and the City funded 10.84%, which required the creation of a Net Pension Obligation under GASB 27. The City has the option to fund the Full Rate over a period of eight years; however, the City will fund the Full Rate by FY 2011.
- Another activity that contributes to the increase of the governmental expenses is economic development activity. The City established the Tax Increment Reinvestment Zone Number One (TIRZ) on September 24, 2001, and since its creation, the City has been contributing property tax collections generated in this zone to the TIRZ. Hidalgo County also participates in the TIRZ and also contributes a portion of the property taxes it collects in the zone to the TIRZ. These contributions are reflected as part of the economic development activity, and they are anticipated to continue increasing as the TIRZ continues to expand due to commercial, industrial, and residential development. Total contributions increased 34%% from FY 2008.
- Interest on long-term debt activity increased 14.42% compared to prior year. The City issued \$13,360,000 in new debt during FY 2009. The \$300,000 Tax Note was used to purchase the San Jose Catholic Cemetery from the Roman Catholic Diocese of Brownsville, Texas. The \$5.4 million Certificate of Obligation was issued for various park projects, including the construction of two new gyms for the Boys and Girls Club. The \$7.5 million Refunding Bonds were issued to refund \$7.4 million of outstanding obligations.

Business-type activities. Business-type activities decreased the City of Mission’s net assets by \$83,822. Revenues reflect a decrease of 16.95% compared to prior year.

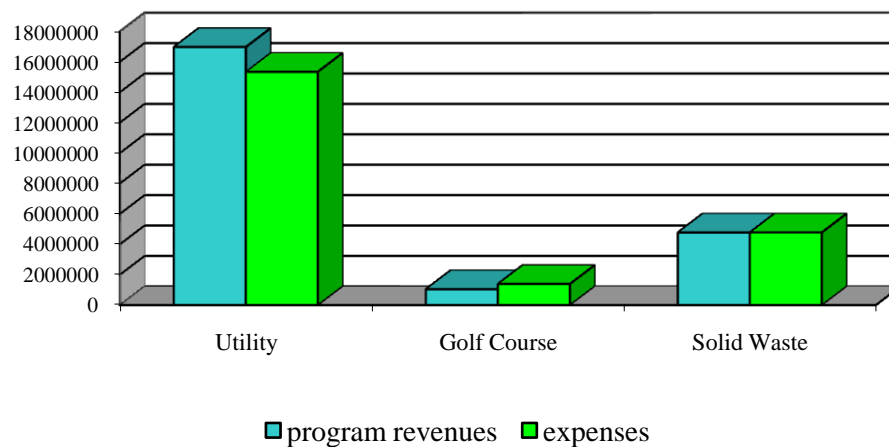
- Charges for Services reflect a 3% increase in comparison to the prior year. The primary reason was the previously mentioned increase in water rates of 3% in FY 2009.
- Capital Grants and Contributions reflect a decrease of 87.85% in comparison to prior year. Developers contributed \$684,120 in infrastructure to the City. The City’s Component Units made no capital contributions in FY 2009.

Revenues by Source-Business-type Activities



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

Expenses and Program Revenues-Business-type Activities



- Expenses for **business-type activities** of the City totaled \$21,511,845 an increase of 5.9% compared to prior year. The increase was attributed to an increase in benefits, which increased approximately 13% in comparison to prior year. The employee retirement benefit increased 21%. The City's Full Rate Retirement Annual Required Contribution (ARC) was calculated to be 13.27% and the City funded 10.84%, which required the creation of a Net Pension Obligation under GASB 27. The City has the option to fund the Full Rate over a period of eight years; however, the City will fund the Full Rate by FY 2011.
- Another factor that contributed to the increase in expenses was depreciation expense, which increased 13%.

Financial Analysis of Government's Funds

As noted earlier, the City of Mission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

(General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds)

As a result of this year's operations, governmental funds (as reflected in the balance sheet on page 40) increased the combined fund balance to \$19,236,442, an increase of \$3,473,934 from last year.

Revenues and Transfers-In

The following table presents a summary of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds revenues and transfers-in for the fiscal years ended September 30, 2009 and 2008.

Revenues & Transfers-In	2009 Amount	% of Total	2008 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 30,319,269	58.04%	\$29,184,694	\$ 1,134,575	3.89%
Licenses and permits	515,229	0.99%	696,135	(180,906)	-25.99%
Intergovernmental	5,002,401	9.58%	5,624,673	(622,272)	-11.06%
Charges for services	954,560	1.83%	1,131,486	(176,926)	-15.64%
Fines and Forfeitures	820,359	1.57%	845,877	(25,518)	-3.02%
Investment Income	132,095	0.25%	570,477	(438,382)	-76.84%
Miscellaneous	2,804,625	5.37%	2,169,766	634,859	29.26%
Transfers-in	5,593,315	10.71%	2,867,662	2,725,653	95.05%
Special Items	293,295	0.56%	-	293,295	100.00%
Bond Proceeds	5,804,678	11.11%	7,000,000	(1,195,322)	N/A
Total	<u>\$ 52,239,826</u>	<u>100.00%</u>	<u>\$50,090,770</u>	<u>\$ 2,149,056</u>	<u>4.29%</u>

Taxes – The most significant increase in taxes this year is attributable to property taxes, which increased \$1.3 million or 10.47% over last year. Sales tax reflects a 2.4% decrease.

Licenses and permits – The decrease in licenses and permits was attributed to the reduction of construction permits issued during the year. Total permits issued in FY 2009 were 3,947 a 12.95% reduction compared to prior year.

Intergovernmental revenues – The decrease was a result of reduction of government grants awarded to the City.

Miscellaneous – The Mission Economic Development Corporation (MEDC), a component unit, reimbursed the City approximately \$1.9 million for various economic development projects which the City undertook during FY 2009. The projects include the construction of a road to the National Butterfly Center and various improvements to the City's Bentsen Palm Community Park.

Transfers-In – The transfers-in include a \$1,341,351 transfer from the General Fund to the newly created Capital Projects Fund for the construction of a police/fire substation, which will be constructed on the southeast side of the City. The substation will provide services to the Anzalduas International Bridge, which is scheduled to open on December 16, 2009. The transfers-in also include a transfer from the enterprise funds into the General Fund for \$1.6 million, an

increase of \$600,000 over the prior year. This transfer is for the ongoing maintenance of streets and alleys damaged by the repair and maintenance to water and sewer lines.

Bond Proceeds – As previously mentioned, the City issued \$13,360,000 in new debt; however, \$7,565,000 was to refund \$7.4 million in outstanding obligations and the proceeds not reflected at the fund level. The 2009 Certificate of Obligation proceeds will be used various park improvements, including two new gyms for the Boys and Girls Club. The 2008 Tax Note proceeds were used for the purchase of the San Jose Cemetery from the Roman Catholic Diocese of Brownsville, Texas.

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, 2009 and 2008.

Expenditures & Transfer-Out	2009 Amount	Percent of Total	2008 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General government	\$ 7,708,433	15.81%	\$ 7,906,361	\$ (197,928)	-2.50%
Public Safety	17,265,004	35.40%	16,849,849	415,155	2.46%
Highways and streets	3,598,796	7.38%	3,547,259	51,537	1.45%
Health and welfare	373,037	0.76%	343,248	29,789	8.68%
Culture and recreation	4,778,975	9.80%	4,759,234	19,741	0.41%
Economic development	3,084,465	6.33%	2,301,994	782,471	33.99%
Capital projects	4,388,605	9.00%	4,174,716	213,889	5.12%
Debt service:					
Principal	1,723,765	3.53%	1,803,502	(79,737)	-4.42%
Interest and fiscal charges	1,262,520	2.59%	1,239,202	23,318	1.88%
Transfers-Out and special items	4,582,293	9.40%	1,867,662	2,714,631	145.35%
Total	<u>\$ 48,765,893</u>	<u>100.00%</u>	<u>\$ 44,793,027</u>	<u>\$ 3,972,866</u>	<u>8.87%</u>

Highways and streets – The City's goal is to make sure that streets are maintained at all times and as the City annexes more area, the cost of street improvements will continue to increase. During the 2009 fiscal year, the City annexed approximately 506.67 acres.

Economic Development – This activity reflects the property tax contributions to the Mission Redevelopment Authority for taxes collected in the Tax Increment Zone. This amount will continue to increase as the property in the Zone is developed.

Capital Projects – The City issued \$5.8 million in Certificate of Obligations during FY 2009 for various projects. This category will fluctuate depending on the status of the project.

Transfers Out – Transfers-out include \$1,341,941 transferred from the General Fund to the newly created Capital Projects Fund for the construction of a police/fire substation. In addition, the General Fund and the Debt Service Fund transferred approximately \$1.6 million to the TIRZ Fund for property taxes collected in the Tax Increment Zone.

Fund Balances

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,236,442, an increase of \$3,473,934 or 22.04% in comparison to prior year. The increase is primarily due to unspent bond proceeds from the 2009 Certificate of Obligations issued for various park improvements and two new gyms for the Boys and Girls Club. Of the total fund balance, \$8,244,830 represents unreserved fund balance for all governmental funds, which is available for spending at the City's discretion. The remainder of the fund balance is reserved indicating that it is not available for new spending because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period (\$184,584), or 2) a variety of other restricted purposes (\$10,807,028).

The General Fund is the chief operating fund of the City of Mission. Due to the strong performance from property tax as well as keeping expenditures as a whole, under control, the increase to fund balance was \$1,428,382 or 24.42%. As of September 30, 2009, fund balance increased to \$7,278,077. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24% of total General Fund expenditures, while total fund balance represents 25% of that same amount.

The Capital Improvement Funds reflected an increase to fund balance due to the issuance of \$5.495 million in Certificate of Obligations during the current year. Bond proceeds will be used for various park improvements and two new gyms for the Boys and Girls Club.

Proprietary Funds

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

At the end of the year, total unrestricted net assets amounted to \$6,073,759. The Utility Fund and the Solid Waste Fund had unrestricted net assets of \$6,951,849 and \$228,696 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net assets of \$1,106,786.

The Utility Fund unrestricted net assets increased by \$765,338. Operating revenues increased by 2% compared to prior year. As mention earlier, the water rates were increased by 3% during FY 2009. The City is in a continuing process of connecting of various colonias to the City's sewer system. During the just completed fiscal year, these additional connections increased sewer revenues by 5.5%. Expenses increased by 2.5% in comparison to prior year. The main reason was due to the increase in depreciation expense.

The Golf Course Fund borrowed working capital from the Utility Fund to meet its daily operational expenses during the year. Golf Course revenues reflect an increase of \$12,483 from prior year. Expenses increased by 5% 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. In September 2009, the Mission Economic Development Corporation (MEDC) borrowed \$3 million to replace the Golf Course irrigation system damaged by Hurricane Dolly, as well as for

the remodeling of the Golf Course Club House. All the improvements to the Course are expected to attract Golf tournaments and bring in players who currently play at other area golf courses.

General Fund Budgetary Highlights

During the year the City Council amended the budget several times. Generally, adjustments to the budget relate to requests not considered during the normal budgetary process.

Total budget savings were \$1,750,336. Expenditures reflect a savings of \$2,365,738 while revenues reflect a shortfall of \$615,401.

- The most significant positive revenue variances are reflected in property taxes, intergovernmental, and miscellaneous revenues. Property tax values increased due to adjustments to the certified tax roll. Property tax collections were budgeted at 92% collection rate while the actual collection rate was 94%.
- Licenses and permits, and sales tax revenues reflect the most significant negative variance. The City is starting to feel the effect of the economic problems that the nation is facing and it is reflected on these two revenue categories. Sales tax revenues reflect a 2.4% shortfall and licenses and permit revenues reflect a 26% reduction compared to prior year.
- Expenditures came in under budget largely due to several positions left unfilled throughout the year and capital outlay items that were not purchased. In addition, departments kept a very close watch on expenditures, keeping in line with the budget. The most significant savings is reflected in the Public Safety departments. The Police Department came in under budget by \$462,066 due to unfilled vacancies, while the Fire Department reflects a saving of \$1,483,301, attributed to lower than anticipated capital outlay expenditures. The budget included funds for construction of a new fire station; however, the project was postponed until FY 2010 and the funds were transferred to the Capital Projects Fund, (see transfers-out). The Fire Department savings is offset by the negative variance in transfers-out.

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, 2009, amounts to \$191,304,999 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, and water system. The total increase in the City of Mission's investment in capital assets for the current fiscal year was \$1,087,184 (3.39% increase for governmental activities and a 2.65% reduction for business-type activities).

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

- Infrastructure decreased in the governmental activities by \$377,502 (net) compared to prior year. The decrease is attributed to an increase in depreciation expense of 13.04% in comparison to the prior year.

- Buildings and systems in the business-type activities increased by \$3,443,222 (net) or 4.81% compared to prior year. Phase II of the North EDAP project that included connection of 45 colonias to the City's sewer collection system was completed and capitalized. In the governmental activities, buildings and systems reflect a decrease of \$669,418 (net) due to the removal of the City Hall Annex Building, which was leased to the Chamber of Commerce for 99 years. The Chamber of Commerce will be responsible for all maintenance costs associated with the building.
- Construction-In Progress (CIP) for both the governmental activities (net increase of \$1,621,217) and business-type activities (net decrease of \$5.5 million) also reflects changes. Among the projects included in the governmental activities CIP are the Bentsen Palm Park and Mile 2 Road projects, both slated to be completed during FY 2010. The decrease in the business-type activities is due to the capitalization of various projects which include: the EDAP sewer project, the Northeast Water Tower, Hunt Valley Force Main, South Bryan Lift Station, and the Shary/Bus. 83 Water Line Project.

Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
		RESTATED				RESTATED
Land and water rights	\$ 32,230,906	\$ 31,272,593	\$ 7,382,602	\$ 7,382,602	\$ 39,613,508	\$ 38,655,195
Buildings and system	14,322,460	14,991,878	75,047,855	71,604,633	89,370,315	86,596,511
Improvements other than buildings	3,546,342	2,786,845	458,834	546,396	4,005,176	3,333,241
Machinery and equipment	6,758,418	5,610,137	1,789,841	1,948,685	8,548,259	7,558,822
Infrastructure	41,753,687	42,131,189	-	-	41,753,687	42,131,189
Construction in progress	6,268,793	4,647,576	1,745,261	7,295,281	8,014,054	11,942,857
Total	<u>\$ 104,880,606</u>	<u>\$ 101,440,218</u>	<u>\$ 86,424,393</u>	<u>\$ 88,777,597</u>	<u>\$ 191,304,999</u>	<u>\$ 190,217,815</u>

Additional information on the City of Mission's capital assets can be found in note 6 on pages 70-71 of this report.

Long-term debt. At the end of the current fiscal year, the City of Mission had total long-term debt outstanding of \$69,908,385, an increase of 3.90% compared to prior year. The increase was attributed to the issuance of \$5,495,000 in Certificate of Obligations, \$7,565,000 in Refunding Bonds, and \$300,000 in Tax Notes. The \$300,000 Tax Note was used to purchase the San Jose Cemetery from the Roman Catholic Diocese of Brownsville, Texas. The 2009 Certificate of Obligation bond proceeds will be used for various park projects, including the construction of two new gyms for the Boys and Girls Club. The 2009 Refunding bonds refunded \$7.4 million outstanding obligations.

City of Mission
General Obligations, Revenue Bonds, and Other Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Public property financing contractual obligations	\$ 80,000	\$ 1,075,000	\$ 125,000	\$ 245,000	\$ 205,000	\$ 1,320,000
Certificate of obligations	23,335,000	25,675,000	95,000	185,000	23,430,000	25,860,000
Revenue bonds	-	-	22,298,939	23,385,811	22,298,939	23,385,811
Refunding bonds	7,565,000	-	15,515,000	16,485,000	23,080,000	16,485,000
Tax notes	240,000	-	-	-	240,000	-
Capital Leases	81,739	186,456	300,706	46,603	382,445	233,059
Bank notes	272,001	-	-	-	272,001	-
Total	<u>\$ 31,573,740</u>	<u>\$ 26,936,456</u>	<u>\$ 38,334,645</u>	<u>\$ 40,347,414</u>	<u>\$ 69,908,385</u>	<u>\$ 67,283,870</u>

Moody's Investors Service rated the City of Mission's bonds issued during fiscal year 2009, as "A3".

As of September 30, 2009, the City had no authorized and unissued debt; however, the Texas Water Development Board had notified the City that it had been granted an \$8,285,000 zero interest loan. These funds will be provided through the American Recovery Reinvestment Act of 2009 (ARRA). The City approved the issuance of this debt in November, 2009. The proceeds will be used for the expansion of the City's water plant. The bonds were closed on December 18, 2009. Additional information on the City of Mission's long-term debt can be found in note 9 on pages 72-80 of this report.


Economic Factors and Next Year's Budgets and Rates

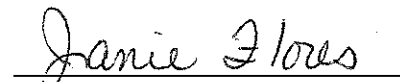
- The unemployment rate for the City of Mission is currently 9.3%, increasing from 7.2% in prior year. The state and national average unemployment rates are 7.9 percent and 9.4 percent respectively.
- Appraised values used in preparing the 2009-2010 Budget were \$213 million higher than the prior year.
- The 2010 Budget was prepared using an adopted tax rate of \$0.5566 per \$100 valuation, which is a \$0.01 reduction from last year's rate of \$0.5666 per \$100 valuation.
- The water and sewer rates remained unchanged in the 2010 Budget.
- The 2010 Budget also reflects an increase in various golf course fees. The new rates and fees will be comparable to rates charged by other municipal golf courses in the area.
- The 2010 General Fund operating budget was prepared using \$5,454,487 as the estimated unreserved fund balance at September 30, 2009. The actual unreserved fund balance for the General Fund was \$7,083,203; nevertheless, \$5,023,813 is the projected fund balance at September 30, 2010. Revenues reflect a 1% net increase while expenditures also reflect a 1% increase.

- The City is currently analyzing its current financial situation and will implement the necessary measures to increase its fund balance. The City is required, by resolution, to maintain at least three months of operating expenditures in its Unreserved Fund Balance and at September 30, 2009, it met 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 8th Street, City of Mission, Texas, 78572.



Julio C. Cerda, P.E.
City Manager

Jamie Flores
Finance Director

BASIC FINANCIAL STATEMENTS

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CITY OF MISSION, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
ASSETS					
Cash and cash equivalents	\$ 3,910,579	\$ 1,256,895	\$ 5,167,474	\$ 453,458	\$ 267,991
Investments	16,108,449	5,106,004	21,214,453	1,394,623	911,894
Receivables, net	4,840,785	2,999,847	7,840,632	505,916	-
Internal balances	(520,302)	520,302	-	-	-
Due from primary government	-	-	-	-	335,920
Due from component unit	1,366,465	428,889	1,795,354	-	-
Inventory	2,151	229,890	232,041	-	-
Prepaid items	6,910	7,208	14,118	-	-
Deferred charges	611,847	768,376	1,380,223	-	508,115
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	36,800	-	36,800	-	-
Restricted assets	93,144	15,931,538	16,024,682	3,596,155	-
Capital assets:					
Land, water rights, and construction in progress	38,499,699	9,127,863	47,627,562	189,422	1,154,402
Other capital assets, net of accumulated depreciation	66,380,909	77,296,531	143,677,440	-	-
Total Assets	<u>131,339,836</u>	<u>113,673,343</u>	<u>245,013,179</u>	<u>6,139,574</u>	<u>3,178,322</u>
LIABILITIES					
Accounts payable	1,112,600	771,494	1,884,094	194,922	465,175
Customer deposits	-	1,821,418	1,821,418	-	-
Accrued interest payable	277,940	511,874	789,814	48,164	49,753
Other liabilities	408,244	112,847	521,091	-	2,738,262
Subdividers deposits	-	1,343,266	1,343,266	-	-
Retainage payable	92,644	95,889	188,533	-	-
Accrued payroll	376,428	78,973	455,401	-	-
Due to primary government	-	-	-	2,048	1,793,306
Due to component unit	335,920	-	335,920	-	-
Unearned revenues	611,178	58,046	669,224	-	-
Non-current liabilities:					
Due within one year	2,982,416	2,677,020	5,659,436	335,864	487,334
Due in more than one year	32,337,916	35,581,154	67,919,070	7,344,136	10,051,165
Total Liabilities	<u>38,535,286</u>	<u>43,051,981</u>	<u>81,587,267</u>	<u>7,925,134</u>	<u>15,584,995</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	81,796,368	58,872,531	140,668,899	-	-
Restricted for:					
Debt Service	1,371,257	3,797,646	5,168,903	547,500	880,418
Construction	-	303,856	303,856	3,000,491	5,150
Perpetual care-expandable	46,684	-	46,684	-	-
Held in trust for scholarships and books	25,287	-	25,287	-	-
Other purposes	1,733,561	953,081	2,686,642	-	-
Unrestricted	7,831,393	6,694,247	14,525,640	(5,333,551)	(13,292,241)
Total Net Assets	<u>\$ 92,804,550</u>	<u>\$ 70,621,362</u>	<u>\$ 163,425,912</u>	<u>\$ (1,785,560)</u>	<u>\$ (12,406,673)</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, 2009

EXHIBIT A-2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 7,742,072	\$ 1,658,320	\$ 701,528	\$ 85,643
Public safety	20,240,072	121,003	1,986,826	810,112
Highways and streets	4,223,462	565,910	2,975	1,042,240
Health and welfare	374,867	256,293	84,472	-
Culture and recreation	5,125,473	351,378	253,322	24,264
Economic development	3,084,465	-	3,349,516	-
Interest and fiscal charges on long-term debt	1,730,135	-	11,011	-
Total Governmental Activities	<u>42,520,546</u>	<u>2,952,904</u>	<u>6,389,650</u>	<u>1,962,259</u>
Business-type Activities:				
Utility	15,343,467	16,114,327	172,971	684,120
Golf Course	1,388,041	1,047,543	-	-
Solid Waste	4,780,337	4,777,898	-	-
Total Business-type Activities	<u>21,511,845</u>	<u>21,939,768</u>	<u>172,971</u>	<u>684,120</u>
Total Primary Government	<u>\$ 64,032,391</u>	<u>\$ 24,892,672</u>	<u>\$ 6,562,621</u>	<u>\$ 2,646,379</u>
COMPONENT UNITS:				
Mission Economic Development Corporation	\$ 3,712,607	\$ -	\$ 85,288	\$ 491
Mission Redevelopment Authority	2,104,207	-	-	-
Total Component Units	<u>\$ 5,816,814</u>	<u>\$ -</u>	<u>\$ 85,288</u>	<u>\$ 491</u>
General Revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel/motel taxes				
Alcoholic beverage taxes				
Shared revenue-tax increment zone				
Grants and contributions				
Interest earned				
Miscellaneous				
Special item				
Transfers				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning - as originally presented				
Prior period adjustment				
Net Assets - Beginning - as restated				
Net Assets - Ending				

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (5,296,581)	\$ -	\$ (5,296,581)		
(17,322,131)	-	(17,322,131)		
(2,612,337)	-	(2,612,337)		
(34,102)	-	(34,102)		
(4,496,509)	-	(4,496,509)		
265,051	-	265,051		
(1,719,124)	-	(1,719,124)		
(31,215,733)	-	(31,215,733)		
-	1,627,951	1,627,951		
-	(340,498)	(340,498)		
-	(2,439)	(2,439)		
-	1,285,014	1,285,014		
<u>\$ (31,215,733)</u>	<u>\$ 1,285,014</u>	<u>\$ (29,930,719)</u>		
			\$ (3,626,828)	\$ -
			-	(2,104,207)
			<u>\$ (3,626,828)</u>	<u>\$ (2,104,207)</u>
17,798,280	-	17,798,280	-	-
9,552,728	-	9,552,728	3,184,243	-
2,265,859	-	2,265,859	-	-
400,690	-	400,690	-	-
86,136	-	86,136	-	-
137,427	-	137,427	-	2,947,039
1,002	-	1,002	-	-
110,515	71,342	181,857	23,405	9,412
636,427	159,822	796,249	-	-
(196,470)	-	(196,470)	-	-
1,600,000	(1,600,000)	-	-	-
32,392,594	(1,368,836)	31,023,758	3,207,648	2,956,451
<u>1,176,861</u>	<u>(83,822)</u>	<u>1,093,039</u>	<u>(419,180)</u>	<u>852,244</u>
91,171,472	70,705,183	161,876,655	(1,366,380)	(13,258,917)
456,217	-	456,217	-	-
91,627,689	70,705,183	162,332,872	(1,366,380)	(13,258,917)
<u>\$ 92,804,550</u>	<u>\$ 70,621,361</u>	<u>\$ 163,425,911</u>	<u>\$ (1,785,560)</u>	<u>\$ (12,406,673)</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

EXHIBIT A-3

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 567,118	\$ 545,692	\$ 2,512,361	\$ 3,625,171
Investments	5,244,541	822,000	7,457,880	13,524,421
Receivables:				
Taxes, including interest and penalties	1,682,612	421,942	-	2,104,554
Accounts	1,132,852	-	230,499	1,363,351
Special assessments	-	-	121,903	121,903
Less: allowance for uncollectibles	(1,118,204)	(67,047)	(43,485)	(1,228,736)
Accrued interest receivable	952	475	2,071	3,498
Due from other governments	1,779,053	-	682,954	2,462,007
Due from other funds	575,157	-	1,677,271	2,252,428
Due from component unit	1,366,465	-	-	1,366,465
Inventory	2,151	-	-	2,151
Prepaid items	6,910	-	-	6,910
Restricted assets	-	-	93,144	93,144
Long-term receivable	36,800	-	-	36,800
Total Assets	<u>\$ 11,276,407</u>	<u>\$ 1,723,062</u>	<u>\$ 12,734,598</u>	<u>\$ 25,734,067</u>
LIABILITIES				
Accounts payable	\$ 418,930	\$ -	\$ 367,480	\$ 786,410
Accrued interest payable	-	46,008	-	46,008
Other liabilities	386,150	-	22,094	408,244
Retainage payable	-	-	92,644	92,644
Accrued payroll	352,095	-	24,333	376,428
Due to other funds	1,487,658	190,190	463,110	2,140,958
Due to component unit	-	-	335,920	335,920
Unearned revenue	1,353,498	346,338	611,178	2,311,014
Total Liabilities	<u>3,998,331</u>	<u>582,536</u>	<u>1,916,759</u>	<u>6,497,626</u>
FUND BALANCES:				
Reserved for encumbrances	149,013	-	35,571	184,584
Reserved for long-term receivable	36,800	-	-	36,800
Reserved for capital projects	-	-	7,815,108	7,815,108
Reserved for debt service	-	1,140,526	-	1,140,526
Reserved for perpetual care	-	-	46,684	46,684
Reserved for scholarships and books	-	-	25,287	25,287
Reserved for inventory	2,151	-	-	2,151
Reserved for prepaid items	6,910	-	-	6,910
Reserved for other purposes	-	-	1,733,562	1,733,562
Unreserved	7,083,203	-	-	7,083,203
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	1,161,627	1,161,627
Total Fund Balances	<u>7,278,077</u>	<u>1,140,526</u>	<u>10,817,839</u>	<u>19,236,442</u>
Total Liabilities and Fund Balances	<u>\$ 11,276,408</u>	<u>\$ 1,723,062</u>	<u>\$ 12,734,598</u>	<u>\$ 25,734,068</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS**EXHIBIT A-4****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Total fund balances - governmental funds balance sheet	\$ 19,236,442
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	104,880,606
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,699,836
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,928,084
Payables for bond principal which are not due in the current period are not reported in the funds.	(31,220,000)
Payable for bond interest which are not due in the current period are not reported in the funds.	(231,932)
Payables for notes which are not due in the current period are not reported in the funds.	(272,001)
Payables for capital leases which are not due in the current period are not reported in the funds.	(81,739)
Payables for long term liability not due in the current period and not reported in the funds.	(497,319)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(2,674,037)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(426,052)
Unamortized issuance cost unavailable for current-period expenditures and are deferred in the SNA	611,846
Unamortized premium unavailable for current-period expenditures and are deferred in the SNA	(149,184)
Net assets of governmental activities - statement of net assets	<u>\$ 92,804,550</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT A-5

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	\$ 26,129,135	\$ 3,282,923	\$ 907,210	\$ 30,319,269
Licenses and permits	515,229	-	-	515,229
Intergovernmental	1,250,000	-	3,752,401	5,002,401
Charges for services	549,085	-	405,475	954,560
Fines	820,359	-	-	820,359
Interest	53,946	11,011	67,138	132,095
Miscellaneous	2,495,630	-	140,554	2,636,184
Total Revenues	<u>31,813,384</u>	<u>3,293,935</u>	<u>5,272,779</u>	<u>40,380,098</u>
EXPENDITURES				
Current:				
General government	6,952,377	-	756,056	7,708,433
Public safety	15,229,515	-	2,035,489	17,265,004
Highways and streets	3,138,814	-	459,982	3,598,796
Health and welfare	288,565	-	84,472	373,037
Culture and recreation	3,448,036	-	1,330,939	4,778,975
Economic development	-	-	3,084,465	3,084,465
Capital projects	-	-	4,388,605	4,388,605
Debt service:				
Principal	104,717	1,480,000	139,048	1,723,765
Interest and fiscal charges	23,373	1,221,130	18,017	1,262,520
Total Expenditures	<u>29,185,397</u>	<u>2,701,130</u>	<u>12,297,073</u>	<u>44,183,600</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>2,627,987</u>	<u>592,805</u>	<u>(7,024,295)</u>	<u>(3,803,503)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	309,678	-	5,495,000	5,804,678
Bond premium	-	-	168,441	168,441
Transfers in	1,813,694	206	3,779,415	5,593,315
Transfers out	(3,322,977)	(441,658)	(228,680)	(3,993,315)
Total Other Financing Sources (Uses)	<u>(1,199,605)</u>	<u>(441,452)</u>	<u>9,214,176</u>	<u>7,573,120</u>
SPECIAL AND EXTRAORDINARY ITEMS:				
Special item	-	-	(295,683)	(295,683)
Total Special and Extraordinary Items	<u>-</u>	<u>-</u>	<u>(295,683)</u>	<u>(295,683)</u>
Net Change in Fund Balances	1,428,382	151,353	1,894,198	3,473,934
Fund Balances at Beginning of Year	<u>5,849,695</u>	<u>989,173</u>	<u>8,923,641</u>	<u>15,762,509</u>
Fund Balances at End of Year	<u>\$ 7,278,077</u>	<u>\$ 1,140,526</u>	<u>\$ 10,817,839</u>	<u>\$ 19,236,442</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, 2009*

Net change in fund balances - total governmental funds	\$ 3,473,935
Amounts reported for governmental activities in the statement of activities ("SOA" are different because:	
Capital outlays are not reported as expenses in the SOA	6,435,041
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,675,620)
The gain or loss on the sale of capital assets is not reported in the funds.	-
Donation of capital assets increase net assets in the SOA but not in the funds.	1,707,955
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	290,946
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the SOA.	(5,795,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,480,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	139,048
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	104,717
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(693,171)
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(150,044)
(Increase) decrease in accrued interest from beginning of period to end of period.	(73,910)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(266,587)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(379,482)
Capital assets net of related debt received from the Boys and Girls Club, Inc.	579,034
Change in net assets of governmental activities - statement of activities	<u>\$ 1,176,862</u>

The accompanying notes are an integral part of this statement.

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CITY OF MISSION, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2009

EXHIBIT A-7

	Business-type Activities-Enterprise Funds				Nonmajor Internal Service Fund Group Health Employee Plan Fund
	Utility Fund	Golf Course Fund	Solid Waste	Total	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,170,248	\$ 5,050	\$ 81,597	\$ 1,256,895	\$ 285,408
Investments	5,095,004	11,000	-	5,106,004	2,584,028
Restricted assets:					
Cash and cash equivalents	1,917,113	-	-	1,917,113	-
Investments	14,010,409	-	-	14,010,409	-
Accrued interest	4,016	-	-	4,016	-
Receivables	2,788,874	8,368	946,545	3,743,787	15,915
Less: allowance for uncollectibles	(522,516)	-	(222,862)	(745,378)	-
Accrued interest	1,417	21	-	1,438	693
Due from other funds	960,539	-	-	960,539	-
Due from component unit	428,889	-	-	428,889	-
Inventories (at cost)	211,737	18,153	-	229,890	-
Prepaid items	6,650	558	-	7,208	-
Total Current Assets	26,072,380	43,150	805,280	26,920,810	2,886,044
Noncurrent Assets:					
Deferred charges	768,078	298	-	768,376	-
Capital assets:					
Land, water rights, and construction in progress	7,324,811	1,803,052	-	9,127,863	-
Other capital assets, net of accumulated depreciation	76,073,200	1,223,331	-	77,296,531	-
Total Noncurrent Assets	84,166,089	3,026,681	-	87,192,770	-
Total Assets	\$ 110,238,469	\$ 3,069,831	\$ 805,280	\$ 114,113,580	\$ 2,886,044
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 347,303	\$ 9,611	\$ 414,580	\$ 771,494	\$ 972
Claims payable	-	-	-	-	325,218
Accrued payroll	61,472	17,501	-	78,973	-
Compensated absences payable	146,713	43,618	-	190,331	-
Due to other funds	764	959,962	100,000	1,060,726	11,283
Unearned revenue	-	58,046	-	58,046	-
Accrued interest	511,201	673	-	511,874	-
Other liabilities	36,125	14,718	62,004	112,847	-
Subdividers deposits	1,343,266	-	-	1,343,266	-
Retainage payable	95,889	-	-	95,889	-
Customer deposits	1,821,418	-	-	1,821,418	-
Current portion of long-term debt	2,297,316	189,373	-	2,486,689	-
Total Current Liabilities	6,661,467	1,293,502	576,584	8,531,553	337,473
Other Non-Current Liabilities:					
Long term compensated absences	184,070	35,172	-	219,242	-
Capital lease payable	-	206,332	-	206,332	-
Revenue bonds, net of current portion, discount, and deferred amount on refunding	35,144,944	10,636	-	35,155,580	-
Total Other Non-Current Liabilities	35,329,014	252,140	-	35,581,154	-
Total Liabilities	41,990,481	1,545,642	576,584	44,112,707	337,473
NET ASSETS					
Invested in capital assets, net of related debt	56,241,556	2,630,975	-	58,872,531	-
Restricted for:					
Debt service	3,797,646	-	-	3,797,646	-
Capital projects	303,856	-	-	303,856	-
Other	953,081	-	-	953,081	-
Unrestricted	6,951,849	(1,106,786)	228,696	6,073,759	2,548,571
Total Net Assets	\$ 68,247,988	\$ 1,524,189	\$ 228,696	\$ 70,000,873	\$ 2,548,571
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				620,488	
Net Assets of Business-type Activities				\$ 70,621,361	

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

CITY OF MISSION, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT A-8

	Business-type Activities-Enterprise Funds	
	Utility Fund	Golf Course Fund
Operating revenues:		
Charges for services	\$ 16,132,735	\$ 1,094,377
Operating expenses:		
Insurance claim drafts	-	-
Premium payments	-	-
Utility administration	575,473	-
Water distribution	2,393,153	-
Water treatment	1,594,092	-
Wastewater treatment and collection	1,626,291	-
Industrial pretreatment	326,088	-
Utility collection	708,197	-
Organizational expenses	248,470	-
Northside water treatment plant	1,544,243	-
Depreciation	4,412,006	183,244
Cost of sales	-	118,190
Golf course operation	-	1,053,100
Solid waste disposal	-	-
Total Operating Expenses	13,428,013	1,354,534
Operating Income (Loss)	2,704,722	(260,157)
Nonoperating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	(1,331)	(5,464)
Interest earned	244,229	54
Other nonoperating revenue	-	100,000
Bond Interest expense	(1,840,485)	(5,035)
Bond fiscal charges	(8,170)	-
Other interest expense	-	(16,414)
Total Nonoperating Revenues (Expenses)	(1,605,757)	73,141
Net Income (Loss) Before Transfers and Capital Contributions	1,098,965	(187,016)
Transfers In (Out)	(1,500,000)	-
Capital Contributions	684,120	-
Change in Net Assets	283,085	(187,016)
Net Assets-Beginning of Year	67,964,903	1,711,205
Net Assets-End of Year	\$ 68,247,988	\$ 1,524,189

The accompanying notes are an integral part of this statement.

	Business-type Activities-Enterprise Funds		Nonmajor Internal Service Fund
	Solid Waste	Total	Group Health Employee Plan Fund
	\$ 4,779,273	\$ 22,006,386	\$ 2,564,884
	-	-	2,369,522
	-	-	602,912
	-	575,473	-
	-	2,393,153	-
	-	1,594,092	-
	-	1,626,291	-
	-	326,088	-
	-	708,197	-
	-	248,470	-
	-	1,544,243	-
	-	4,595,250	-
	-	118,190	-
	-	1,053,100	-
	4,780,337	4,780,337	-
	4,780,337	19,562,884	2,972,434
	(1,064)	2,443,502	(407,550)
	-	(6,795)	-
	30	244,313	33,118
	-	100,000	-
	-	(1,845,520)	-
	-	(8,170)	-
	-	(16,414)	-
	30	(1,532,586)	33,118
	(1,034)	910,916	(374,432)
	(100,000)	(1,600,000)	-
	-	684,120	-
	(101,034)	(4,964)	(374,432)
	329,730		2,923,003
	\$ 228,696		\$ 2,548,571

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.

Change in net assets of business-type activities \$ (83,824)

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CITY OF MISSION, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
EXHIBIT A-9

	Enterprise Funds			Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Group Health
Cash Flows from Operating Activities:				
<i>Cash Received from Customers</i>	\$ 16,248,893	\$ 1,095,794	\$ 4,801,467	\$ 22,146,154
<i>Cash Received from Interfund Services Used</i>	-	-	-	2,716,285
<i>Cash Payments from Interfund Services Used</i>	-	-	-	(2,879,662)
<i>Cash Payments to Employees for Services</i>	(3,394,905)	(719,482)	-	(4,114,387)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(6,320,301)	(249,984)	(4,619,900)	(11,190,185)
Net Cash Provided (Used) by Operating Activities	6,533,687	126,329	181,567	(163,376)
Cash Flows from Non-Capital Financing Activities:				
<i>Proceeds (payments) from component unit</i>	-	100,000	-	100,000
<i>Transfers From (To) Other Funds</i>	(1,500,000)	-	(100,000)	(1,600,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,500,000)	100,000	(100,000)	-
Cash Flows from Capital and Related Financing Activities:				
<i>Proceeds from sale of capital assets</i>	(1,331)	-	-	(1,331)
<i>Principal and Interest Paid</i>	(3,543,206)	(223,653)	-	(3,766,859)
<i>Acquisition or Construction of Capital Assets</i>	(1,229,400)	(2,682)	-	(1,232,082)
<i>Contributed Capital</i>	44,078	-	-	44,078
Net Cash Provided (Used) for Capital & Related Financing Activities	(4,729,859)	(226,335)	-	(4,956,194)
Cash Flows from Investing Activities:				
<i>Purchase of Investment Securities</i>	(19,738,452)	(11,000)	-	(19,749,452)
<i>Proceeds from Sale and Maturities of Securities</i>	18,405,310	-	-	18,405,310
<i>Interest on Investments</i>	160,395	33	30	160,458
Net Cash Provided (Used) for Investing Activities	(1,172,747)	(10,967)	30	(1,183,684)
Net Increase (Decrease) in Cash and Cash Equivalents	(868,919)	(10,974)	81,597	(798,295)
Cash and Cash Equivalents at Beginning of Year	3,956,279	16,024	-	3,972,303
Cash and Cash Equivalents at End of Year	\$ 3,087,360	\$ 5,051	\$ 81,597	\$ 3,174,008
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 2,704,722	\$ (260,157)	\$ (1,064)	\$ 2,443,501
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
<i>Depreciation</i>	4,412,006	183,244	-	4,595,250
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	(150,335)	(332)	22,194	(128,473)
<i>Decrease (Increase) in Inventories</i>	(83,285)	4,908	-	(78,377)
<i>Decrease (Increase) in Prepaid Expenses</i>	(415)	(558)	-	(973)
<i>Decrease (Increase) in Due from Other Funds</i>	(87,222)	-	-	(87,222)
<i>Decrease (Increase) in Due from Other Governments</i>	99,128	-	-	99,128
<i>Increase (Decrease) in Accounts Payable</i>	(604,638)	(5,994)	154,178	(456,454)
<i>Increase (Decrease) in Customer Deposits</i>	87,390	-	-	87,390
<i>Increase (Decrease) in Accrued Wages Payable</i>	3,191	6,546	-	9,737
<i>Increase (Decrease) in Due to Other Funds</i>	(10,508)	182,541	4,104	176,137
<i>Increase (Decrease) in Other Liabilities</i>	6,358	11,224	2,154	19,736
<i>Increase (Decrease) in Subdividers Deposits Payable</i>	79,975	-	-	79,975
<i>Increase (Decrease) in Compensated Absences Payable</i>	77,320	4,918	-	82,238
<i>Increase (Decrease) in Deferred Revenue</i>	-	(11)	-	(11)
Total Adjustments	3,828,965	386,486	182,631	4,398,082
Net Cash Provided (Used) by Operating Activities	\$ 6,533,687	\$ 126,329	\$ 181,567	\$ 6,841,583
Non-Cash Capital Financing Activities				
<i>Contributed Capital Assets</i>	\$ 640,042	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

EXHIBIT A-10

	Private-purpose Trust Fund Speer Library- Breyfogle
ASSETS	
Cash and cash equivalents	\$ 6,708
Investments	-
Accrued interest receivable	-
Total Assets	<u>\$ 6,708</u>
LIABILITIES	
Total liabilities	<u>-</u>
NET ASSETS	
Held in trust for scholarships and books	<u>\$ 6,708</u>
Total Net Assets	<u>\$ 6,708</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****FOR THE YEAR ENDED SEPTEMBER 30, 2009****EXHIBIT A-11**

	Private-purpose Trust Fund Speer Library- Breyfogle
Additions:	
Investment Income	\$ 38
Total Additions	38
Deductions:	
Scholarship Awards	-
Total Deductions	-
Change in Net Assets	38
Net Assets-Beginning of the Year	6,670
Net Assets-End of the Year	\$ 6,708

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The City of Mission is a municipal corporation governed by an elected mayor and a four member Council. The accompanying financial statements of the reporting entity include those of the City of Mission (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City.

Blended Component Units

None.

Discretely Presented Component Units

The Mission Economic Development Corporation (MEDC) was organized on behalf of the City of Mission 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 five member board of directors, each of which is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. MEDC's primary source of revenues is sales tax revenues generated by the City of Mission. In addition, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC's bylaws and Articles of Incorporation. MEDC is presented as a governmental fund type and has a September 30 year end.

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

Mission Economic Development Corporation
1201 E. 8th St.
Mission, Texas 78572

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

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

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

Mission Redevelopment Authority
c/o Hawes, Hill & Calderon, LLP
2500 Tanglewilde Suite 260
Houston, Texas 77063

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of 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 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 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 operational or capital requirements of a particular function or segment.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

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

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

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

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

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

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

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

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The Group Health Employee 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 on invested resources, may be used to support the organization's activities. There is no requirement that any portion of these resources be preserved as capital.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and 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, bankers acceptance and U.S. Treasury and agency obligations are reported at amortized cost. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value except for certificates of deposit which are stated at cost.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. In general, this policy allows the City to invest in certificates of deposit, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

The Mission Economic Development Corporation (MEDC) is authorized to invest in certificates of deposit, obligations of the U.S. Government and its agencies, or instrumentalities and state obligations. Investments are reported at amortized cost in the component unit, except for certificates of deposit which are stated at cost. MEDC's bank accounts are managed by the City and the City's investment policies are followed.

The Mission Redevelopment Authority is authorized to invest in any investments that are permitted by state statutes under the Public Funds Investment Act. During the year, MRA's investments consisted entirely of Money Market Mutual funds which are valued at cost which approximates market.

E. Receivables/Payables

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds". "Due to/from other funds" represents the current portion of interfund loans. "Advances to/from other funds" represents the non-current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

F. Inventory

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

G. Restricted Assets

Certain proceeds of Utility Fund revenue bonds, as well as certain resources set aside for their

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "interest and sinking fund" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "reserve fund" account is used to report resources set aside to make up potential future deficiencies in the interest and sinking fund. The "extension and improvement fund" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

H. Capital Assets

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

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

Depreciation of capital assets used by proprietary funds is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of general capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however it is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of government-wide Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Useful Lives</u>
Buildings	30 years
Furniture and Equipment	5-15 years
Vehicles	3-20 years
Water plant and water tower	20-50 years
Water lines	25 years
Sewer system	20 years
Infrastructure	10-45 years

I. Construction Period Interest

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported only in the governmental activities column of the government-wide financial statements. Compensated absences vested or accumulated are only reported in the governmental funds only if they have matured. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards

Board Statement No. 16, Accounting for Compensated Absences, the vesting method can be used to calculate the liability related to compensated absences for sick leave. The vesting method focuses on vesting sick leave. Vesting rights include vested rights and those rights that will eventually vest. With the exception of police officers and firefighters, discussed below, the City has recognized a liability for the vested part of employee sick leave. Per the City's Personnel Policy Manual, one-half of accumulated sick days up to a maximum of 90 days will vest once an employee either reaches 15 years of service or is eligible for official retirement as defined by the Texas Municipal Retirement System.

As per the state statute, Police Officers and Firefighters are allowed to accumulate 15 sick days for 12 months of employment. They are entitled to receive a lump-sum payment of the full amount of accumulated sick leave not to exceed a total of 90 days pay. There is no requirement on vested time to receive this benefit.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental/business type activities or the specific proprietary fund to which each relates, as applicable. Bond premiums and discounts, as well as issuance costs, are unearned charges 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.

L. Fund Equity

In governmental fund financial statements, fund balance that represents amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose are reported as reservations of fund balance. Amounts representing tentative management plans, which are subject to change, are reported as designations of fund balance.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

M. Prepaid Items

In the governmental fund types, payments made for services that benefit periods beyond the current year are recorded as expenditures in the current year.

N. Internal Service Fund Activity

Because the principal users of the internal service activities are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statement. Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As mandated by the City Charter, budgets are required for all City funds each year. For the year ended September 30, 2009 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, 2009 (2008 levy), was \$0.5666 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,104,554 and sales taxes of \$1,501,034 for a total taxes receivable of \$3,605.588.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Primary Government

Deposits - At September 30, 2009, the carrying value of the City's deposits was \$16,805,739 and the bank balance was \$17,660,107. Of this bank balance, \$250,000 was covered by FDIC insurance, and the remainder was fully collateralized with securities held by the City's agent in the City's name.

Investment Policy

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

The City's policy authorizes the following investment instruments:

1. Obligations of the United States of America, its agencies and instrumentalities, which have a liquid market with a readily determinable market value.
2. Direct obligations of the State of Texas and agencies thereof.
3. Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or United States of America.
4. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent.
5. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in 1 through 4 above, which are intended to include all direct agency or instrumentality issued mortgage backed securities rated AAA by nationally recognized rating agency, or by Article 2529b-1, V.T.C.S., and that have a market value of not less than the principal amount of the certificates.
6. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities pledged with a third party, selected by the Finance Director, other than an agency for the pledgor. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A master repurchase agreement must be signed by the bank/dealer prior to investment in a repurchase agreement.
7. Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Interest Rate Risk -

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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, 2009:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Federal Home Loan Bank	\$ 500,000	\$ -	\$ 500,000
Texpool	25,097,628	25,097,628	-
Total	<u>\$ 25,597,628</u>	<u>\$ 25,097,628</u>	<u>\$ 500,000</u>

Credit Risk –

The City's investment policy authorizes the following pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2258 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Statutes authorize 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).

The City's investment policies and types of investments are governed by the Public Funds Investments Act (PFIA). The City's management believes that it complied with the requirements of the PFIA and the City's Investment policies.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS *(Continued)*

As of September 30, 2009, 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
Federal Home Loan Bank	AAA	2%
Texpool	AAA	98%

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, 2009, the following was the composition of the City's investment portfolio:

Investment Type	Rating	Exposure
Federal Home Loan Bank	AAA	2%
Texpool	AAA	98%

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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

Cash on hand	\$ 6,440
Carrying amount deposit	7,177,499
Investments	35,225,363
Less: Statement of Fiduciary Net Assets - investments	(6,708)
Cash and Investments Statement of Net Assets	<u>\$ 42,402,594</u>
Cash and cash equivalents	\$ 5,167,474
Investments	21,214,453
Restricted assets	16,024,682
Less: Accrued interest	(4,015)
Cash and Investments Statement of Net Assets	<u>\$ 42,402,594</u>

B. Component Units

Mission Economic Development Corporation

Deposits - At September 30, 2009, the carrying value of Mission Economic Development Corporation's deposits was \$2,142,810 and the bank balance was \$2,143,915. All deposits were fully insured or collateralized.

Investments - During the year, MEDC's investments consisted of obligations of the U.S. Government or its Agencies and instrumentalities. MRA had no investments at September 30, 2009.

Interest Rate Risk -

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2009:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 1,094,623	\$ 1,094,623	\$ -
Texpool	206,092	206,092	-
Texpool	2,000,325	2,000,325	-
	<u>\$ 3,301,040</u>	<u>\$ 3,301,040</u>	<u>\$ -</u>

Credit Risk –

MEDC's investment policy authorizes the following pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2258 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

MEDC's investment policies and types of investments are governed by the Public Funds Investments Act (PFIA). The Corporation's management believes that it complied with the requirements of the PFIA and the Corporation's Investment policies.

As of September 30, 2009, the following was the composition of MEDC's credit rating by investment:

Credit Quality Distribution of Securities		
With Credit Exposure as a Percentage of Total Investments		
Investment Type	Rating	Exposure
Texpool	AAA	33%
Texpool	AAA	6%
Texpool	AAA	61%

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Concentrations of Credit Risk –

Portfolio diversification is critically important to MEDC to help mitigate the risk of loss. The following are employed 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, 2009, the following was the composition of MEDC's investment portfolio:

Texpool	AAA	33%
Texpool	AAA	6%
Texpool	AAA	61%

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

Carrying amount deposit	\$	2,142,810
Investments		3,301,040
Cash and Investments Statement of Net Assets	\$	<u>5,443,850</u>
Cash and cash equivalents	\$	453,458
Investments		1,394,623
Restricted Assets		3,596,155
Less: Accrued Interest		(386)
Cash and Investments Statement of Net Assets	\$	<u>5,443,850</u>

Custodial Credit Risk –

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

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

MEDC is prohibited from investing in the following types of investments:

- e. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- f. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- g. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS *(Continued)*

- h. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Mission Redevelopment Authority

Deposits

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporations or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year end, the carrying amount of the Authority's deposits was \$267,991 and the bank balance was \$268,757. The bank balance was fully covered by federal depository insurance.

Investments

Under Texas statute, the Authority is required to invest in funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. Authority's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest Authority funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds insured, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

As of September 30, 2009, the Mission Redevelopment Authority had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More than 10
DEBT SERVICE FUND-					
Money Market Mutual Fund	\$ 911,894	\$ 911,894	-	-	-

Credit Risk. Credit Risk is the risk that the issuer or the counterparty to an investment will not fulfill its obligations. At September 30, 2009, the Authority's Money Market Fund investment rating was AAA.

Interest Rate Risk. Interest Rate Risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority considers the investment in the Money Market Fund to have a maturity of less than one year due to the fact that share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund receivable and payable balances at September 30, 2009 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 463,110
General Fund	Utility Fund	764
General Fund	Solid Waste Fund	100,000
General Fund	Group Health Employee Plan Fund	11,283
Utility Fund	Golf Course Fund	959,962
Utility Fund	Debt Service Fund	577
Capital Projects Fund	General Fund	1,341,351
Special Revenue Funds	General Fund	146,307
Special Revenue Funds	Debt Service Fund	189,613
		<u>\$ 3,212,967</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

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

B. Due to/from the primary government and component unit at September 30, 2009 were as follows:

Receivable Entity	Payable Entity	Amount
Primary Government - General Fund	Component Unit - MEDC	\$ 2,048
Primary Government - Utility Fund	Component Unit - MRA	428,889
Primary Government - General Fund	Component Unit - MRA	1,364,417
		<u>\$ 1,795,354</u>

C. Interfund Transfers:

		Transfer In:		
		General	Debt Service	Nonmajor
Transfer Out:		Fund	Fund	Governmental
				Funds
General Fund	\$ -	\$ -	\$ 3,322,978	\$ 3,322,978
Nonmajor Governmental Funds	213,694	206	14,780	228,680
Debt Service Fund	-	-	441,658	441,658
Solid Waste Fund	100,000	-	-	100,000
Utility Fund	1,500,000	-	-	1,500,000
Total Transfer Out	<u>\$ 1,813,694</u>	<u>\$ 206</u>	<u>\$ 3,779,416</u>	<u>\$ 5,593,316</u>

The transfer out of the general fund to the capital projects fund was to cover the expenditures for the construction projects. Other transfers out from the general to nonmajor governmental funds were to sustain the operating activities of those funds.

A nonmajor governmental fund transferred funds to the General Fund to sustain ongoing activities within the police department. A transfer from the Solid Waste Fund to the General Fund was to sustain the ongoing maintenance of streets and alleys destroyed by the garbage trucks on a daily basis. A transfer from the Utility Fund to the General Fund was to help defray the maintenance and repair costs of damages to streets when water and sewer lines must be accessed as well as offset costs incurred by the General Fund in support of the Utility Fund operations.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	Balance at October 1, 2008			Balance at September 30, 2009
	Restated	Increases	Decreases	
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 31,272,593	\$ 958,313	\$ -	\$ 32,230,906
Construction in progress	4,647,576	4,378,305	(2,757,088)	6,268,793
Total capital assets, not being depreciated	35,920,169	5,336,618	(2,757,088)	38,499,699
Capital assets, being depreciated:				
Buildings	18,587,688	1,389,394	(1,405,659)	\$ 18,571,423
Improvements other than buildings	5,765,822	999,111	(12,916)	6,752,017
Machinery and equipment	16,150,290	2,641,784	(32,581)	18,759,493
Infrastructure	67,498,048	2,929,556	-	70,427,604
Total capital assets, being depreciated	108,001,848	7,959,845	(1,451,156)	114,510,537
Less accumulated depreciation for:				
Buildings	(3,595,809)	(653,154)	-	(4,248,963)
Improvements other than buildings	(2,978,977)	(226,697)	-	(3,205,674)
Machinery and equipment	(10,540,153)	(1,488,711)	27,790	(12,001,074)
Infrastructure	(25,366,859)	(3,307,059)	-	(28,673,918)
Total accumulated depreciation	(42,481,798)	(5,675,621)	27,790	(48,129,629)
Total capital assets, being depreciated, net	65,520,050	2,284,224	(1,423,366)	66,380,908
Governmental Activities Capital Assets, Net	\$ 101,440,219	\$ 7,620,842	\$ (4,180,454)	\$ 104,880,607
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,640,102	\$ -	\$ -	\$ 3,640,102
Water Rights	3,742,500	-	-	3,742,500
Construction in progress	7,295,281	1,065,517	(6,615,537)	1,745,261
Total assets, not being depreciated	14,677,883	1,065,517	(6,615,537)	9,127,863
Capital assets, being depreciated:				
Buildings and system	104,724,843	7,255,667	-	111,980,510
Improvements other than buildings	1,804,772	-	-	1,804,772
Furniture and equipment	5,716,708	544,145	(123,161)	6,137,692
Total assets, being depreciated	112,246,323	7,799,812	(123,161)	119,922,974
Less accumulated depreciation:				
Buildings and system	(33,120,210)	(3,812,444)	-	(36,932,654)
Improvements other than buildings	(1,258,376)	(87,563)	-	(1,345,939)
Furniture and equipment	(3,768,023)	(695,243)	115,415	(4,347,851)
Total accumulated depreciation	(38,146,609)	(4,595,250)	115,415	(42,626,444)
Total capital assets, being depreciated, net	74,099,714	3,204,562	(7,746)	77,296,530
Business-type Activities Capital Assets, Net	\$ 88,777,597	\$ 4,270,079	\$ (6,623,283)	\$ 86,424,393

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 6 – CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	\$ 221,107
Public safety	1,261,327
Highways and streets, including depreciation of general infrastructure assets	3,436,631
Sanitation	17,391
Culture and recreation	739,164
Total depreciation expense -governmental acitivities	<u>\$ 5,675,620</u>

Business-type Activities:

Utility	\$ 4,412,006
Golf Course	183,244
Total depreciation expense - business-type acitivities	<u>\$ 4,595,250</u>

NOTE 7 – RECEIVABLES

Receivables at September 30, 2009 were as follows:

	Taxes	Accounts	Special Assessments	Due From Other Governments	Other	Allowance for Uncollectibles	Net Receivables
Governmental Activities:							
General	\$ 1,682,612	\$ 1,146,367	\$ -	\$ 1,779,053	\$ 1,645	\$ (1,118,204)	\$ 3,491,473
Debt Service	421,942	-	-	-	475	(67,047)	355,370
Other							
Governmental	-	230,499	121,903	682,954	2,071	(43,485)	993,942
Total Governmental Activities	<u>\$ 2,104,554</u>	<u>\$ 1,376,866</u>	<u>\$ 121,903</u>	<u>\$ 2,462,007</u>	<u>\$ 4,191</u>	<u>\$ (1,228,736)</u>	<u>\$ 4,840,785</u>
Business-type Activities							
Utility	\$ -	\$ 2,788,875	\$ -	\$ -	\$ 1,417	\$ (522,516)	\$ 2,267,776
Golf Course	-	8,368	-	-	21	-	8,389
Solid Waste	-	946,545	-	-	-	(222,862)	723,683
Total Business-type Activities	<u>\$ -</u>	<u>\$ 3,743,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,438</u>	<u>\$ (745,378)</u>	<u>\$ 2,999,848</u>

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

	Utility Fund	Solid Waste Fund
Gross Operating Revenues	\$ 16,132,735	\$ 1,094,378
Uncollectibles Related to Current Year	(60,529)	(19,462)
Net Operating Revenues	<u>\$ 16,072,206</u>	<u>\$ 1,074,916</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES

A. At September 30, 2009 the City had the following other liabilities:

Payable To	Governmental Activities	Business Type Activities	Total
Due to State	\$ 124,320	\$ 63,067	\$ 187,387
Wages & Deductions	251,834	42,054	293,888
Court Deposits/Refunds	4,622	-	4,622
Tax Attorney	16,079	-	16,079
Due to Other	11,389	7,726	19,115
	<u>\$ 408,244</u>	<u>\$ 112,847</u>	<u>\$ 521,091</u>

B. At September 30, 2009 the Mission Redevelopment Authority had the following other liabilities:

Payable to Developers	<u>\$ 2,738,262</u>
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NOTE 9 - LONG-TERM DEBT

Public Property Financing Contractual Obligations

The City issues public property financing contractual obligations to finance the acquisition of personal property. These types of bonds have been issued by the City both for governmental activities as well as business-type activities. The original amount of public property financing contractual obligations, a portion of which remain outstanding, issued in prior years was \$4,225,000.

Public Property Financing Contractual Obligations payable at September 30, 2009 are comprised of the following:

Governmental and Business-type activities:

\$2,165,000, Public Property Financing Contractual Obligations, Series 2000, of which \$1,835,000 represents general long-term debt (\$330,000 represents Utility Fund debt) due in annual installments ranging from \$220,000 to \$4,000 through February 15, 2016; interest at 4.50% to 5.75%.

\$40,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

\$2,390,000 Public Property Financing Contractual Obligations, Series 2003, of which \$1,020,000 represents general, long-term debt (\$1,370,000 represents Utility Fund debt) due in annual installments ranging from \$40,000 to \$450,000 through February 15, 2010; interest at 2.00% to 3.25%	<u>165,000</u>
Total Public Property Financing Contractual Obligations	<u>\$ 205,000</u>

Public Property Financing Contractual Obligations debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 80,000	\$ 12,338	\$ 125,000	\$ 2,031
Total	<u>\$ 80,000</u>	<u>\$ 12,338</u>	<u>\$ 125,000</u>	<u>\$ 2,031</u>

Certificates of Obligation

The City issues Certificates of Obligation to finance construction projects. These types of bonds have been issued by the City both for governmental activities as well as business-type activities. The original amount of certificates of obligation, a portion of which remain outstanding, issued in prior years was \$30,300,000.

Certificates of Obligation payable at September 30, 2009 are comprised of the following:

Governmental activities and Business-Type Activities:

\$4,000,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2000, payable in annual installments ranging from \$80,000 to \$285,000 through February 15, 2026 interest at 4.875% to 5.875%.	\$120,000
\$4,120,000 Combination Tax & Revenue Certificates of Obligation, Series 2003, payable in annual installments ranging from \$120,000 to \$295,000 through February 15, 2028 interest at 3.00% to 5.00%	3,750,000
\$1,035,000 Combination Tax & Limited Pledge Revenue Series 2004, payable in annual installments ranging from \$50,000 to \$100,000 through September 30, 2017 interest at 4.00% to 4.375%	775,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

\$4,550,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005, of which \$4,115,000 represents general long-term debt (\$435,000 represents Golf Course Fund debt) due in annual installments ranging from \$75,000 to \$325,000 through February 15, 2025; interest at 3.00% to 4.25%	3,195,000
\$4,100,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005A, of which \$4,100,000 represents general long-term debt due in annual installments ranging from \$140,000 to \$325,000 through February 15, 2026; interest at 4.00% to 5.25%	3,815,000
\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007, of which \$7,000,000 represents general long-term debt due in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027; interest at 5.00% to 4.25%	6,280,000
\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, Series 2009, of which \$5,495,000 represent general long-term debt due in annual installments ranging from \$85,000 to \$415,000 through February 15, 2019; interest at 3.00% to 5.25%	<u>5,495,000</u>
Total Certificates of Obligations	\$ <u>23,430,000</u>

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

Year Ending September 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,165,000	\$ 1,194,499	\$ 95,000	\$ 1,544
2011	1,270,000	955,600	-	-
2012	1,250,000	905,562	-	-
2013	1,030,000	859,856	-	-
2014	1,095,000	817,219	-	-
2015-2019	5,705,000	3,383,899	-	-
2020-2024	6,720,000	2,052,748	-	-
2025-2029	5,100,000	489,562	-	-
Total	<u>\$ 23,335,000</u>	<u>\$ 10,658,945</u>	<u>\$ 95,000</u>	<u>\$ 1,544</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

General Obligation

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

General Obligations payable at September 30, 2009 are comprised of the following:

Governmental activities:

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

Total General Obligations Bond \$7,565,000

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2010	\$ 375,000	\$ 298,537
2011	565,000	261,040
2012	520,000	244,765
2013	540,000	228,865
2014	435,000	214,240
2015-2019	2,285,000	849,150
2020-2024	2,350,000	366,344
2025-2029	495,000	26,381
Total	<u>\$ 7,565,000</u>	<u>\$ 2,489,322</u>

Revenue Bonds

The City also issued bonds for which it pledges net revenues derived from the waterworks and sewer system accounted for in the Utility Fund to pay debt service requirements.

Revenue bonds payable at September 30, 2009 are comprised of the following:

Business – type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System EDAP Junior Lien
Revenue Serial Bonds due in annual installments ranging from \$16,000
to \$50,000 from April 1, 1996 through 2015; interest at 5.3% to 7.0%. \$ 256,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

\$2,032,000 1995-B Waterworks and Sewer System SRF Junior Lien Revenue Serial Bonds due in annual installments ranging from \$64,000 to \$156,000 from April 1, 1996 through 2015; interest at 4.05% to 5.35%.	824,000
\$14,645,000 2004-A Waterworks and Sewer System Junior Lien Revenue Serial Bond due in annual installments ranging from \$460,000 to 1,155,000 from September 30, 2009 through 2027; interest payments starting October 1, 2004 at 3.15% to 5.20%.	13,215,000
\$603,000 2004-B Waterworks and Sewer System Junior Lien Revenue Serial Bond due in annual installments ranging from \$18,000 to \$49,000 from October 1, 2005 through 2018; interest payments starting October 1, 2004 at 3.93% to 5.53%.	546,000
\$ 18,300,000 2006 Waterworks and Sewer System Revenue Refunding Serial Bonds due in annual installments ranging from \$630,000 to \$1,185,000 from February 15, 2007 through 2027; interest at 4.25% to 5.0%.	15,515,000
\$ 8,765,000 2006-A Waterworks and Sewer System Revenue Serial Bonds due in monthly installments of \$38,443 beginning November 1, 2007 and every first Wednesday of each month through November 5, 2025; with a variable interest. These bonds were issued through a special program from the Office of the Texas Governor called the Texas Industry Development Loan Program. This program is administered by the Texas Small Business Industrial Development Corporation (TSBIDC). Project revenues from the State of Texas program may partially or totally offset interest requirements of the debt.	<u>7,457,939</u>
Total Revenue Bonds Payable	<u><u>\$ 37,813,938</u></u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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
2010	\$ 2,172,316	\$ 1,625,904
2011	2,242,316	1,536,489
2012	2,042,316	1,448,664
2013	2,119,316	1,362,455
2014	2,224,759	1,284,559
2015-2019	10,635,136	4,909,877
2020-2024	10,844,579	2,636,986
2025-2029	5,533,200	328,107
Total	<u>\$ 37,813,938</u>	<u>\$ 15,133,041</u>

Advance Refunding:

The government issued \$7,565,000 of refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in escrow revenue for the purpose of generating resources for all future debt service payments of \$375,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental type activities column of the statements of net assets. The requisition price extended the net carrying amount of the old debt by \$285,232. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is no shorter than the life of the debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$564,620 and resulted in an economic gain of \$420,250.

Prior Year Advance Refunding:

In a previous year, the City of Mission defeased a bond issue for the Utility Fund. U.S. Government, State and Local Government securities were purchased and placed in an escrow account for the purpose of generating resources for all future debt service payments of that debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Utility Fund and the business activities column of the statement of net assets. At September 30, 2009 the amount of defeased debt outstanding for the 1996 Waterworks and Sewer System Revenue Bond was \$7,845,000.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

Notes Payable

The City entered into a loan agreement to purchase San Jose Cemetery. The City, also, acquired two loans that belonged to the Boys and Girls Club of Mission, Texas. Note payables at September 30, 2009 consist of the following:

Governmental-type activities:

\$300,000 Tax note payable to First National Bank dated, August 1, 2008, payable in monthly installments of \$6,000, through January 2013, interest at 4.50%.	\$240,000
\$175,000 Note payable to First National Bank dated, March 14, 2007, payable in monthly installments of \$25,899, through September 2015, interest at 8.25%.	132,748
\$175,000 Note payable to Lone Star National Bank dated, June 02, 2006, payable in monthly installments of \$24,654, through September 2017, interest at 7.25%.	<u>139,253</u>
Total Notes Payable	<u>\$ 512,001</u>

Note payable debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2010	\$ 108,906	\$ 20,465
2011	110,765	16,233
2012	112,734	11,892
2013	66,818	7,900
2014	45,027	5,526
2015-2019	<u>67,751</u>	<u>4,761</u>
Total	<u>\$ 512,001</u>	<u>\$ 66,777</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2009 was follows:

	Balance at September 30, 2008	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2009	Amounts Due within One Year
<u>Governmental Activities:</u>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 1,075,000	\$ -	\$ 995,000	\$ 80,000	\$ 80,000
Certificates of Obligation	25,675,000	5,495,000	7,835,000	23,335,000	1,165,000
General Obligations	-	7,565,000	-	7,565,000	375,000
Less: Loss On refunding	-	(285,232)	(2,867)	(282,365)	-
Plus Issuance Premium	280,268	168,441	17,160	431,549	-
Total Bonds Payable	27,030,268	12,943,209	8,844,293	31,129,184	1,620,000
Notes Payable	-	606,603	94,602	512,001	108,906
Capital Leases	186,452	-	104,717	81,735	35,166
Compensated Absences	2,294,556	1,296,518	917,037	2,674,037	1,218,343
Governmental Activity					
Long-term Liabilities	<u>\$ 29,511,276</u>	<u>\$ 14,846,330</u>	<u>\$ 9,960,649</u>	<u>\$ 34,396,957</u>	<u>\$ 2,982,415</u>
<u>Business-type Activities:</u>					
Bonds Payable:					
Public Property Financing					
Contractual Obligations	\$ 245,000	\$ -	\$ 120,000	\$ 125,000	\$ 125,000
Certificate of Obligations	185,000	-	90,000	95,000	95,000
Revenue Bonds	39,870,811	-	2,056,873	37,813,938	2,172,316
Less: Loss On refunding	(720,820)	-	(37,937)	(682,883)	-
Plus issuance premium	127,577	-	6,715	120,862	-
Total Bonds Payable	39,707,568	-	2,235,651	37,471,917	2,392,316
Capital Leases	46,603	367,088	112,985	300,706	94,373
Compensated Absences	327,335	247,560	165,323	409,572	190,331
Business-type Activity					
Long-term Liabilities	<u>\$ 40,081,506</u>	<u>\$ 614,648</u>	<u>\$ 2,513,959</u>	<u>\$ 38,182,195</u>	<u>\$ 2,677,020</u>

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

The Utility Fund capitalized \$11,845 of bond interest expense as part of various construction projects for the year-ended September 30, 2009.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 9 - LONG-TERM DEBT (Continued)

Reconciliation to Statement of Net Assets:	Governmental Activities	Business-type Activities
Long term liabilities at September 30, 2009	\$ 34,396,957	\$ 38,182,195
Less: Amounts due within one year	(2,982,415)	(2,677,020)
Plus: Net pension obligations	426,052	75,979
Anzaldua bridge payable	497,319	-
Total liabilities due in more than one year (Exhibit A-1)	<u>\$ 32,337,913</u>	<u>\$ 35,581,154</u>

NOTE 10 - COMPONENT UNIT - LONG-TERM DEBT PAYABLE

A. Mission Economic Development Corporation (MEDC)

Mission Economic Development Corporation (MEDC) has issued sales tax revenue bonds to finance various construction projects to enhance economic development in the Mission area. These bonds are to be repaid with sales tax revenue.

Sales tax revenue bonds payable at September 30, 2009 for the MEDC are comprised of the following:

\$1,415,000 (Tax-Exempt) Sales Tax Revenue Serial Bonds Series 1995 due in annual installments ranging from \$30,000 to \$110,000 from January 1, 1997 through 2020; interest at 5.25% to 6.60%.	\$ 900,000
\$5,180,000 Subordinate Lien Sales Tax Revenue Bonds Series 1999 due in annual installments ranging from \$110,000 to \$345,000 from February 15, 2000 through 2024; interest at 4.15% to 5.0%. Bonds maturing in 2010 and beyond are subject to being called in increments of \$5,000.	<u>3,780,000</u>
Total	<u>\$ 4,680,000</u>

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

Year Ending September 30,	Principal	Interest
2010	\$ 235,000	\$ 235,416
2011	245,000	223,624
2012	260,000	210,995
2013	275,000	197,437
2014	290,000	182,939
2015-2019	1,690,000	664,492
2020-2024	<u>1,685,000</u>	<u>208,005</u>
Total	<u>\$ 4,680,000</u>	<u>\$ 1,922,908</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

Sales tax revenue notes payable at September 30, 2009 for the MEDC is comprised of the following:

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

\$3,000,000

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

Year Ending September 30,	Principal	Interest
2010	\$ 100,864	\$ 117,655
2011	104,891	113,627
2012	108,783	109,736
2013	632,491	100,055
2014	657,748	74,798
2015-2019	1,395,223	69,871
Total	<u>\$ 3,000,000</u>	<u>\$ 585,742</u>

The following is a summary of changes in long-term debt obligations for the MEDC for the year ended September 30, 2009:

	September 30, 2008	Obligations and Net Increases	and Net Decreases	September 30, 2009	Due within One Year
Sales Tax Revenue Bonds	\$ 4,905,000	\$ -	\$ 225,000	\$ 4,680,000	\$ 235,000
Sales Tax Revenue Note	-	3,000,000	-	3,000,000	100,864.00
	<u>\$ 4,905,000</u>	<u>\$ 3,000,000</u>	<u>\$ 225,000</u>	<u>\$ 7,680,000</u>	<u>\$ 335,864</u>

The above listed bond issues are to be repaid from the ½ cent sales tax levied under the Section 4B referred to in Note 1(A). Since the city of Mission is the entity authorized by state law to levy such sales tax, a financing agreement was signed between the City of Mission and MEDC to permit the transfer from the City of Mission to the MEDC the amount of Section 4B sales tax collected to fund all projects of the MEDC as well as to repay the aforementioned bonds.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

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. Developers have also indicated they have paid on behalf of the Authority approximately \$2,738,262 for projects to be reimbursed from a future bond sale. These assets have not been recorded in the Statement of Net Assets.

Bonds payable at September 30, 2009 for the MRA are comprised of the following:

\$8,610,000 Tax Increment Contract Revenue Contract Revenue	
Bonds due in annual installments ranging from \$295,000 to \$380,000	
from September 1, 2006 through 2025 with interest ranging from	
3.815% to 5.125%.	<u>\$ 7,690,000</u>

As of September 30, 2009, the debt service requirements on the bonds outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
2010	\$ 330,000	\$ 377,706	\$ 707,706
2011	345,000	363,268	708,268
2012	360,000	347,744	707,744
2013	380,000	331,094	711,094
2014	395,000	313,044	708,044
2015-2019	2,290,000	1,261,067	3,551,067
2020-2024	2,915,000	631,019	3,546,019
2025-2029	675,000	34,594	709,594
	<u>\$ 7,690,000</u>	<u>\$ 3,659,536</u>	<u>\$ 11,349,536</u>

Loan Payable

On August 10, 2007 the Mission Redevelopment Authority executed a loan agreement with the Frost National Bank in the amount of \$2,500,000. The Authority agrees to pay interest on each advance at the LIBOR rate, calculated at 65% of the London Interbank Offered Rate plus 120 basis points. Interest payments are to be made each March 1, June 1, September 1, and December 1. The maturity date will be the earlier of (1) August 10, 2009, (2) the date of the issuance of bonds, or (3) an even of default. During the current fiscal year, the Authority received an advance on this loan in the amount of \$2,500. In addition, the Authority made a payment to fully pay off the loan in the amount of \$750,000.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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

Current year activity related to the loan was as follows:

	Balance at October 1, 2008	Increase	Decrease	Balance at September 30, 2009
Loan-Frost National Bank	\$ 747,500	\$ 2,500	\$ 750,000	\$ -

State Infrastructure Loan Agreement

On March 25, 2008 the Mission Redevelopment Authority entered into a State Infrastructure Loan Agreement with the State of Texas, acting by and through the Texas Department of Transportation (TXDOT). The agreement became effective on April 3, 2008, upon execution by the State. The State has agreed to lend MRA the amount of \$3,000,000 to finance the actual costs of the extension of Anzalduas Road from the proposed General Service Administration Complex north to US 83 Expressway (the "project"). The funds became available on July 30, 2008, at which time \$3,000,000 was deposited into the project account within the State Highway Trust Fund 927. The project is to be managed and supervised by TxDOT. As of September 30, 2009, the MRA considers these funds, plus an additional \$3,402,310, as transferred to the State since the State will be responsible for maintaining the road. This Loan is a special obligation secured by and payable from a subordinate lien on and pledge of the Pledged Revenues (amounts deposited into the TIRZ Fund with the City). The Pledged Revenues are further pledged to the establishment of a Debt Service Fund. The MRA has agreed to repay the loan over a period of fifteen (15) years at a 3.85% interest rate.

\$ 2,848,499

The following is a summary of changes in long-term debt obligations for the MRA for the year ended September 30, 2009:

	Balance at September 30, 2008	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2009	Amounts Due within One Year
Loan Payable	3,000,000	-	151,501	2,848,499	157,334
	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 151,501</u>	<u>\$ 2,848,499</u>	<u>\$ 157,334</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 11 – DEFERRED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total Deferred Revenue
Delinquent property taxes	\$ 346,338	\$ -	\$ 346,338
Park dedication fees	-	467,047	467,047
Grants	-	5,500	5,500
Loans receivable - HOME	-	138,631	138,631
	<u>\$ 346,338</u>	<u>\$ 611,178</u>	<u>\$ 957,516</u>

Unearned revenues of \$58,046 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 12 – LONG-TERM RECEIVABLE

Long-Term Notes Receivable at September 30, 2009 for the City of Mission are comprised of the following:

Governmental Activities:

Balance at September 30, 2009

Right of Way Reimbursement

In prior years, the City incurred costs in the amount of \$356,549 in purchasing right-of-way for road expansions which are subject to partial reimbursement from the State of Texas. In order to be reimbursed by the State, all required legal documents must be reviewed and accepted by the State. The City has been working with the State on obtaining the necessary documents.

\$ 82,385

Housing Rehab Receivable

Promissory note receivable for housing assistance provided under the Community Development Block Grant (CDBG) program to an ineligible recipient. The principal amount and interest are due and payable in equal monthly installments of \$200.00, on the ninth day of each month, beginning

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 12 – LONG-TERM RECEIVABLE *(Continued)*

November 9, 2007 and continuing until the principal have been paid in full. The annual interest rate is zero percent and the final maturity date is January 9, 2026.

	<u>39,200</u>
Total Long Term Notes Receivable	121,585
Less:	
Current Portion	(2,400)
Allowance	<u>(82,385)</u>
	<u>\$ 36,800</u>

NOTE 13 - RESTRICTED ASSETS

A. Primary Government

Business-Type Activities:

The waterworks and sewer system revenue bond indentures require that during the period over which the bonds are outstanding, the City maintain certain separate accounts and funds to account for (1) the proceeds from the issuance of the revenue bonds (2) the debt service deposits made from revenues and (3) extensions and improvement deposits made from revenues. These restricted assets can be used only in accordance with the revenue bond indenture. Similar requirements exist for the debt service of the Public Property Financing Contractual Obligations.

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

Restricted assets included in the Utility Fund as of September 30, 2009 consist of:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Revenue Bond Reserve Fund	\$ 463	\$ 1,628,270	\$ 1,032	\$ 1,629,765
Bond Interest and Sinking	488,799	1,564,295	89	2,053,183
PPFCO's Interest and Sinking	114,121	-	-	114,121
Revenue Bond Extension and Improvement Fund	914	302,942	-	303,856
Subdividers Deposits	42,993	1,300,489	548	1,344,030
Capital Recovery Fund	76,377	876,488	737	953,602
Water and Sewer Plant Improvements	1,114,693	8,337,925	1,610	9,454,228
2003 PPFCO	-	-	-	-
Contractor Retainage	78,460	-	-	78,460
	<u>\$ 1,916,820</u>	<u>\$ 14,010,409</u>	<u>\$ 4,016</u>	<u>\$ 15,931,245</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 13 - RESTRICTED ASSETS *(Continued)*

Governmental Activities:

Restricted assets of governmental funds as of September 30, 2009 consisted of cash and cash equivalents for contractor retainage as follows:

2005 CO Construction	\$ 33,144
2003 CO Construction	59,000
	<u>\$ 92,144</u>

B. Component Unit

Restricted assets held by Mission Economic Development Corporation at September 30, 2009 consist of the following:

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Reserve Fund	\$ 48,429	\$ 100,000	\$ 190	\$ 148,619
Debt Service Fund	57,909	389,092	44	447,045
Capital Projects	250,014	2,750,325	152	3,000,491
	<u>\$ 356,352</u>	<u>\$ 3,239,417</u>	<u>\$ 386</u>	<u>\$ 3,596,155</u>

NOTE 14 - PENSION PLAN

Plan Description

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

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

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:

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 14 - PENSION PLAN (Continued)

	<u>Plan Year 2008</u>	<u>Plan Year 2009</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5.0/20	60/5.0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions:

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

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

1. Annual Required Contribution (ARC)	\$ 2,456,599
2. Interest on Net Pension Obligation	-
3. Adjustment to the ARC	-
4. Annual Pension Cost (APC)	2,456,599
5. Contributions Made	(2,089,030)
6. Increase (decrease) in net pension obligation	367,569
7. Net Pension Obligation/(Asset), beginning of year	-
8. Net Pension Obligation/(Asset), end of year	\$ 367,569

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 14 - PENSION PLAN (Continued)

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage Of APC Contributed	Net Pension Obligation/ (Asset)
2007	\$ 1,644,090	\$ 1,644,090	100.00%	\$ -
2008	1,911,032	1,911,032	100.00%	-
2009	2,456,599	2,089,030	85.03%	367,569

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 year; open period	30 years; closed period	29 years; closed period
Asset Valuation Method	Amortized	Amortized	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return *	7.00%	7.00%	7.50%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	N/A	2.10%	2.10%

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ 25,957,903	\$ 40,934,040	63.40%	\$ 14,976,137	\$ 19,468,044	76.90%

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

**NOTE 15 - PENSION PLAN - EMERGENCY SERVICES PERSONNEL RETIREMENT
FUND**

Plan Description

The City of Mission contributes to the Texas Emergency Services Retirement System (TESRS), a cost – sharing multiple – employer defined benefit pension plan administered by the State of Texas. TESRS provides retirement, disability and death benefits to emergency services personnel who serve without significant monetary remuneration. The pension system was created by the S.B. 411, 65th Legislature, Regular Session (1977). The Texas Emergency Services Retirement System is considered a component unit of the State of Texas financial reporting entity and is included in the State's publicly available financial reports as a pension trust fund. That report may be obtained by writing to the Firefighter Pension Commission, Attn: Mr. Kevin Deiters, P.O. Box 12577, Austin, Texas 78711-2577, or by calling 1-512-936-3372 or website www.ffpc.state.tx.us/tesrs/tesrs.html.

Contribution requirements were established by S.B. 411, 65th Legislative, Regular Session (1977). No contributions are required by members. The governing bodies of participating department's members are required to contribute at least the minimum amount prescribed per month per each active member.

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

The City's total contributions to TESRS for the years ending September 30, 2009, 2008, and 2007 were \$9,168, \$5,136, and \$5,856, respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

NOTE 16 - POSTRETIREMENT HEALTH CARE BENEFITS

A. Post retirement Health Care Benefits

Plan Description

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

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums and health claims for fiscal year 2009 were \$25,056 for retirees, of which the City

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 16 - POSTRETIREMENT HEALTH CARE BENEFITS *(Continued)*

contributed \$17,104 to the plan and the retirees contributed \$7,952 for dependent coverage.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 151,562
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	151,562
Contributions made	<u>(17,104)</u>
Increase in net OPEB Obligation	134,458
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	<u>\$ 134,458</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, 2009, the year GASB 45 was implemented, and is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 151,506	11.3%	\$ 134,458

Funded Status and Funding Progress

As of October 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$989,421, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$989,421. The covered payroll (annual payroll of active employees covered by the plan) was \$19,624,191 and the ratio of the UAAL to the covered payroll was 5.04%.

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 16 - POSTRETIREMENT HEALTH CARE BENEFITS *(Continued)*

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 revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear 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

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

In the October 1, 2008, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return given the fact that the City doesn't have a dedicated trust fund for paying the post-retirement benefits and an annual healthcare cost trend rate of that begins at 10 percent initially, and assumes a smooth decline in year-to-year increases with an ultimate trend rate of 5 percent first achieved in 2013.

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 (SBDF). 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 SBDF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit", or OPEB.

The city offers supplemental death benefits to:	<u>Plan Year 2008</u>	<u>Plan Year 2009</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 16 - POSTRETIREMENT HEALTH CARE BENEFITS *(Continued)*

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

The city's contributions to the TMRS SDBF for the years ended 2009, 2008, and 2007 were \$33,648, \$39,653 and \$36,582, respectively, which equaled the required contributions each year.

NOTE 17 - CONTINGENT LIABILITIES

A. Litigation

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

B. Federally Assisted Grant Programs

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

NOTE 18 - CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2009, the City had several active construction projects. The projects include drainage improvements, renovation of parks, construction of infrastructure, and wastewater treatment facilities.

Project	Spent to Date	Remaining Commitment	Financing Sources
North Bryan Lift Station	\$ 799,948	\$ 18,052	Operating Funds
Sidewalk Improvements	-	35,235	Operating Funds
Total	<u>\$ 799,948</u>	<u>\$ 53,287</u>	

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 19 - OPERATING LEASE COMMITMENTS

The City leases office equipment under operating leases. Total costs for such leases were \$49,497 for the year ended September 30, 2009. The future minimum lease payments for these leases are as follows:

<u>September 30,</u>		
2010	\$	48,220
2011		34,809
2012		9,697
2013		2,136
2014 and beyond		<u>-</u>
Total	\$	<u>94,861</u>

NOTE 20 - CAPITAL LEASE COMMITMENTS

The City has entered into a lease agreement as a lessee for financing the acquisition of golf carts and mowers for the golf course owned by the City. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 as stated below.

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>
Assets:		
Machinery & Equipment	\$ 384,344	\$ 516,967
Less: Accumulated Depreciation	<u>(208,809)</u>	<u>(143,468)</u>
Total	<u>\$ 175,535</u>	<u>\$ 373,499</u>
<u>September 30,</u>		
2010	\$ 38,845	\$ 108,598
2011	38,845	102,267
2012	9,473	102,267
2013	-	15,093
2014 and beyond	<u>-</u>	<u>-</u>
Total minimum lease payments	\$ 87,163	\$ 328,225
Less: amount representing interest	<u>(5,424)</u>	<u>(27,508)</u>
Present value of minimum lease payments	<u>\$ 81,739</u>	<u>\$ 300,717</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 21 - 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. The City established a limited risk management program for workers' compensation and health insurance in a previous year.

Health insurance premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the General Fund. As of September 30, 2009, such interfund premiums did not exceed reimbursable expenditures or recommended reserves.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Effective December 1, 1996, the City became fully insured for workers compensation insurance through a conventional policy. Health liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Interfund premiums are based primarily on claims experience and are reported as quasi-external transactions.

The following is a reconciliation of the claims liability:

	Health Insurance Claims Liability For the Year Ended September 30,	
	2009	2008
Unpaid claims, beginning of fiscal year	\$ 80,674	\$ 153,393
Incurred claims (including IBNRs) and adjustments	2,269,522	1,836,383
Claim payments	(2,097,697)	(1,909,102)
Unpaid Claims, end of Fiscal Year	<u>\$ 252,499</u>	<u>\$ 80,674</u>

NOTE 22 - COMPONENT UNIT TRANSACTIONS

On September 12, 1994 the Mission Economic Development Corporation (MEDC) was issued a Certificate of Incorporation by the State of Texas as a nonprofit corporation under the Development Corporation Act of 1979 Vernon's Ann Civ. St. Art. 5190.6 as amended by adding Sec. 413.

The bond issues of MEDC are to be repaid from the 1/2 cent sales tax levied under the Section 413 referred to above. Since the City of Mission is the entity authorized by state law to levy such a sales tax, a financing agreement was signed between the City of Mission and MEDC to permit the transfer from the City of Mission to the MEDC the amount of Section 4B sales tax collected to fund all projects of the MEDC as well as to repay the aforementioned bonds.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 23 – CONDUIT DEBT OBLIGATIONS

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

	Balance at <u>September 30, 2009</u>
\$41,750,000 Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2006 dated December 1, 2006	\$ 41,750,000
\$24,000,000 Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI Texas Corporation Project) Series 2007 dated March 1, 2007	24,000,000
\$56,800,000 Solid Waste Disposal Revenue Bonds (Allied Waste North America, Inc. Project) Series 2007 A dated April 1, 2007	56,800,000
\$6,000,000 Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007 dated May 1, 2007	5,735,000
\$56,200,000 Solid Waste Disposal Variable Rate Demand Revenue Bond (allied Waste North America, Inc. Project) Series 2008A sated May 1, 2008	56,200,000
\$10,000,000 Industrial Development Revenue Bond (AmeriTex Pipe & Products LLC) Series 2008 dated August 1, 2008	9,696,255
\$3,043,250 Industrial Development Revenue Bond (\$ Over, Inc. Project) Series 2009B dated March 10, 2009	<u>3,043,250</u>
	<u>\$ 264,224,250</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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 23 – CONDUIT DEBT OBLIGATIONS (*Continued*)

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

In connection with the process which ultimately may lead to the issuance of conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2009, MEDC received a net \$5,000 (net of \$5,000 in advisor fees) in application fees.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds, which ranges from 2 basis points to 5 basis points depending on the type of project and the rating of the bonds being issued. For the year ended September 30, 2009, MEDC received a net \$75,262 in annual fees (net of \$75,262 in advisor and local access fees).

NOTE 24 - 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, 2009 the City's Utility Fund met these coverage requirements.

NOTE 25 – TAX INCREMENT REINVESTMENT ZONE

On September 24, 2001, the City established a Tax Increment Reinvestment Zone Number One (TIRZ) pursuant to chapter 311 of the Texas Tax Code. The zone was formed to facilitate the provision of public works or improvements. A portion of the real property advalorem taxes levied by participating taxing entities will be set aside for this purpose beginning with taxes levied after January 1, 2002. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1st compared to the base year appraised value of property in the zone as of January 1, 2001. As of September 30, 2009, 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 amount of the tax increment which

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 25 – TAX INCREMENT REINVESTMENT ZONE *(Continued)*

has been collected for the Tax Increment Reinvestment Zone 1. Hidalgo County also elected, to transfer to the Zone only the amount of the tax increment actually collected each year. For the current year the amounts transferred were \$1,399,516 and \$1,684,949 from the County and City respectively.

NOTE 26 – TRANSACTIONS WITH MISSION REDEVELOPMENT AUTHORITY

During the year ended September 30, 2009 completed projects totaling \$470,495 were transferred to the City of McAllen, Texas by Mission Redevelopment Authority (a Component Unit). The Component Unit currently has projects that are under construction and will be turned over to the City as soon as they are completed. The total amount of those projects is \$1,154,402. They consist of the engineering and design of the Anzalduas Bridge Phase 2 project. At September 30, 2009, the MRA owed the City \$1,793,306 in reimbursements for project costs incurred by the City.

NOTE 27 – INTEREST IN INTERNATIONAL TOLL BRIDGE

Pursuant to the Hidalgo-Mission-McAllen Interlocal Government Agreement, dated April 1, 2003 ("2003 Agreement"), the City of McAllen, Texas and the City of Mission, Texas own and will operate, upon completing construction of the project, the Anzalduas International Crossing ("Anzalduas Bridge") linking United States, south of the City of Mission, Texas and the westernmost part 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 agreement also provides 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 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. Only the City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 27 – INTEREST IN INTERNATIONAL TOLL BRIDGE *(Continued)*

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 the Bridge is operational, 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 9/30/09, the amount advanced since the inception for the City of Mission is \$497,319 and is reflected as part of other liabilities in the Statement of Net Assets. See also Note 8.

NOTE 28 - COMPLIANCE AND ACCOUNTABILITY

A. Finance- Related Legal and Contractual Provision

In accordance with GASB Statement No. 38, "Certain Financial Statement Note

Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Expenditures Exceeding Appropriations:

During the year ended September 30, 2009 the City had expenditures exceeding budgets in the General Fund as follows:

<u>Function</u>	<u>Excess</u>
Fleet Maintenance	\$ 8,415

These expenditures were funded by cost savings in other departments.

Deficit Fund Balance or Fund Net Assets of Individual Funds:

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None Reported	Not Applicable	Not Applicable

NOTE 29 - SPECIAL ITEMS

During the year, several events occurred which have been recognized for treatment as special items at both the fund level and at the government – wide financial statement levels.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 29 - SPECIAL ITEMS (Continued)

The local Boys and Girls Club contributed its assets including land and buildings to the City and the City assumed responsibility for the provision of these services to the youth of the community. This contribution involved net current available resources of \$293, 294 which were recognized at the fund level in the Boys and Girls Club Special Revenue Fund. At the Governmental Activities level, an additional amount of \$579, 035 was recognized for the net long term assets. Total Net Assets received were \$872,329.

The City entered into an agreement with the Mission Chamber of Commerce to accept contribution of the land and buildings of the Chamber's old location. The contribution of the Chamber's old location valued at \$176,709 is reflected at the Governmental Activities level. The City in turn built a new facility on land belonging to the City and leased the property to the Chamber in a 99 year lease for a minimal annual amount that also provided that the only party who could cancel the lease was the Chamber. This has been reflected in these financial statements as the effective transfer of the building to the Chamber, a separate legal entity that does not meet the definition of a component unit. An amount of \$588,978 was recognized in the Capital Project Funds for current year activity, and since part of the construction costs were reflected as construction in progress in the prior year, an additional amount of \$656,531 has been reflected at the Governmental Activities level.

The effect of these transactions was a net amount of Special items expense of \$196,470 at the Governmental Activities level. In the Boys and Girls Club Special Revenue Fund level an increase in net assets of \$293,295 was recognized. While in the 2007 Certificates of Obligation Capital Project Fund an expense of \$588,978 was recognized. The total Special Items recognized in the Non-major governmental funds was a net expense of \$295,683.

A summary of these transactions for the year ended September 30, 2009 is as follows:

	Government-wide Governmental Activities	Special Revenue Boys and Girls Club Fund	Capital Project Series 2007 Certificates of Obligation Fund	Non-major Governmental Fund Total
Donation to Chamber	\$ (656,531)	\$ -	\$ (588,978)	\$ (588,978)
Donation to Chamber	(588,978)	-	-	-
Donation from Chamber	176,709	-	-	-
Donation from Boys and Girls Club	293,295	293,295	-	293,295
Donation from Boys and Girls Club	579,035	-	-	-
Total Special Items	<u>\$ (196,470)</u>	<u>\$ 293,295</u>	<u>\$ (588,978)</u>	<u>\$ (295,683)</u>

NOTE 30- PRIOR PERIOD ADJUSTMENTS

Beginning net assets of the Governmental Activities has been restated for an increase in the amount of \$456,217 to capitalize a highway right of way retained by the City which had been expensed in the prior year. The beginning balances of the Changes in Capital Assets schedule in Footnote 6 have also been restated for the effect of this correction.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE 31 – SUBSEQUENT EVENTS

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

A. Street Improvement Grant

The City was awarded a grant in the amount of \$1,886,739 which will pass through the Texas Department of Rural Affairs by the U.S. Housing and Urban Development and is part of the 2008 Supplemental Community Development Block Grant funding associated with the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act. These funds will be used for street improvements throughout the City.

B. North Water Treatment Plant Expansion

On November 9, 2009 a bid was awarded for the expansion of the North Water Treatment Plant in the amount of \$6,207,000.

C. Waterworks and Sewer System Junior Lien Bonds

The City issued \$8,285,000 of City of Mission, Texas Waterworks and Sewer System Junior Lien Revenue Bonds Taxable Series 2009 bonds payable from a lien and pledge of the net revenues of the City's Waterworks and Sewer System. These bonds will be used to expand the water treatment plant as well as pay for additional water lines to various locations within the City.

D. Mission Redevelopment Authority Bonds

On December 10, 2009, Mission Redevelopment Authority closed on the sale of its Series 2009 Tax Increment Contract Revenue Bonds in the amount of \$10,620,000. A portion of the proceeds from the bond sale were used by the Authority to reimburse the Developers monies advanced on behalf of the Authority and the amount Due to the City of Mission. Additional proceeds will be used to fund additional project costs, as well as to pay bond issuance costs and to payoff the short-term loan to Compass Bank.

E. Shary Municipal Golf Course Improvements

Subsequent to year end, Mission Economic Development Corporation awarded the bid in the amount of \$1,217,000 for the renovation of the club house and the acquisition of golf course equipment for the City of Mission – Shary Municipal Golf Course.

*REQUIRED
SUPPLEMENTARY
INFORMATION*

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CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 1 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 12,900,000	\$ 12,900,000	\$ 13,219,698	\$ 319,698
Delinquent ad valorem taxes	450,000	450,000	587,111	137,111
Interest and penalties on taxes	310,000	310,000	417,603	107,603
Net ad valorem tax revenue	13,660,000	13,660,000	14,224,412	564,412
Sales tax	7,150,000	7,150,000	6,368,485	(781,515)
Sales tax-tax abatement	3,575,000	3,575,000	3,184,243	(390,757)
Franchise business tax	1,900,000	1,900,000	2,038,651	138,651
Telecommunication access fee	200,000	200,000	227,208	27,208
Mixed drink tax	70,000	70,000	86,136	16,136
Total Taxes	26,555,000	26,555,000	26,129,135	(425,865)
Licenses and permits:				
Occupational licenses	46,000	46,000	44,663	(1,337)
Moving and building permits	350,000	350,000	236,859	(113,141)
Health permits	21,000	21,000	24,840	3,840
Seismograph testing permits	-	-	10	10
Electrical permits	120,000	120,000	73,524	(46,476)
Mechanical permits	60,000	60,000	34,662	(25,338)
Plumbing permits	115,000	115,000	71,121	(43,879)
Alarm permits	8,000	8,000	9,846	1,846
Miscellaneous	17,000	17,000	19,704	2,704
Total Licenses and Permits	737,000	737,000	515,229	(221,771)
Intergovernmental:				
MCISD and SISD Dare Program	532,000	532,000	622,970	90,970
Reimb. - TXDOT/ROW	-	-	(75,770)	(75,770)
County contribution-rural fires	50,000	50,000	58,605	8,605
County restitution reimbursement	5,000	5,000	1,231	(3,769)
Overhead-MRA	60,000	132,000	137,427	5,427
FEMA reimbursement	-	173,535	194,647	21,112
LEOSE Peace Officer	8,873	8,873	8,625	(248)
State Highway Revenues	99,180	99,180	59,390	(39,790)
FBI overtime	25,000	25,000	27,805	2,805
Task Force	50,000	52,400	151,367	98,967
Peace Officers Fire Prev.	814	871	871	-
DEA Overtime Task Force	20,000	20,000	33,457	13,457
Hidalgo County-library	-	29,376	29,375	(1)
Total Intergovernmental	850,867	1,128,235	1,250,000	121,765
Charges for services:				
Birth certificate service	3,000	3,000	1,611	(1,389)
Inspection fee-2%	110,000	35,000	23,975	(11,025)
Construction material testing fee	100,000	68,957	29,022	(39,935)
Fire inspection fee	20,000	20,000	19,782	(218)
Judicial Fee-City	4,500	4,500	4,456	(44)
Corporation court fines tax	42,000	42,000	44,745	2,745
Library Reservations Fee	-	-	25	25

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 2 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Lot cleaning	40,000	40,000	36,413	(3,587)
Lot cleaning-admin. Fee	45,000	45,000	29,080	(15,920)
Lease-service center complex	6,000	6,000	6,001	1
Library copies	16,000	16,000	21,742	5,742
Rent-City buildings	3,000	3,000	3,000	-
Library rentals	-	200	125	(75)
Cemetery charges	16,000	86,817	35,410	(51,407)
Vital statistics	100,000	100,000	182,487	82,487
Burial transit permit	1,200	1,200	1,152	(48)
Animal Control & Shelter Fee	-	500	80	(420)
Zoning and subdivision fees	25,000	25,000	31,526	6,526
Plans and specifications	500	500	290	(210)
5% Credit Card Fee	3,000	3,000	4,063	1,063
Food manager/handler ID fee	3,000	3,000	5,470	2,470
Fire Academy Fees	-	11,200	12,800	1,600
Arrest fees-M.P.D.	38,000	38,000	40,323	2,323
Police Dept. service charges	10,000	10,000	15,507	5,507
Total Charges for Services	586,200	562,874	549,085	(13,789)
Fines:				
Corporation court fines	670,000	670,000	679,168	9,168
Warrant execution fee	205,000	205,000	124,331	(80,669)
Library fines	15,000	15,000	16,860	1,860
Total Fines	890,000	890,000	820,359	(69,641)
Interest:				
Interest earned on investments	120,000	120,000	51,309	(68,691)
Interest earned on demand deposits	40,000	40,000	2,637	(37,363)
Total Interest	160,000	160,000	53,946	(106,054)
Miscellaneous:				
Reimb.-TX Citrus Fiesta	42,000	42,000	42,804	804
Library donations	-	-	2	2
Child safety fees	10,000	10,000	14,309	4,309
Library donations/memorial	-	50	188	138
Insurance settlement	50,000	80,000	124,168	44,168
Miscellaneous income	125,000	125,000	130,091	5,091
Coke machine & vending machines	3,500	3,500	5,428	1,928
Street signs reimbursement	-	-	525	525
Subdividers reimb.-streets	10,000	10,000	2,450	(7,550)
Universal service fund rebate	17,680	18,282	18,281	(2)
Reimbursement-MEDA	-	150,525	201,090	50,565
Oil lease	5,000	5,000	4,397	(603)
Reimbursement-MEDC	1,700,000	1,950,000	1,950,000	-
Miscellaneous-Court Settlements	-	-	900	900
Contribution and donations	80,383	1,000	1,000	-
Total Miscellaneous	2,043,563	2,395,357	2,495,630	100,273
Total Revenues	31,822,630	32,428,466	31,813,384	(615,082)

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 3 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,600	2,600	2,202	398
Employee benefits	1,500	1,500	1,385	115
Other purchased services	18,400	19,973	19,923	50
Supplies	2,000	1,177	1,149	28
Miscellaneous	1,750	1,000	953	47
	<u>26,250</u>	<u>26,250</u>	<u>25,612</u>	<u>638</u>
Executive Administration:				
Personal services	287,675	412,700	392,171	20,529
Employee benefits	97,908	141,248	132,801	8,447
Other purchased services	7,150	26,150	19,787	6,363
Supplies	4,250	4,500	3,547	953
Capital outlays	-	12,000	10,410	1,590
Miscellaneous	2,250	2,800	1,283	1,517
	<u>399,233</u>	<u>599,398</u>	<u>559,999</u>	<u>39,399</u>
Finance Department:				
Personal services	359,226	359,226	360,453	(1,227)
Employee benefits	108,554	108,554	106,143	2,411
Purchased property services	6,100	6,100	3,269	2,831
Other purchased services	12,100	12,849	9,358	3,491
Supplies	8,150	8,150	5,059	3,091
Miscellaneous	1,250	1,250	869	381
	<u>495,380</u>	<u>496,129</u>	<u>485,152</u>	<u>10,977</u>
Municipal Court:				
Personal services	400,160	400,160	384,834	15,326
Employee benefits	140,877	140,877	133,321	7,556
Professional & technical services	18,000	18,000	14,700	3,300
Purchased property services	2,290	2,290	2,118	172
Other purchased services	6,550	6,550	4,726	1,824
Supplies	6,250	6,250	6,177	73
Miscellaneous	35,300	35,300	13,506	21,794
	<u>609,427</u>	<u>609,427</u>	<u>559,383</u>	<u>50,044</u>
Planning:				
Personal services	616,698	616,698	622,990	(6,292)
Employee benefits	204,672	204,672	199,052	5,620
Purchased property services	6,500	6,500	6,341	159
Other purchased services	26,300	26,300	21,001	5,299
Supplies	29,900	29,900	18,220	11,680
Miscellaneous	15,500	15,500	14,060	1,440
	<u>899,570</u>	<u>899,570</u>	<u>881,665</u>	<u>17,905</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Facilities Maintenance:				
Personal services	293,569	293,569	277,064	16,505
Employee benefits	116,474	116,474	109,942	6,532
Purchased property services	66,000	131,000	62,936	68,064
Other purchased services	2,600	5,130	5,147	(17)
Supplies	129,450	210,455	139,839	70,616
Capital Outlays	-	100,000	57,260	42,740
Miscellaneous	400	400	18	382
	<u>608,493</u>	<u>857,028</u>	<u>652,206</u>	<u>204,822</u>
Fleet Maintenance:				
Professional & technical services	670,890	670,890	680,987	(10,097)
Miscellaneous	30,000	30,000	28,318	1,682
	<u>700,890</u>	<u>700,890</u>	<u>709,305</u>	<u>(8,415)</u>
Organizational Expense:				
Professional & technical services	718,500	1,044,000	923,526	120,474
Purchased property services	167,200	167,200	135,349	31,851
Other purchased services	108,235	135,635	124,241	11,394
Supplies	11,700	16,400	15,750	650
Capital outlays	-	302,100	302,069	31
Miscellaneous	587,200	288,128	245,025	43,103
	<u>1,592,835</u>	<u>1,953,463</u>	<u>1,745,960</u>	<u>207,503</u>
Purchasing:				
Personal services	108,645	108,645	109,008	(363)
Employee benefits	32,855	32,855	32,182	673
Purchased property services	2,750	2,600	2,184	416
Other purchased services	12,300	21,692	21,711	(19)
Supplies	1,400	1,600	1,507	93
Capital outlay	-	600	597	3
Miscellaneous	800	758	753	5
	<u>158,750</u>	<u>168,750</u>	<u>167,942</u>	<u>808</u>
City Secretary:				
Personal services	186,215	186,215	183,875	2,340
Employee benefits	63,745	63,745	61,199	2,546
Professional & technical services	10,400	10,400	10,200	200
Purchased property services	1,315	1,315	1,251	64
Other purchased services	13,100	13,100	11,210	1,890
Supplies	2,300	2,300	1,520	780
Miscellaneous	2,775	2,775	1,782	993
	<u>279,850</u>	<u>279,850</u>	<u>271,037</u>	<u>8,813</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 5 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Risk Management:				
Personal services	75,855	75,855	76,026	(171)
Employee benefits	27,627	27,627	27,215	412
Professional & technical services	3,000	3,375	3,551	(176)
Purchased property services	750	1,950	1,596	354
Other purchased services	274,400	262,947	189,340	73,607
Supplies	14,000	14,008	12,896	1,112
Miscellaneous	500	500	329	171
	<u>396,132</u>	<u>386,262</u>	<u>310,953</u>	<u>75,309</u>
Elections:				
Employee benefits	-	500	-	500
Professional & technical services	-	6,500	5,474	1,026
Purchased property services	-	2,500	1,850	650
Other purchased services	-	1,500	689	811
Supplies	-	1,650	1,211	439
	<u>-</u>	<u>12,650</u>	<u>9,224</u>	<u>3,426</u>
Civil Service:				
Personal services	74,937	74,937	75,225	(288)
Employee benefits	23,355	23,355	23,150	205
Professional & technical services	60,000	59,000	39,918	19,082
Other purchased services	6,125	4,085	4,061	24
Supplies	10,000	13,040	13,030	10
	<u>174,417</u>	<u>174,417</u>	<u>155,384</u>	<u>19,033</u>
Human Resources:				
Personal Services	142,083	142,083	119,520	22,563
Employee Benefits	45,191	37,191	33,043	4,148
Professional & Technical Services	17,000	23,000	21,725	1,275
Other purchased services	8,625	9,155	8,314	841
Supplies	1,800	2,952	2,455	497
Miscellaneous	1,175	1,493	1,490	3
	<u>215,874</u>	<u>215,874</u>	<u>186,547</u>	<u>29,327</u>
Information Technology:				
Personal Services	130,534	130,534	130,488	46
Employee Benefits	48,179	48,179	47,214	965
Purchased Property Services	58,000	58,000	51,835	6,165
Other Purchased Services	6,700	6,700	2,066	4,634
Supplies	1,770	1,770	337	1,433
Miscellaneous	400	400	68	332
	<u>245,583</u>	<u>245,583</u>	<u>232,008</u>	<u>13,575</u>
Total General Government	<u>6,802,684</u>	<u>7,625,541</u>	<u>6,952,377</u>	<u>673,164</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Police Department:				
Personal services	7,539,415	7,534,385	7,466,525	67,860
Employee benefits	2,487,676	2,490,506	2,300,651	189,855
Professional & technical services	22,000	24,000	22,376	1,624
Purchased property services	317,500	351,865	340,618	11,247
Other purchased services	177,250	177,500	160,840	16,660
Supplies	538,600	499,451	328,023	171,428
Capital outlays	-	8,220	7,009	1,211
Miscellaneous	14,400	17,035	14,854	2,181
	<u>11,096,841</u>	<u>11,102,962</u>	<u>10,640,896</u>	<u>462,066</u>
Fire Department:				
Personal services	2,960,071	2,773,000	2,748,639	24,361
Employee benefits	962,269	840,145	755,057	85,088
Professional & technical services	1,500	580	516	64
Purchased property services	130,000	144,867	134,643	10,224
Other purchased services	72,550	76,950	71,254	5,696
Supplies	221,500	189,794	177,115	12,679
Capital outlays	1,500,000	1,545,859	203,571	1,342,288
Miscellaneous	29,300	20,800	17,899	2,901
	<u>5,877,190</u>	<u>5,591,995</u>	<u>4,108,694</u>	<u>1,483,301</u>
Fire Prevention Bureau:				
Personal services	341,739	355,739	350,899	4,840
Employee benefits	106,636	104,276	96,879	7,397
Professional & technical services	1,000	1,000	-	1,000
Purchased property services	5,300	5,300	4,972	328
Other purchased services	25,400	25,400	15,560	9,840
Supplies	17,800	17,800	11,390	6,410
Miscellaneous	1,500	1,500	225	1,275
	<u>499,375</u>	<u>511,015</u>	<u>479,925</u>	<u>31,090</u>
Total Public Safety	<u>17,473,406</u>	<u>17,205,972</u>	<u>15,229,515</u>	<u>1,976,457</u>
Highways and Streets:				
Street Department:				
Personal services	814,595	814,595	741,031	73,564
Employee benefits	386,035	336,035	289,805	46,230
Professional & technical services	100,000	100,000	29,022	70,978
Purchased property services	1,131,000	1,117,000	958,437	158,563
Other purchased services	11,500	14,500	12,828	1,672
Supplies	308,550	333,550	276,969	56,581
Capital outlays	700,000	1,045,557	830,164	215,393
Miscellaneous	650	650	558	92
	<u>3,452,330</u>	<u>3,761,887</u>	<u>3,138,814</u>	<u>623,073</u>
Total Highways and Streets	<u>3,452,330</u>	<u>3,761,887</u>	<u>3,138,814</u>	<u>623,073</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 7 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Health and Welfare:				
Health regulations and inspections:				
Personal services	192,864	192,864	189,025	3,839
Employee benefits	66,913	66,913	65,699	1,214
Purchased property services	800	3,800	1,006	2,794
Other purchased services	10,600	10,200	8,039	2,161
Supplies	27,500	27,625	22,738	4,887
Capital outlays	-	734	614	120
Miscellaneous	1,200	1,475	1,444	31
	<u>299,877</u>	<u>303,611</u>	<u>288,565</u>	<u>15,046</u>
 Total Health and Welfare	 <u>299,877</u>	 <u>303,611</u>	 <u>288,565</u>	 <u>15,046</u>
 Culture and Recreation:				
Mission Historical Museum:				
Personal services	156,523	159,223	150,298	8,925
Employee benefits	42,563	43,083	39,414	3,669
Professional & technical services	10,000	10,000	-	10,000
Purchased property services	4,500	4,500	3,146	1,354
Other purchased services	30,000	30,200	18,134	12,066
Supplies	5,750	6,235	3,876	2,359
Miscellaneous	2,250	2,050	793	1,257
	<u>251,586</u>	<u>255,291</u>	<u>215,661</u>	<u>39,630</u>
 Parks and Recreation Administration:				
Personal services	130,276	138,276	138,000	276
Employee benefits	43,161	43,161	42,935	226
Purchased property services	31,700	30,500	28,780	1,720
Other purchased services	2,900	3,900	3,272	628
Supplies	2,700	2,900	2,763	137
Miscellaneous	100	100	37	63
	<u>210,837</u>	<u>218,837</u>	<u>215,787</u>	<u>3,050</u>
 Parks:				
Personal services	736,676	736,676	733,751	2,925
Employee benefits	317,215	302,215	293,360	8,855
Purchased property services	391,100	442,311	456,842	(14,531)
Other purchased services	6,000	14,789	13,691	1,098
Supplies	141,700	141,700	112,328	29,372
Capital outlays	-	1,000	-	1,000
Miscellaneous	10,000	9,000	2,580	6,420
	<u>1,602,691</u>	<u>1,647,691</u>	<u>1,612,552</u>	<u>35,139</u>
 Recreation:				
Personal services	214,152	214,152	180,673	33,479
Employee benefits	52,978	52,978	42,567	10,411
Other purchased services	2,000	2,000	1,114	886
Supplies	5,500	5,500	5,042	458
Miscellaneous	6,000	6,000	5,711	289
	<u>280,630</u>	<u>280,630</u>	<u>235,107</u>	<u>45,523</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1
Page 8 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Library:				
Personal services	727,365	727,365	677,808	49,557
Employee benefits	214,755	214,755	192,735	22,020
Purchased property services	114,000	115,500	100,748	14,752
Other purchased services	66,700	65,000	53,955	11,045
Supplies	45,400	65,276	52,590	12,686
Capital outlays	-	21,282	16,950	4,332
Miscellaneous	74,000	81,000	74,143	6,857
	<u>1,242,220</u>	<u>1,290,178</u>	<u>1,168,929</u>	<u>121,249</u>
 Total Culture and Recreation	 <u>3,587,964</u>	 <u>3,692,627</u>	 <u>3,448,036</u>	 <u>244,591</u>
 Debt Service:				
Principal retirement	104,680	104,680	104,717	(37)
Issuance cost	-	13,300	13,203	97
Interest	10,210	10,210	10,170	40
	<u>114,890</u>	<u>128,190</u>	<u>128,090</u>	<u>100</u>
 Total Debt Service	 <u>114,890</u>	 <u>128,190</u>	 <u>128,090</u>	 <u>100</u>
 Total Expenditures	 <u>31,731,151</u>	 <u>32,717,828</u>	 <u>29,185,397</u>	 <u>3,532,431</u>
 Excess (Deficiency) of Revenue Over (Under) Expenditures	 <u>91,479</u>	 <u>(289,362)</u>	 <u>2,627,987</u>	 <u>2,917,349</u>
 Other Financing Sources (Uses):				
Sale of capital assets	10,000	10,000	-	(10,000)
Issuance of Debt	-	300,000	309,678	9,678
Transfers in	1,776,043	1,813,695	1,813,694	(1)
Transfers out	(1,863,046)	(2,156,281)	(3,322,977)	(1,166,696)
Total Other Financing Sources (Uses)	<u>(77,003)</u>	<u>(32,586)</u>	<u>(1,199,605)</u>	<u>(1,167,019)</u>
 Net Change in Fund Balance	 14,476	 (321,948)	 1,428,382	 1,750,330
 Fund Balance at Beginning of Year	 <u>5,849,697</u>	 <u>5,849,697</u>	 <u>5,849,695</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 5,864,173</u>	 <u>\$ 5,527,749</u>	 <u>\$ 7,278,077</u>	 <u>\$ 1,750,330</u>

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

Actuarial Valuation Date December 31,	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)
2006	\$ 20,992,770	\$ 28,629,555	73.30%	\$ 7,636,785	\$ 16,128,632	47.35%
2007	23,566,636	37,666,505	62.60%	14,099,869	17,605,586	80.10%
2008	25,957,903	40,934,040	63.40%	14,976,137	19,468,044	76.90%

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

Actuarial Valuation Date October 31,	Actuarial Value of Assets (a)	Actuarial Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
2008	\$ -	\$ 989,421	0.00%	\$ 989,421	\$ 19,624,191	5.04%

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2009

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	\$ 942,488
Debt Service	\$ 62,000
*Capital Project Funds	\$ 5,779,990

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

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

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2009

At September 30, 2009, Community Development, Police State Sharing Fund, Park Dedication, and Boys and Girls Club Fund (all Special Revenue Funds), had outstanding encumbrances of \$234,025, \$7,978, \$1,925 and \$550 respectively. Capital Projects Funds, 2005A Certificates of Obligation and 2007 Certificate of Obligation had outstanding encumbrances of \$160,226 and \$35,571, respectively.

During the year ended September 30, 2009, expenditures in the following General Fund departments exceeded appropriations by \$8,415.

Department	General Fund Excess of Expenditure Over Appropriations
Fleet Maintenance	\$ 8,415
	<u>\$ 8,415</u>

Budget to GAAP Reconciliation

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

<u>Revenues:</u>	<u>General Fund</u>
Actual revenues (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 31,813,384
Adjustments:	
No adjustments necessary	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$ 31,813,384</u>

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2009

Budget to GAAP Reconciliation (Continued)

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$ 29,185,397
Adjustments:	
No adjustments necessary	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$ 29,185,397</u>

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*OTHER
SUPPLEMENTARY
INFORMATION*

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Parks and Recreation Fund: To account for operations of self-sustaining recreation programs.

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

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

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

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

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

Mission Jr. Golf Fund: To account for funds contributed to help fund travel expenditures incurred by the Junior Golf Athletes who participate in the Summer Jr. Golf Competitions. Participants travel throughout Texas and compete with other cities which are members of the Texas Amateur Athletic Federation.

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (CONT'D)

SPECIAL REVENUE FUNDS (Cont'd)

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

Capital Asset Replacement Fund: To account for future replacement of capital assets for the Public Safety Departments. Funds will be transferred from the General Fund revenues and accumulated in the Capital Asset Replacement Fund until asset needs to be replaced.

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

Home Fund: To account for revenues and expenditures of the HOME Investment in Affordable Housing program.

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

CAPITAL PROJECT FUNDS

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

2003 Public Property Finance Contractual Obligations Fund: To account for the acquisition of equipment and vehicles.

2005 Certificates of Obligation: To account for various street and drainage improvements and for the acquisition of police vehicles and a water tower rescue pumper.

2005A Certificates of Obligation: To account for various street and drainage improvements and for the Bentsen Palm Park Project.

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

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

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

EXHIBIT C-1

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	\$ 1,820,639	\$ 644,499	\$ 47,223	\$ 2,512,361
Investments	1,530,225	5,927,655	-	7,457,880
Receivables:				
Accounts	230,499	-	-	230,499
Special assessments	121,903	-	-	121,903
Less: allowance for uncollectibles	(43,485)	-	-	(43,485)
Accrued interest receivable	1,418	653	-	2,071
Due from other governments	682,954	-	-	682,954
Due from other funds	335,920	1,341,351	-	1,677,271
Restricted assets	1,000	92,144	-	93,144
Total Assets	<u>\$ 4,681,073</u>	<u>\$ 8,006,302</u>	<u>\$ 47,223</u>	<u>\$ 12,734,598</u>
LIABILITIES				
Accounts payable	\$ 303,462	\$ 63,479	\$ 539	\$ 367,480
Other liabilities	22,094	-	-	22,094
Retainage payable	500	92,144	-	92,644
Accrued payroll	24,333	-	-	24,333
Due to other funds	463,110	-	-	463,110
Due to component unit	335,920	-	-	335,920
Unearned revenue	611,178	-	-	611,178
Total Liabilities	<u>1,760,597</u>	<u>155,623</u>	<u>539</u>	<u>1,916,759</u>
FUND BALANCES				
Reserved for encumbrances	-	35,571	-	35,571
Reserved for capital projects	-	7,815,108	-	7,815,108
Reserved for perpetual care	-	-	46,684	46,684
Reserved for scholarships and books	25,287	-	-	25,287
Reserved for other purposes	1,733,562	-	-	1,733,562
Unreserved, reported in nonmajor:				
Special revenue funds	<u>1,161,627</u>	<u>-</u>	<u>-</u>	<u>1,161,627</u>
Total Fund Balances	<u>2,920,476</u>	<u>7,850,679</u>	<u>46,684</u>	<u>10,817,839</u>
Total Liabilities and Fund Balances	<u>\$ 4,681,073</u>	<u>\$ 8,006,302</u>	<u>\$ 47,223</u>	<u>\$ 12,734,598</u>

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CITY OF MISSION, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES				
Taxes and special assessments	\$ 907,210	\$ -	\$ -	\$ 907,210
Intergovernmental	3,752,401	-	-	3,752,401
Charges for services	405,475	-	-	405,475
Interest	23,269	43,687	182	67,138
Miscellaneous	140,554	-	-	140,554
Total Revenues	<u>5,228,910</u>	<u>43,687</u>	<u>182</u>	<u>5,272,779</u>
EXPENDITURES				
Current:				
General government	748,355	-	7,701	756,056
Public safety	2,035,489	-	-	2,035,489
Highways and streets	459,982	-	-	459,982
Culture and recreation	1,330,939	-	-	1,330,939
Health and Welfare	84,472	-	-	84,472
Economic development	3,084,465	-	-	3,084,465
Capital projects	-	4,388,605	-	4,388,605
Debt service:				
Principal	139,048	-	-	139,048
Interest and fiscal charges	18,017	-	-	18,017
Total Expenditures	<u>7,900,767</u>	<u>4,388,605</u>	<u>7,701</u>	<u>12,297,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,671,857)</u>	<u>(4,344,918)</u>	<u>(7,519)</u>	<u>(7,024,295)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	5,495,000	-	5,495,000
Bond premium	-	168,441	-	168,441
Transfers in	2,438,064	1,341,351	-	3,779,415
Transfers out	(228,474)	(206)	-	(228,680)
Total Other Financing Sources (Uses)	<u>2,209,590</u>	<u>7,004,586</u>	<u>-</u>	<u>9,214,176</u>
SPECIAL AND EXTRAORDINARY ITEMS:				
Special item	293,295	(588,978)	-	(295,683)
Total Special and Extraordinary Item	<u>293,295</u>	<u>(588,978)</u>	<u>-</u>	<u>(295,683)</u>
Net Change in Fund Balances	(168,972)	2,070,689	(7,519)	1,894,198
Fund Balance at Beginning of Year	<u>3,089,448</u>	<u>5,779,990</u>	<u>54,203</u>	<u>8,923,641</u>
Fund Balances at End of Year	<u>\$ 2,920,476</u>	<u>\$ 7,850,679</u>	<u>\$ 46,684</u>	<u>\$ 10,817,839</u>

	CDBG	Aquatics Fund	Parks and Recreation Fund	Police Department Special Fund	Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 45,880	\$ 249,568	\$ 423,206	\$ 128,590	\$ -	\$ 221,530	\$ 323	\$ 11,925
Investments	-	-	75,000	370,985	400,000	50,000	-	100,000	-	-
Receivables:										
Accounts	-	-	2,579	425	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	121,903	-	-
Less: allowance for uncollectibles	-	-	-	-	-	-	-	(43,485)	-	-
Accrued interest receivable	-	-	41	74	497	27	-	190	-	-
Due from other governments	7,285	89,638	-	-	-	-	586,031	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	500	-	-	-
Total Assets	<u>\$ 7,285</u>	<u>\$ 89,638</u>	<u>\$ 123,500</u>	<u>\$ 621,052</u>	<u>\$ 823,703</u>	<u>\$ 178,617</u>	<u>\$ 586,531</u>	<u>\$ 400,138</u>	<u>\$ 323</u>	<u>\$ 11,925</u>
LIABILITIES										
Accounts payable	\$ 1,960	\$ 4,729	\$ 1,421	\$ 30,448	\$ 4,690	\$ 1,565	\$ 175,117	\$ -	\$ -	\$ -
Other liabilities	1,391	979	14	9,216	-	-	6,410	-	-	-
Retainage payable	-	-	-	-	-	-	500	-	-	-
Accrued payroll	2,959	2,071	73	2,591	-	-	8,728	-	-	-
Due to other funds	974	71,860	-	-	-	-	390,276	-	-	-
Due to component unit	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	5,500	-	-	-
Total Liabilities	<u>7,284</u>	<u>79,639</u>	<u>1,508</u>	<u>42,255</u>	<u>4,690</u>	<u>1,565</u>	<u>586,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES										
Reserved for scholarships and books	-	-	-	-	-	-	-	-	-	-
Reserved for other purposes	-	-	-	578,797	819,013	177,052	-	-	323	-
Unreserved, reported in nonmajor:										
Special revenue funds	-	9,999	121,992	-	-	-	-	400,138	-	11,925
Total Fund Balances	<u>-</u>	<u>9,999</u>	<u>121,992</u>	<u>578,797</u>	<u>819,013</u>	<u>177,052</u>	<u>-</u>	<u>400,138</u>	<u>323</u>	<u>11,925</u>
Total Liabilities and Fund Balances	<u>\$ 7,284</u>	<u>\$ 89,638</u>	<u>\$ 123,500</u>	<u>\$ 621,052</u>	<u>\$ 823,703</u>	<u>\$ 178,617</u>	<u>\$ 586,531</u>	<u>\$ 400,138</u>	<u>\$ 323</u>	<u>\$ 11,925</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

EXHIBIT C-3
Page 2 of 2

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Park Dedication Fund	Juvenile Case Manager Fund	Capital Asset Replacement Fund	Boys & Girls Club Fund	HOME Fund	Tax Increment Reinvestment Zone Fund	Total Nonmajor Special Revune Funds (See Exhibit C-1)
ASSETS										
Cash and cash equivalents	\$ 25,287	\$ 197,732	\$ 18,348	\$ 216,843	\$ 24,387	\$ 160,883	\$ 91,502	\$ -	\$ 4,635	\$ 1,820,639
Investments	-	75,000	140,000	250,000	15,000	-	54,240	-	-	1,530,225
Receivables:										
Accounts	-	88,546	-	-	-	-	318	138,631	-	230,499
Special assessments	-	-	-	-	-	-	-	-	-	121,903
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-	(43,485)
Accrued interest receivable	-	41	178	204	8	-	158	-	-	1,418
Due from other governments	-	-	-	-	-	-	-	-	-	682,954
Due from other funds	-	-	-	-	-	-	-	-	335,920	335,920
Restricted assets	-	-	-	-	-	-	500	-	-	1,000
Total Assets	<u>\$ 25,287</u>	<u>\$ 361,319</u>	<u>\$ 158,526</u>	<u>\$ 467,047</u>	<u>\$ 39,395</u>	<u>\$ 160,883</u>	<u>\$ 146,718</u>	<u>\$ 138,631</u>	<u>\$ 340,555</u>	<u>\$ 4,681,073</u>
LIABILITIES										
Accounts payable	\$ -	\$ 68,750	\$ 150	\$ -	\$ -	\$ -	\$ 14,632	\$ -	\$ -	\$ 303,462
Other liabilities	-	-	-	-	240	-	3,844	-	-	22,094
Retainage payable	-	-	-	-	-	-	-	-	-	500
Accrued payroll	-	-	-	-	490	-	7,421	-	-	24,333
Due to other funds	-	-	-	-	-	-	-	-	-	463,110
Due to component unit	-	-	-	-	-	-	-	-	335,920	335,920
Unearned revenue	-	-	-	467,047	-	-	-	138,631	-	611,178
Total Liabilities	<u>-</u>	<u>68,750</u>	<u>150</u>	<u>467,047</u>	<u>730</u>	<u>-</u>	<u>25,897</u>	<u>138,631</u>	<u>335,920</u>	<u>1,760,597</u>
FUND BALANCES										
Reserved for scholarships and books	25,287	-	-	-	-	-	-	-	-	25,287
Reserved for other purposes	-	-	158,376	-	-	-	-	-	-	1,733,562
Unreserved, reported in nonmajor:										
Special revenue funds	-	292,569	-	-	38,665	160,883	120,821	-	4,635	1,161,627
Total Fund Balances	<u>25,287</u>	<u>292,569</u>	<u>158,376</u>	<u>-</u>	<u>38,665</u>	<u>160,883</u>	<u>120,821</u>	<u>-</u>	<u>4,635</u>	<u>2,920,476</u>
Total Liabilities and Fund Balances	<u>\$ 25,287</u>	<u>\$ 361,319</u>	<u>\$ 158,526</u>	<u>\$ 467,047</u>	<u>\$ 39,395</u>	<u>\$ 160,883</u>	<u>\$ 146,718</u>	<u>\$ 138,631</u>	<u>\$ 340,555</u>	<u>\$ 4,681,073</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, 2009

EXHIBIT C-4

Page 1 of 2

	CDBG	Aquatics Fund	Parks and Recreation Fund	Police Department Special Fund
REVENUES				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	756,064	89,638	-	55,907
Charges for services	-	62,970	89,931	-
Interest	-	41	920	7,773
Miscellaneous	-	518	31,615	-
Total Revenues	<u>756,064</u>	<u>153,167</u>	<u>122,466</u>	<u>63,680</u>
EXPENDITURES				
Current:				
General government	701,530	-	-	-
Public safety	-	-	-	703,854
Highways and streets	-	-	-	-
Culture and recreation	-	242,806	126,941	-
Health and welfare	54,534	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>756,064</u>	<u>242,806</u>	<u>126,941</u>	<u>703,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(89,639)</u>	<u>(4,475)</u>	<u>(640,174)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	89,638	-	14,780
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>89,638</u>	<u>-</u>	<u>14,780</u>
SPECIAL AND EXTRAORDINARY ITEMS				
Special items	-	-	-	-
Total Special and Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1)	(4,475)	(625,394)
Fund Balance at Beginning of Year	<u>-</u>	<u>10,000</u>	<u>126,467</u>	<u>1,204,191</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 9,999</u>	<u>\$ 121,992</u>	<u>\$ 578,797</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Mission Jr. Golf Trust	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 506,520	\$ -	\$ -
389,907	-	994,304	-	-	-
-	32,591	-	-	-	10,823
5,208	1,132	-	3,681	3	29
-	-	-	4,856	1,894	-
<u>395,115</u>	<u>33,723</u>	<u>994,304</u>	<u>515,057</u>	<u>1,897</u>	<u>10,852</u>
-	12,646	-	-	-	6,975
130,074	-	1,201,561	-	-	-
-	-	-	459,982	-	-
-	-	16,722	-	2,416	-
-	-	29,938	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>130,074</u>	<u>12,646</u>	<u>1,248,221</u>	<u>459,982</u>	<u>2,416</u>	<u>6,975</u>
<u>265,041</u>	<u>21,077</u>	<u>(253,917)</u>	<u>55,075</u>	<u>(519)</u>	<u>3,877</u>
-	-	268,697	-	-	-
(76,042)	-	(14,780)	(100,000)	-	-
<u>(76,042)</u>	<u>-</u>	<u>253,917</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
188,999	21,077	-	(44,925)	(519)	3,877
<u>630,014</u>	<u>155,975</u>	<u>-</u>	<u>445,063</u>	<u>842</u>	<u>8,048</u>
<u>\$ 819,013</u>	<u>\$ 177,052</u>	<u>\$ -</u>	<u>\$ 400,138</u>	<u>\$ 323</u>	<u>\$ 11,925</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, 2009

EXHIBIT C-4
Page 2 of 2

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund	Park Dedication Fund	Juvenile Case Manager Fund	Capital Asset Replacement Fund	Boys & Girls Club Fund	Tax Increment Reinvestment Zone fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES									
Taxes and special assessments	\$ -	\$ 400,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907,211
Intergovernmental	-	-	-	-	-	-	67,068	1,399,516	3,752,404
Charges for services	-	-	24,028	47,326	34,234	-	103,573	-	405,476
Interest	251	1,291	785	-	132	780	1,212	31	23,269
Miscellaneous	-	-	-	-	-	-	101,666	-	140,549
Total Revenues	251	401,981	24,813	47,326	34,366	780	273,519	1,399,548	5,228,910
EXPENDITURES									
Current:									
General government	-	-	3,622	-	23,582	-	-	-	748,355
Public safety	-	-	-	-	-	-	-	-	2,035,489
Highways and streets	-	-	-	-	-	-	-	-	459,982
Culture and recreation	-	305,800	-	47,326	-	-	588,928	-	1,330,939
Health and welfare	-	-	-	-	-	-	-	-	84,472
Economic development	-	-	-	-	-	-	-	3,084,465	3,084,465
Debt service:									
Principal	-	-	-	-	-	-	139,048	-	139,048
Interest and fiscal charges	-	-	-	-	-	-	18,017	-	18,017
Total Expenditures	-	305,800	3,622	47,326	23,582	-	745,993	3,084,465	7,900,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	251	96,181	21,191	-	10,784	780	(472,474)	(1,684,917)	(2,671,857)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	80,000	300,000	1,684,949	2,438,064
Transfers out	-	(37,652)	-	-	-	-	-	-	(228,474)
Total Other Financing Sources (Uses)	-	(37,652)	-	-	-	80,000	300,000	1,684,949	2,209,590
SPECIAL AND EXTRAORDINARY ITEMS									
Special items	-	-	-	-	-	-	293,295	-	293,295
Total Special and Extraordinary Items	-	-	-	-	-	-	293,295	-	293,295
Net Change in Fund Balances	251	58,529	21,191	-	10,784	80,780	120,821	32	(168,972)
Fund Balance at Beginning of Year	25,036	234,040	137,185	-	27,881	80,103	-	4,603	3,089,448
Fund Balances at End of Year	\$ 25,287	\$ 292,569	\$ 158,376	\$ -	\$ 38,665	\$ 160,883	\$ 120,821	\$ 4,635	\$ 2,920,476

CITY OF MISSION, TEXAS
COMMUNITY DEVELOPMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,028,168	\$ 756,064	\$ (272,104)
Total Intergovernmental	<u>1,028,168</u>	<u>756,064</u>	<u>(272,104)</u>
Total Revenues	<u>1,028,168</u>	<u>756,064</u>	<u>(272,104)</u>
Expenditures:			
Current:			
General Government:			
General administration	206,307	165,247	41,060
Housing rehabilitation	766,861	536,283	230,578
Total General Government	<u>973,168</u>	<u>701,530</u>	<u>271,638</u>
Health and Welfare:			
Other social services	55,000	54,534	466
Total Health and Welfare	<u>55,000</u>	<u>54,534</u>	<u>466</u>
Total Expenditures	<u>1,028,168</u>	<u>756,064</u>	<u>272,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
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, 2009**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 183,416	\$ 89,638	\$ (93,778)
Miscellaneous	-	518	518
Total Intergovernmental	183,416	90,156	(93,260)
Charges for Service:			
Aquatics	35,000	62,970	27,970
Total Charges for Services	35,000	62,970	27,970
Interest:			
Interest earned on demand deposits	-	41	41
Total Interest	-	41	41
Total Revenues	218,416	153,167	(65,249)
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	219,322	141,452	77,870
Employee benefits	44,410	24,973	19,437
Purchased property services	59,000	15,067	43,933
Other purchased services	10,703	6,400	4,303
Supplies	57,497	51,037	6,460
Capital outlays	10,400	3,430	6,970
Miscellaneous	650	447	203
Total Culture and Recreation	401,982	242,806	159,176
Total Expenditures	401,982	242,806	159,176
Excess (Deficiency) of Revenues Over (Under) Expenditures	(183,566)	(89,639)	93,927
Other Financing Sources (Uses):			
Transfers in	183,416	89,638	(93,778)
Total Other Financing Sources (Uses)	183,416	89,638	(93,778)
Net Change in Fund Balance	(150)	(1)	149
Fund Balance at Beginning of Year	10,000	10,000	-
Fund Balance at End of Year	\$ 9,850	\$ 9,999	\$ 149

CITY OF MISSION, TEXAS**EXHIBIT C-7***PARKS AND RECREATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009*

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	2,000	775	(1,225)
Interest earned on demand deposits	\$ 2,000	\$ 145	\$ (1,855)
Total Interest	4,000	920	(3,080)
Miscellaneous:			
Fees and charges	80,000	89,931	9,931
Fundraising	20,000	30,582	10,582
Miscellaneous	-	100	100
Sponsorship and donations	-	932	932
Total Miscellaneous	100,000	121,546	21,546
Total Revenues	104,000	122,466	18,466
Expenditures:			
Current:			
Culture and Recreation:			
Employee benefits	-	27	(27)
Professional & technical services	73,000	72,260	740
Other purchased services	31,500	31,025	475
Supplies	39,700	21,990	17,710
Miscellaneous	9,200	1,639	7,561
Total Culture and Recreation	153,400	126,941	26,459
Total Expenditures	153,400	126,941	26,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,400)	(4,475)	44,925
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(49,400)	(4,475)	44,925
Fund Balance at Beginning of Year	126,467	126,467	-
Fund Balance at End of Year	\$ 77,067	\$ 121,992	\$ 44,925

CITY OF MISSION, TEXAS
POLICE DEPARTMENT SPECIAL FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State Seizures:			
State seizures	\$ -	\$ 55,907	\$ 55,907
Total State Seizures	-	55,907	55,907
Interest:			
Interest earned on investments	5,000	6,950	1,950
Interest earned on demand deposits	2,500	823	(1,677)
Total Interest	7,500	7,773	273
Total Revenues	7,500	63,680	56,180
Expenditures:			
Current:			
Public Safety:			
State Seizures:			
Personal Services	353,200	107,373	245,827
Employee Benefits	53,890	31,067	22,823
Professional & technical services	60,000	54,657	5,343
Purchased Property Services	20,000	12,171	7,829
Other purchased services	10,000	8,110	1,890
Supplies	51,399	21,699	29,700
Capital outlays	639,229	443,777	195,452
Miscellaneous	30,000	25,000	5,000
Total Public Safety	1,217,718	703,854	513,864
Total Expenditures	1,217,718	703,854	513,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,210,218)	(640,174)	570,044
Other Financing Sources (Uses):			
Transfer In	-	14,780	14,780
Total Other Financing Sources (Uses)	-	14,780	14,780
Net Change in Fund Balance	(1,210,218)	(625,394)	584,824
Fund Balance at Beginning of Year	1,204,191	1,204,191	-
Fund Balance at End of Year	\$ (6,027)	\$ 578,797	\$ 584,824

CITY OF MISSION, TEXAS**EXHIBIT C-9***POLICE FEDERAL SHARING FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009*

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ 305,892	\$ 389,907	\$ 84,015
Total Intergovernmental	305,892	389,907	84,015
Interest:			
Interest earned on investments	4,000	4,328	328
Interest earned on demand deposits	1,500	880	(620)
Total Interest	5,500	5,208	(292)
Total Revenues	311,392	395,115	83,723
Expenditures:			
Current:			
Public Safety:			
Personal services	273,747	79,344	194,403
Employee benefits	12,679	7,878	4,801
Professional & technical services	3,000	378	2,622
Purchased property services	23,000	27,059	(4,059)
Other purchased services	5,000	3,870	1,130
Supplies	21,500	2,300	19,200
Capital outlays	500,748	7,876	492,872
Miscellaneous	22,423	1,369	21,054
Total Public Safety	862,097	130,074	732,023
Total Expenditures	862,097	130,074	732,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550,705)	265,041	815,746
Other Financing Sources (Uses):			
Transfers out	(76,043)	(76,042)	1
Total Other Financing Sources (Uses)	(76,043)	(76,042)	1
Net Change in Fund Balance	(626,748)	188,999	815,747
Fund Balance at Beginning of Year	630,013	630,014	-
Fund Balance at End of Year	\$ 3,265	\$ 819,013	\$ 815,747

CITY OF MISSION, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-10

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Court technology fees	\$ 30,000	\$ 32,591	\$ 2,591
Total Charges for Services	<u>30,000</u>	<u>32,591</u>	<u>2,591</u>
Interest:			
Interest earned on investments	3,000	948	(2,052)
Interest earned on demand deposits	<u>2,000</u>	<u>184</u>	<u>(1,816)</u>
Total Interest	<u>5,000</u>	<u>1,132</u>	<u>(3,868)</u>
Total Revenues	<u>35,000</u>	<u>33,723</u>	<u>(1,277)</u>
Expenditures:			
Current:			
General Government:			
Purchased property services	3,000	1,321	1,679
Supplies	3,322	-	3,322
Capital outlays	30,000	4,110	25,890
Miscellaneous	<u>7,658</u>	<u>7,215</u>	<u>443</u>
Total General Government	<u>43,980</u>	<u>12,646</u>	<u>31,334</u>
Total Expenditures	<u>43,980</u>	<u>12,646</u>	<u>31,334</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,980)	21,077	30,057
Fund Balance at Beginning of Year	<u>155,975</u>	<u>155,975</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 146,995</u>	<u>\$ 177,052</u>	<u>\$ 30,057</u>

CITY OF MISSION, TEXAS
DESIGNATED PURPOSE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-11
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
DHS-Stonegarden Grant	\$ -	\$ 105,000	\$ 105,000
Bullet Proof Vest Grant	7,040	7,040	-
SAFER EMW-2005-FF-01316	1,371,528	270,794	(1,100,734)
Tabacco Compliance Grant	5,000	5,000	-
OVAG Grant# 0802439	88,330	43,978	(44,352)
Lone Star Library Grant	16,722	16,722	-
2006 State HS/LETPP Grant-48768	1,097	812	(285)
2007 SHSP/LETPP	75,713	65,760	(9,953)
2008 BSET Grant	194,490	194,271	(219)
2008 SHSP/SHSP-LEAP	223,949	178,490	(45,459)
LRGVDC Contract	30,000	29,938	(62)
Tx. Dept Transportation-Step Grant	68,236	76,499	8,263
Total Intergovernmental	2,082,105	994,304	(1,087,801)
Total Revenues	2,082,105	994,304	(1,087,801)
Expenditures:			
Current:			
Public Safety:			
Tabacco Compliance Grant:			
Personal services	3,500	3,500	-
Employee benefits	600	600	-
Other purchased services	900	900	-
	5,000	5,000	-
SAFER EMW-2005-FF-013:			
Personal services	1,291,501	378,772	912,729
Employee benefits	366,222	153,679	212,543
	1,657,723	532,451	1,125,272
Bullet Proof Vest Grant:			
Capital outlays:	14,080	14,080	-
	14,080	14,080	-
OVAG Grant# 0802439			
Personal services	59,887	29,576	30,311
Employee benefits	22,575	11,715	10,860
Other purchased services	1,818	988	830
Supplies	3,200	1,699	1,501
Miscellaneous	850	-	850
	88,330	43,978	44,352
TXDOT-Step Grant:			
Personal services	54,664	61,044	(6,380)
Employee benefits	12,572	14,521	(1,949)
Other purchased services	1,000	934	66
	68,236	76,499	(8,263)
2006 SHS/LETPP Grant:			
Capital outlay	1,097	812	285
	1,097	812	285

CITY OF MISSION, TEXAS
DESIGNATED PURPOSE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-11
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
2007 SHSP/LETPP:			
Capital outlay	75,713	65,760	9,953
	<u>75,713</u>	<u>65,760</u>	<u>9,953</u>
2008 BSET Grant:			
Capital outlay	194,490	179,491	14,999
	<u>194,490</u>	<u>179,491</u>	<u>14,999</u>
DHS Stonegarden Grant:			
Capital outlay	-	105,000	(105,000)
	<u>-</u>	<u>105,000</u>	<u>(105,000)</u>
2008 SHSP/SHSP-LEAP Grant:			
Capital outlay	223,949	178,490	45,459
	<u>223,949</u>	<u>178,490</u>	<u>45,459</u>
Total Public Safety	<u>2,328,618</u>	<u>1,201,561</u>	<u>1,127,057</u>
Health and Welfare:			
LRGVDC Contract:			
Other purchased services	2,000	1,938	62
Capital outlays	28,000	28,000	-
	<u>30,000</u>	<u>29,938</u>	<u>62</u>
Total Health and Welfare	<u>30,000</u>	<u>29,938</u>	<u>62</u>
Culture and Recreation:			
Loan Star Libraries Grant:			
Capital outlay	16,722	16,722	-
	<u>16,722</u>	<u>16,722</u>	<u>-</u>
Total Culture and Recreation	<u>16,722</u>	<u>16,722</u>	<u>-</u>
Total Expenditures	<u>2,375,340</u>	<u>1,248,221</u>	<u>1,127,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(293,235)</u>	<u>(253,917)</u>	<u>39,318</u>
Other Financing Sources (Uses)			
Transfers in	293,235	268,697	(24,538)
Transfer out	-	(14,780)	(14,780)
Total Other Financing Sources (Uses)	<u>293,235</u>	<u>253,917</u>	<u>(39,318)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MISSION, TEXAS*DRAINAGE ASSESSMENT FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-12**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 425,000	\$ 506,520	\$ 81,520
Total Assessments	425,000	506,520	81,520
Interest:			
Interest earned on investments	2,500	3,182	682
Interest earned on demand deposits	2,000	499	(1,501)
Total Interest	4,500	3,681	(819)
Miscellaneous:			
Drainage reimb.-subdividers	2,000	4,856	2,856
Total Miscellaneous	2,000	4,856	2,856
Total Revenues	431,500	515,057	83,557
Expenditures:			
Current:			
Highways and Streets:			
Other purchased services	-	1,991	(1,991)
Capital outlays	545,714	447,317	98,397
Supplies	5,000	2,324	2,676
Miscellaneous	8,350	8,350	-
Total Highways and Streets	559,064	459,982	99,082
Total Expenditures	559,064	459,982	99,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,564)	55,075	182,639
Other Financing Sources (Uses):			
Transfers out	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	-
Net Change in Fund Balance	(227,564)	(44,925)	182,639
Fund Balance at Beginning of Year	445,062	445,063	-
Fund Balance at End of Year	\$ 217,498	\$ 400,138	\$ 182,639

CITY OF MISSION, TEXAS*MISSION JR. GOLF TRUST**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-13**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest:			
Interest earned on demand deposits	\$ -	\$ 3	\$ 3
Total Interest	-	3	3
Miscellaneous:			
Contribution and donations	10,000	1,894	(8,106)
Total Miscellaneous	10,000	1,894	(8,106)
Total Revenues	10,000	1,897	(8,103)
Expenditures:			
Current:			
Culture and Recreation:			
Other purchased services	9,000	2,416	6,584
Supplies	1,500	-	1,500
Miscellaneous	-	-	-
Total Culture and Recreation	10,500	2,416	8,084
Total Expenditures	10,500	2,416	8,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(519)	(19)
Fund Balance at Beginning of Year	842	842	-
Fund Balance at End of Year	\$ 342	\$ 323	\$ (19)

CITY OF MISSION, TEXAS
RECORDS PRESERVATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 8,000	\$ 10,823	\$ 2,823
Total Charges for Service	8,000	10,823	2,823
Interest:			
Interest earned on demand deposits	-	21	21
Interest earned on Investments	-	8	8
Total Interest	-	29	29
Total Revenues	8,000	10,852	2,852
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,000	1,000	-
Supplies	5,544	4,533	1,011
Capital outlays	1,456	1,442	14
Total Record Preservation	8,000	6,975	1,025
Total Expenditures	8,000	6,975	1,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,877	3,877
Fund Balance at Beginning of Year	8,048	8,048	-
Fund Balance at End of Year	\$ 8,048	\$ 11,925	\$ 3,877

CITY OF MISSION, TEXAS
SPEER MEMORIAL LIBRARY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-15

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ 100	\$ 242	\$ 142
Interest earned on demand deposits	-	9	\$ 9
Total Interest	<u>100</u>	<u>251</u>	<u>151</u>
Total Revenues	<u>100</u>	<u>251</u>	<u>151</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	100	251	151
Fund Balance at Beginning of Year	<u>25,035</u>	<u>25,036</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 25,135</u>	<u>\$ 25,287</u>	<u>\$ 151</u>

CITY OF MISSION, TEXAS*HOTEL/MOTEL TAX FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-16**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 330,000	\$ 400,627	\$ 70,627
Penalties and interest-hotel occupancy tax	-	63	63
Total Taxes	330,000	400,690	70,690
Interest:			
Interest earned on demand deposits	3,000	332	(2,668)
Interest Earned on Investments	-	959	959
Total Interest	3,000	1,291	(1,709)
Total Revenues	333,000	401,981	68,981
Expenditures:			
Current:			
General Government:			
Tourist Promotion & Adverstising:			
Miscellaneous	300,800	305,800	(5,000)
Total Culture and Recreation	300,800	305,800	(5,000)
Total Expenditures	300,800	305,800	(5,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,200	96,181	63,981
Other Financing Sources (Uses):			
Transfer out	(37,652)	(37,652)	-
Total Other Financing Sources (Uses)	(37,652)	(37,652)	-
Net Change in Fund Balance	(5,452)	58,529	63,981
Fund Balance at Beginning of Year	234,039	234,040	-
Fund Balance at End of Year	\$ 228,587	\$ 292,569	\$ 63,981

CITY OF MISSION, TEXAS
MUNICIPAL COURT BLDG SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-17

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 22,000	\$ 24,028	\$ 2,028
Total Charges for Services	<u>22,000</u>	<u>24,028</u>	<u>2,028</u>
Interest:			
Interest earned on investments	2,500	495	(2,005)
Interest earned on demand deposits	900	290	(610)
Total Interest	<u>3,400</u>	<u>785</u>	<u>(2,615)</u>
Total Revenues	<u>25,400</u>	<u>24,813</u>	<u>(587)</u>
Expenditures:			
Current:			
Purchased property services	5,000	-	5,000
Other purchased services	4,750	3,277	1,473
Supplies	500	345	155
Capital outlay	9,500	-	9,500
Total Expenditures	<u>19,750</u>	<u>3,622</u>	<u>16,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,650	21,191	15,541
Fund Balance at Beginning of Year	<u>137,186</u>	<u>137,185</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 142,836</u>	<u>\$ 158,376</u>	<u>\$ 15,541</u>

CITY OF MISSION, TEXAS*PARK DEDICATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-18**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services:			
Park dedication fee	\$ 432,051	\$ 47,326	\$ (384,725)
Total Charges for Services	432,051	47,326	(384,725)
 Total Revenues	 432,051	 47,326	 (384,725)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	190,000	-	190,000
	190,000	-	190,000
Zone 2-Northeast:			
Capital outlays	130,988	988	130,000
	130,988	988	130,000
Zone 3-Southwest:			
Capital outlays	87,063	46,338	40,725
	87,063	46,338	40,725
Zone 4-Southeast:			
Capital outlays	9,000	-	9,000
	9,000	-	9,000
Zone 5 -Central:			
Capital outlays	15,000	-	15,000
	15,000	-	15,000
 Total Culture and Recreation	 432,051	 47,326	 384,725
 Total Expenditures	 432,051	 47,326	 384,725
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -	 -	 -
 Fund Balance at Beginning of Year	 -	 -	 -
 Fund Balance at End of Year	 \$ -	 \$ -	 \$ -

CITY OF MISSION, TEXAS*JUVENILE CASE MANAGER FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-19**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 21,000	\$ 34,234	\$ 13,234
Total Charges for Services	<u>21,000</u>	<u>34,234</u>	<u>13,234</u>
Interest:			
Interest earned on investments	-	50	50
Interest earned on demand deposits	-	82	82
Total Interest	<u>-</u>	<u>132</u>	<u>132</u>
Total Revenues	<u>21,000</u>	<u>34,366</u>	<u>13,366</u>
Expenditures:			
Current:			
Personal services	23,000	18,230	4,770
Employee benefits	8,690	5,352	3,338
Total Expenditures	<u>31,690</u>	<u>23,582</u>	<u>8,108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,690)	10,784	21,474
Fund Balance at Beginning of Year	<u>27,883</u>	<u>27,881</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 17,193</u>	<u>\$ 38,665</u>	<u>\$ 21,474</u>

CITY OF MISSION, TEXAS
CAPITAL ASSET REPLACEMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-20

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest:			
Interest on investment	\$ -	\$ 615	\$ 615
Interest earned on demand deposits	100	165	65
Total Interest	100	780	680
 Total Revenues	100	780	680
Expenditures:			
Current:			
	-	-	-
 Total Expenditures	-	-	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	100	780	680
Other Financing Sources (Uses):			
Transfers in	80,000	80,000	-
Total Other Financing Sources (Uses)	80,000	80,000	-
 Net Change in Fund Balance	80,100	80,780	680
 Fund Balance at Beginning of Year	80,103	80,103	-
 Fund Balance at End of Year	\$ 160,203	\$ 160,883	\$ 680

CITY OF MISSION, TEXAS*BOYS AND GIRLS CLUB FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-21**

Page 1 of 2

	Budget	Actual	(Negative)
Revenues:			
Operating Revenues:			
Program fees	\$ 99,111	\$ 103,573	\$ 4,462
Grants	169,630	70,068	(99,562)
Contributions	22,500	9,768	(12,732)
Fundraising	82,300	39,215	(43,085)
Membership dues and fees	29,650	15,328	(14,322)
Concession	27,000	8,638	(18,362)
Miscellaneous	5,350	25,717	20,367
Total Operating Revenues	435,541	272,307	(163,234)
Interest:			
Interest earned on investments	4,000	976	(3,024)
Interest earned on demand deposit	1,000	236	(764)
Total Interest	5,000	1,212	(3,788)
Total Revenues	440,541	273,519	(167,022)
Expenditures:			
Programs:			
Administration:			
Personal services	368,337	315,787	52,550
Employee benefits	69,754	60,007	9,747
Professional & technical services	4,500	4,500	-
Purchased property services	45,220	50,668	(5,448)
Other purchased services	27,840	21,254	6,586
Supplies	28,985	23,576	5,409
Capital outlays	500	-	500
Miscellaneous	23,100	49,089	(25,989)
	568,236	524,881	43,355
Little League:			
Professional & technical services	15,299	12,191	3,108
Supplies	17,430	18,053	(623)
Miscellaneous	3,316	3,745	(429)
	36,045	33,989	2,056
Basketball:			
Professional & technical services	2,930	2,929	1
Supplies	3,080	2,903	177
	6,010	5,832	178
Football:			
Professional & technical services	4,550	4,834	(284)
Supplies	17,650	12,800	4,850
Miscellaneous	50	-	50
	22,250	17,634	4,616

CITY OF MISSION, TEXAS
BOYS AND GIRLS CLUB FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-21
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Other programs:			
Professional & technical services	450	400	50
Other purchased services	300	-	300
Supplies	5,785	3,907	1,878
Miscellaneous	2,560	2,285	275
	<u>9,095</u>	<u>6,592</u>	<u>2,503</u>
 Total Programs	 <u>641,636</u>	 <u>588,928</u>	 <u>52,708</u>
 Debt Service:			
Principal retirement	125,503	139,048	(13,545)
Interest	26,653	18,017	8,636
	<u>152,156</u>	<u>157,065</u>	<u>(4,909)</u>
 Total Debt Service	 <u>152,156</u>	 <u>157,065</u>	 <u>(4,909)</u>
 Total Expenditures	 <u>793,792</u>	 <u>745,993</u>	 <u>47,799</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (353,251)	 (472,474)	 (119,223)
 Other Financing Source(Uses):			
Transfers in (out)	300,000	300,000	-
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>
 Special and Extraordinary Items:			
Special item-Boys and Girls Club	-	293,295	293,295
Total Other Financing Sources (Uses)	<u>-</u>	<u>293,295</u>	<u>293,295</u>
 Net Change in Fund Balance	 (53,251)	 120,821	 174,072
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>(53,251)</u>	 <u>120,821</u>	 <u>174,072</u>

CITY OF MISSION, TEXAS

TAX INCREMENT REINVESTMENT ZONE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-22

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,560,000	\$ 1,399,516	\$ (160,484)
Total Intergovernmental:	<u>1,560,000</u>	<u>1,399,516</u>	<u>(160,484)</u>
Interest:			
Interest earned on demand deposits	200	31	(169)
Total Interest	<u>200</u>	<u>31</u>	<u>(169)</u>
Total Revenues	<u>1,560,200</u>	<u>1,399,548</u>	<u>(160,652)</u>
Expenditures:			
Current:			
Economic Development	3,164,290	3,084,465	79,825
	<u>3,164,290</u>	<u>3,084,465</u>	<u>79,825</u>
Total Expenditures	<u>3,164,290</u>	<u>3,084,465</u>	<u>79,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,604,090)</u>	<u>(1,684,917)</u>	<u>(80,827)</u>
Other Financing Sources (Uses):			
Transfers in	1,604,290	1,684,949	80,659
Total Other Financing Sources (Uses)	<u>1,604,290</u>	<u>1,684,949</u>	<u>80,659</u>
Net Change in Fund Balance	200	32	(168)
Fund Balance at Beginning of Year	<u>4,603</u>	<u>4,603</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,803</u>	<u>\$ 4,635</u>	<u>\$ (168)</u>

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CITY OF MISSION, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-23

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 2,943,415	\$ 3,031,728	\$ 88,313
Delinquent ad valorem taxes	126,500	149,436	22,936
Interest & penalties on taxes	100,000	101,758	1,758
Total Taxes	<u>3,169,915</u>	<u>3,282,923</u>	<u>113,008</u>
Interest:			
Interest earned on investments	50,000	10,038	(39,962)
Interest earned on demand deposits	4,000	973	(3,027)
Total Interest	<u>54,000</u>	<u>11,011</u>	<u>(42,989)</u>
Total Revenues	<u>3,223,915</u>	<u>3,293,935</u>	<u>70,020</u>
Expenditures:			
Current:			
Debt Service:			
Principal retirement	1,474,000	1,480,000	(6,000)
Interest and fiscal agent charges	1,223,445	1,221,130	2,315
Total Debt Service	<u>2,697,445</u>	<u>2,701,130</u>	<u>(3,685)</u>
Total Expenditures	<u>2,697,445</u>	<u>2,701,130</u>	<u>(3,685)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>526,470</u>	<u>592,805</u>	<u>66,335</u>
Other Financing Sources (Uses):			
Transfers in	-	206	206
Transfers out	(304,660)	(441,658)	(136,998)
Total Other Financing Sources (Uses)	<u>(304,660)</u>	<u>(441,452)</u>	<u>(136,792)</u>
Net Change in Fund Balance	221,810	151,353	(70,457)
Fund Balance at Beginning of Year	<u>989,171</u>	<u>989,173</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,210,981</u>	<u>\$ 1,140,526</u>	<u>\$ (70,457)</u>

	Capital Projects Fund	2003 Certificates of Obligation	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 302,283	\$ 91,574	\$ 250,642	\$ 644,499
Investments	-	-	71,143	605,347	5,251,165	5,927,655
Accrued interest receivable	-	-	-	-	653	653
Due from other funds	1,341,351	-	-	-	-	1,341,351
Restricted assets	-	33,144	-	59,000	-	92,144
Total Assets	<u>\$ 1,341,351</u>	<u>\$ 33,144</u>	<u>\$ 373,426</u>	<u>\$ 755,921</u>	<u>\$ 5,502,460</u>	<u>\$ 8,006,302</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 62,345	\$ 1,134	\$ -	\$ 63,479
Retainage payable	-	33,144	-	59,000	-	92,144
Total Liabilities	<u>-</u>	<u>33,144</u>	<u>62,345</u>	<u>60,134</u>	<u>-</u>	<u>155,623</u>
FUND BALANCES						
Reserved for encumbrances	-	-	-	35,571	-	35,571
Reserved for capital projects	1,341,351	-	311,081	660,216	5,502,460	7,815,108
Total Fund Balances	<u>1,341,351</u>	<u>-</u>	<u>311,081</u>	<u>695,787</u>	<u>5,502,460</u>	<u>7,850,679</u>
Total Liabilities and Fund Balances	<u>\$ 1,341,351</u>	<u>\$ 33,144</u>	<u>\$ 373,426</u>	<u>\$ 755,921</u>	<u>\$ 5,502,460</u>	<u>\$ 8,006,302</u>

CITY OF MISSION, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-25

	Capital Projects Fund	2003 Public Prop. Fin. Contractual Obligation	2005 Certificates of Obligation	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:							
Interest	\$ -	\$ 4	\$ 13	\$ 15,472	\$ 26,179	\$ 2,019	\$ 43,687
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	-	4	13	15,472	26,179	2,019	43,687
Expenditures:							
Current:							
Capital projects	-	1,467	5,494	1,677,185	2,541,459	163,000	4,388,605
Total Expenditures	-	1,467	5,494	1,677,185	2,541,459	163,000	4,388,605
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,463)	(5,481)	(1,661,713)	(2,515,280)	(160,981)	(4,344,918)
Other Financing Sources (Uses):							
Issuance of debt	-	-	-	-	-	5,495,000	5,495,000
Bond premium	-	-	-	-	-	168,441	168,441
Transfers In	1,341,351	-	-	-	-	-	1,341,351
Transfers out	-	-	(206)	-	-	-	(206)
Total Other Financing Sources (Uses)	1,341,351	-	(206)	-	-	5,663,441	7,004,586
Special and Extraordinary Items:							
Special Items	-	-	-	-	(588,978)	-	(588,978)
Total Special and Extraordinary Items	-	-	-	-	(588,978)	-	(588,978)
Net Change in Fund Balance	1,341,351	(1,463)	(5,687)	(1,661,713)	(3,104,258)	5,502,460	2,070,689
Fund Balance at Beginning of Year	-	1,463	5,687	1,972,795	3,800,045	-	5,779,990
Fund Balance at End of Year	\$ 1,341,351	\$ -	\$ -	\$ 311,082	\$ 695,787	\$ 5,502,460	\$ 7,850,679

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PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

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

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

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

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CITY OF MISSION, TEXAS**UTILITY FUND****ENTERPRISE FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2009****EXHIBIT C-26**

Page 1 of 3

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Water sales, net of adjustment	\$ 9,500,000	\$ 10,362,746	\$ 862,746
Connection fee	300,000	111,300	(188,700)
Reconnect fee	100,000	89,139	(10,861)
Wastewater system capital recovery fee	-	50,837	50,837
Sewage service	4,900,000	5,324,739	424,739
Wastewater assessment	100,000	52,718	(47,282)
Service charge	74,000	67,676	(6,324)
Industrial sewer surcharge	70,000	46,254	(23,746)
Waterline and sewer line	10,000	4,268	(5,732)
5% Credit Card Fee	5,000	8,918	3,918
Miscellaneous income	30,000	14,140	(15,860)
Operating Revenues	<u>15,089,000</u>	<u>16,132,735</u>	<u>1,043,735</u>
Nonoperating Revenues:			
Interest earned	355,766	244,229	(111,537)
Gain (loss) on disposal of capital assets	-	(1,331)	(1,331)
Nonoperating Revenues	<u>355,766</u>	<u>242,898</u>	<u>(112,868)</u>
Total Revenues	<u>15,444,766</u>	<u>16,375,633</u>	<u>930,867</u>
Operating Expenses:			
Utility Administration:			
Personal services	379,078	388,281	(9,203)
Employee benefits	124,302	133,909	(9,607)
Purchased property services	24,500	18,101	6,399
Other purchased services	21,750	21,137	613
Supplies	17,554	12,138	5,416
Miscellaneous	2,546	1,907	639
	<u>569,730</u>	<u>575,473</u>	<u>(5,743)</u>
Water Distribution:			
Personal services	889,959	858,551	31,408
Employee benefits	370,861	373,804	(2,943)
Professional & technical services	10,100	8,326	1,774
Purchased property services	556,000	453,244	102,756
Other purchased services	45,900	26,284	19,616
Supplies	1,014,966	644,363	370,603
Capital outlays	551,000	50,602	500,398
Miscellaneous	28,650	28,581	69
	<u>3,467,436</u>	<u>2,443,755</u>	<u>1,023,681</u>
Water Treatment:			
Personal services	359,393	353,690	5,703
Employee benefits	138,180	139,868	(1,688)
Professional & technical services	30,000	25,812	4,188
Purchased property services	327,500	319,412	8,088
Other purchased services	12,000	10,146	1,854
Supplies	744,789	693,103	51,686

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-26

Page 2 of 3

	Budget	Actual	Variance Positive (Negative)
Capital outlays	10,000	4,304	5,696
Miscellaneous	52,635	52,061	574
	<u>1,674,497</u>	<u>1,598,396</u>	<u>76,101</u>
Wastewater Treatment and Collection:			
Personal services	368,296	319,840	48,456
Employee benefits	131,728	124,709	7,019
Professional & technical services	43,000	36,693	6,307
Purchased property services	819,500	749,793	69,707
Other purchased services	9,150	6,913	2,237
Supplies	204,000	168,256	35,744
Capital outlays	641,601	601,345	40,256
Miscellaneous	228,000	220,087	7,913
	<u>2,445,275</u>	<u>2,227,636</u>	<u>217,639</u>
Industrial Pretreatment:			
Personal services	37,308	39,360	(2,052)
Employee benefits	13,361	13,529	(168)
Purchased property services	321,000	165,979	155,021
Other purchased services	1,000	-	1,000
Supplies	11,600	4,851	6,749
Capital outlays	10,000	1,555	8,445
Miscellaneous	103,300	102,369	931
	<u>497,569</u>	<u>327,643</u>	<u>169,926</u>
Utility Billing and Collection:			
Personal services	342,341	373,189	(30,848)
Employee benefits	134,836	134,719	117
Purchased property services	10,600	9,097	1,503
Other purchased services	98,100	97,590	510
Supplies	83,850	84,563	(713)
Capital outlays	40,000	40,021	(21)
Miscellaneous	10,450	9,039	1,411
	<u>720,177</u>	<u>748,218</u>	<u>(28,041)</u>
Organizational Expense:			
Professional & technical services	240,596	112,447	128,149
Other purchased services	96,000	69,373	26,627
Capital outlays	40,000	-	40,000
Miscellaneous	68,750	66,650	2,100
	<u>445,346</u>	<u>248,470</u>	<u>196,876</u>
Northside Water Treatment Plant:			
Personal services	141,285	151,795	(10,510)
Employee benefits	63,474	62,169	1,305
Professional & technical services	45,000	25,116	19,884
Purchased property services	441,700	430,541	11,159
Other purchased services	4,200	1,716	2,484
Supplies	971,909	849,936	121,973

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-26

Page 3 of 3

	Budget	Actual	Variance Positive (Negative)
Capital outlays	40,000	-	40,000
Miscellaneous	53,250	22,970	30,280
	<u>1,760,818</u>	<u>1,544,243</u>	<u>216,575</u>
2006 Refunding Issue			
Professional & technical services	35,460	10,557	24,903
Capital outlay	787,238	319,718	467,520
	<u>822,698</u>	<u>330,275</u>	<u>492,423</u>
2006 A Revenue Bond			
Professional & technical services	234,949	74,955	159,994
Capital outlay	7,229,902	126,343	7,103,559
Miscellaneous	1,044,768	-	1,044,768
	<u>8,509,619</u>	<u>201,298</u>	<u>8,308,321</u>
2001 Bonds-Sewer Projects:			
Professional & technical services	17,598	-	17,598
Capital outlays	420,742	-	420,742
	<u>438,340</u>	<u>-</u>	<u>438,340</u>
TWDB-2004-A & 2004-B Bonds:			
Capital outlays	63,504	-	63,504
	<u>63,504</u>	<u>-</u>	<u>63,504</u>
Total Operating Expenses	<u>21,415,009</u>	<u>10,245,407</u>	<u>11,169,602</u>
Nonoperating Expenses:			
Bond interest expense	1,787,925	1,840,485	(52,560)
Bond fiscal charges	9,000	8,170	830
Bond principal	2,176,873	2,176,873	-
Nonoperating Expenses	<u>3,973,798</u>	<u>4,025,528</u>	<u>(51,730)</u>
Transfers:			
Transfers In (Out)	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>684,120</u>	<u>684,120</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>26,888,807</u>	<u>15,086,815</u>	<u>11,801,992</u>
Net Income (Budgetary Basis)	<u>\$ (11,444,041)</u>	<u>1,288,818</u>	<u>\$ 12,732,859</u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(4,412,006)	
Bond principal		2,176,873	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>1,229,400</u>	
		<u>(1,005,733)</u>	
Net Income (GAAP Basis)		<u>\$ 283,085</u>	

CITY OF MISSION, TEXAS

GOLF COURSE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-27

Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Pro shop sales	\$ 130,000	\$ 82,797	\$ (47,203)
Cart and club rental	200,000	169,049	(30,951)
Pull carts and club rentals	4,000	2,534	(1,466)
Food and beverage sales	110,000	91,153	(18,847)
Daily green fees	415,000	364,677	(50,323)
Trail fees	70,000	61,320	(8,680)
Juniors' fees	33,000	26,464	(6,536)
Prepaid members	350,000	207,573	(142,427)
Driving range	50,000	41,976	(8,024)
Miscellaneous income	2,000	1,815	(185)
Operating Revenues	1,364,000	1,049,358	(314,642)
Nonoperating Revenues:			
Interest earned	-	54	54
FEMA reimbursement	45,019	45,019	-
MEDC	100,000	100,000	-
Gain (loss) on disposal of capital assets	5,000	(5,464)	(10,464)
Nonoperating Revenues	150,019	139,609	(10,410)
Total Revenues	1,514,019	1,188,967	(325,052)
Operating Expenses:			
Cost of sales-pro shop	86,832	64,173	22,659
Cost of sales-restaurant	60,000	54,017	5,983
Total Cost of Sales	146,832	118,190	28,642
Golf Course Operation:			
Club House:			
Personal services	253,980	253,233	747
Employee benefits	82,689	77,692	4,997
Professional & technical services	1,500	1,500	-
Purchased property services	48,250	51,257	(3,007)
Other purchased services	5,250	4,700	550
Supplies	19,887	14,959	4,928
Capital outlays	2,000	1,850	150
Miscellaneous	5,856	5,067	789
	419,412	410,258	9,154
Grounds:			
Personal services	251,166	252,357	(1,191)
Employee benefits	104,719	103,315	1,404
Purchased property services	61,500	61,185	315
Other purchased services	100	-	100
Supplies	164,019	151,114	12,905
Capital outlays	820	832	(12)
Miscellaneous	630	160	470
	582,954	568,963	13,991

CITY OF MISSION, TEXAS
GOLF COURSE FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-27
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Restaurant:			
Personal services	54,600	48,413	6,187
Employee benefits	9,270	7,161	2,109
Supplies	500	-	500
Miscellaneous	500	5	495
	<u>64,870</u>	<u>55,579</u>	<u>9,291</u>
Organizational Expense:			
Other purchased services	5,500	3,150	2,350
Debt service	1,000	-	1,000
Miscellaneous	20,000	17,832	2,168
	<u>26,500</u>	<u>20,982</u>	<u>5,518</u>
Total Golf Course Operation	<u>1,240,568</u>	<u>1,173,972</u>	<u>66,596</u>
Depreciation	-	183,244	(183,244)
Total Operating Expenses	<u>1,240,568</u>	<u>1,357,216</u>	<u>(116,648)</u>
Nonoperating Expenses:			
Bond interest expense	5,232	5,035	197
Capital lease interest expense	23,634	16,414	7,220
Bond and capital lease principal	205,313	202,985	2,328
Nonoperating Expenses	<u>234,179</u>	<u>224,434</u>	<u>9,745</u>
Transfers:			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>1,474,747</u>	<u>1,581,650</u>	<u>(106,903)</u>
Net Income (Budgetary Basis)	<u>\$ 39,272</u>	<u>(392,683)</u>	<u>\$ (431,955)</u>
Adjustments:			
Bond and Capital Lease principal		202,985	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>2,682</u>	
		<u>205,667</u>	
Net Income (GAAP Basis)		<u>\$ (187,016)</u>	

CITY OF MISSION, TEXAS*SOLID WASTE**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2009***EXHIBIT C-28**

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 4,050,000	\$ 4,184,616	\$ 134,616
Brush fees	457,600	480,470	22,870
Roll-off fees	6,000	5,500	(500)
Franchise fees	104,000	107,313	3,313
Miscellaneous income	1,000	1,374	374
Operating Revenues	<u>4,618,600</u>	<u>4,779,273</u>	<u>160,673</u>
Nonoperating Revenues:			
Interest earned	<u>500</u>	<u>30</u>	<u>(470)</u>
Nonoperating Revenues	<u>500</u>	<u>30</u>	<u>(470)</u>
Total Revenues	<u>4,619,100</u>	<u>4,779,303</u>	<u>160,203</u>
Operating Expenses:			
Solid waste disposal	4,427,088	4,774,152	(347,064)
Rental-machinery & equipment	<u>7,000</u>	<u>6,185</u>	<u>815</u>
	<u>4,434,088</u>	<u>4,780,337</u>	<u>(346,249)</u>
Total Operating Expenses	<u>4,434,088</u>	<u>4,780,337</u>	<u>(346,249)</u>
Transfers:			
Transfers in (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>4,534,088</u>	<u>4,880,337</u>	<u>(346,249)</u>
Net Change in Net Assets (GAAP Basis)	<u>\$ 85,012</u>	<u>\$ (101,034)</u>	<u>\$ (186,046)</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, 2009 and 2008

	2009	2008
Governmental Funds Capital Assets:		RESTATED
Land	\$ 32,230,906	\$ 31,272,593
Buildings and structures	18,571,423	18,587,688
Improvements other than buildings	6,752,016	5,765,822
Furniture and equipment	18,759,493	16,150,290
Construction in progress	6,268,793	4,647,577
Infrastructure	70,427,605	67,498,048
	<u>\$ 153,010,236</u>	<u>\$ 143,922,018</u>
Total Governmental Funds Capital Assets	<u>\$ 153,010,236</u>	<u>\$ 143,922,018</u>
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 83,380,240	\$ 82,245,950
Grants	665,880	665,880
Bond funds	25,068,591	20,346,588
Enterprise funds	1,264	1,264
Special funds	8,268,760	6,739,361
Donations	10,093,190	9,467,009
Developers	25,532,312	24,455,966
	<u>\$ 153,010,236</u>	<u>\$ 143,922,018</u>
Total Governmental Funds Capital Assets	<u>\$ 153,010,236</u>	<u>\$ 143,922,018</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, 2009

<u>Function and Activity:</u>	Governmental Funds Capital Assets September 30, 2008	Additions	Deductions	Governmental Funds Capital Assets September 30, 2009
	RESTATED			
General Government	\$ 8,140,628	\$ 1,599,475	\$ 1,494,317	\$ 8,245,786
Public Safety	20,605,841	2,016,459	160,150	22,462,150
Highways and Streets	97,317,186	5,212,386	-	102,529,572
Health and Welfare	116,927	1,735	879	117,784
Cultural and Recreational	<u>17,741,435</u>	<u>1,952,344</u>	<u>38,834</u>	<u>19,654,945</u>
Total Governmental Funds Capital Assets	<u>\$ 143,922,018</u>	<u>\$ 10,782,399</u>	<u>\$ 1,694,180</u>	<u>\$ 153,010,237</u>

CITY OF MISSION, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2009

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 3,119,202	\$ 3,098,031	\$ 495,955	\$ 1,478,953	\$ 36,929	\$ 16,716	\$ 8,245,786
Public Safety	724,647	8,994,343	172,807	12,410,079	1,625	158,649	22,462,150
Highways and Streets	26,865,560	-	357,916	2,515,070	70,157,062	2,633,963	102,529,572
Health and Welfare	-	-	-	117,783	-	-	117,783
Cultural and Recreational	<u>1,521,497</u>	<u>6,479,049</u>	<u>5,725,338</u>	<u>2,237,608</u>	<u>231,987</u>	<u>3,459,465</u>	<u>19,654,945</u>
Total Governmental Funds Capital Assets	<u>\$ 32,230,906</u>	<u>\$18,571,423</u>	<u>\$ 6,752,016</u>	<u>\$18,759,493</u>	<u>\$70,427,605</u>	<u>\$ 6,268,793</u>	<u>\$153,010,236</u>

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SUPPLEMENTARY SCHEDULES

CITY OF MISSION, TEXAS
UTILITY FUND
SCHEDULE OF REVENUE BOND COVERAGE
Year Ended September 30, 2009

Operating Revenues	\$ 16,132,735	
Interest Earned by funds Created by the Bond Indenture	<u>156,532</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 16,289,267</u>
Operating Expenses	13,428,013	
Less: Depreciation Expense	<u>(4,412,006)</u>	
Operating Expenses Per Bond Ordinance		<u>9,016,007</u>
Net Revenue Per Bond Ordinance		<u>\$ 7,273,260</u>
Average Annual Debt Service Requirements		<u>\$ 3,042,295</u>
Succeeding Fiscal Year Debt Service Requirement		<u>\$ 4,139,064</u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>239%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>176%</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, 2009

	Revenue Bond Series 1995, 2004, 2006 and 2006A				
	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 329,033	\$ 2,000,409	\$ 12,733	\$ 97,941	\$ 2,440,116
Investments	1,370,147	8,101,354	1,590,170	199,694	11,261,365
Cash and Investments September 30, 2008	<u>\$1,699,180</u>	<u>\$10,101,763</u>	<u>\$1,602,903</u>	<u>\$ 297,635</u>	<u>\$13,701,481</u>
Cash Receipts:					
Transfer from operating cash	3,748,336	-	-	-	3,748,336
Interest received	17,383	107,098	25,830	6,221	156,532
Total Cash Receipts	<u>3,765,719</u>	<u>107,098</u>	<u>25,830</u>	<u>6,221</u>	<u>3,904,868</u>
Total Cash And Investments Available	<u>5,464,899</u>	<u>10,208,861</u>	<u>1,628,733</u>	<u>303,856</u>	<u>17,606,349</u>
Cash Disbursements:					
Principal payments	2,056,872	-	-	-	2,056,872
Interest and fiscal charges	1,354,933	-	-	-	1,354,933
Transfer to operating cash	-	162,623	-	-	162,623
Construction costs	-	593,325	-	-	593,325
Total Cash Disbursements	<u>3,411,805</u>	<u>755,948</u>	<u>-</u>	<u>-</u>	<u>4,167,753</u>
Cash and Investments, September 30, 2009	<u>\$2,053,094</u>	<u>\$ 9,452,913</u>	<u>\$1,628,733</u>	<u>\$ 303,856</u>	<u>\$13,438,596</u>
Total Cash and Investments Restricted at September 30, 2009 is Composed of the Following:					
Cash and cash equivalents	\$ 488,800	\$ 1,114,988	\$ 463	\$ 914	\$ 1,605,165
Investments	<u>1,564,294</u>	<u>8,337,925</u>	<u>1,628,270</u>	<u>302,942</u>	<u>11,833,431</u>
Total	<u>\$2,053,094</u>	<u>\$ 9,452,913</u>	<u>\$1,628,733</u>	<u>\$ 303,856</u>	<u>\$13,438,596</u>

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STATISTICAL SECTION

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

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Financial Trends

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.

Revenue Capacity

186

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

190

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

195

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

197

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

	Fiscal Year									
	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009
									RESTATED	
Governmental Activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 9,154,674	\$ 59,147,606	\$ 56,117,203	\$ 67,235,280	\$ 70,919,116	\$ 80,154,508	\$ 81,796,368
Restricted	-	-	-	651,534	800,978	802,534	1,288,945	2,061,067	3,366,072	3,176,789
Unrestricted	-	-	-	3,886,176	3,140,122	9,351,081	4,758,744	6,276,658	8,107,109	7,831,393
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,692,384</u>	<u>\$ 63,088,706</u>	<u>\$ 66,270,818</u>	<u>\$ 73,282,969</u>	<u>\$ 79,256,841</u>	<u>\$ 91,627,689</u>	<u>\$ 92,804,550</u>
Business-Type Activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 25,787,985	\$ 30,774,825	\$ 43,815,647	\$ 50,914,486	\$ 53,882,018	\$ 59,781,770	\$ 58,872,531
Restricted	-	-	-	4,035,643	3,827,894	3,634,865	1,993,403	3,673,491	4,611,532	5,054,584
Unrestricted	-	-	-	4,660,990	3,683,488	2,852,339	6,319,627	6,735,489	6,311,881	6,694,247
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,484,618</u>	<u>\$ 38,286,207</u>	<u>\$ 50,302,851</u>	<u>\$ 59,227,516</u>	<u>\$ 64,290,998</u>	<u>\$ 70,705,183</u>	<u>\$ 70,621,362</u>
Primary Government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 34,942,659	\$ 89,922,431	\$ 99,932,850	\$ 118,149,766	\$ 124,801,134	\$ 139,936,278	\$ 140,668,899
Restricted	-	-	-	4,687,177	4,628,872	4,437,399	3,282,348	5,734,558	7,977,604	8,231,373
Unrestricted	-	-	-	8,547,166	6,823,610	12,203,420	11,078,371	13,012,147	14,418,990	14,525,640
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,177,002</u>	<u>\$ 101,374,913</u>	<u>\$ 116,573,669</u>	<u>\$ 132,510,485</u>	<u>\$ 143,547,839</u>	<u>\$ 162,332,872</u>	<u>\$ 163,425,912</u>

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

City of Mission
Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009
									RESTATED	
Expenses										
Governmental Activities										
General Government	\$ -	\$ -	\$ -	\$ 7,043,021	\$ 6,905,631	\$ 7,109,520	\$ 8,112,283	\$ 7,742,186	\$ 8,100,542	\$ 7,742,072
Public Safety	-	-	-	9,831,094	10,633,900	12,438,467	13,451,482	14,890,373	16,907,573	20,240,072
Highways and streets	-	-	-	1,980,187	3,968,401	4,430,985	5,466,843	5,479,786	5,654,237	4,223,462
Sanitation	-	-	-	97,899	-	-	-	-	-	-
Health and welfare	-	-	-	105,738	511,520	522,734	526,449	359,073	334,726	374,867
Economic development	-	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465
Culture and recreation	-	-	-	3,593,377	3,200,156	3,494,941	4,619,038	4,320,014	4,905,126	5,125,473
Interest on long-term debt	-	-	-	744,599	837,851	930,755	1,096,972	1,027,984	1,512,067	1,730,135
Total governmental activities expenses	-	-	-	23,613,496	26,372,472	29,530,035	34,170,185	34,966,607	39,716,265	42,520,546
Business-type Activities										
Utility system	-	-	-	9,602,954	11,056,182	11,434,910	11,362,995	12,225,436	14,665,301	15,343,467
Golf course operations	-	-	-	1,381,360	1,276,211	1,282,405	1,285,326	1,319,407	1,276,139	1,388,041
Solid waste operations	-	-	-	2,752,986	2,868,909	3,250,388	3,552,159	3,970,782	4,372,005	4,780,337
Total business-type activities expenses	-	-	-	13,737,300	15,201,302	15,967,703	16,200,480	17,515,625	20,313,445	21,511,845
Total primary government expenses	\$ -	\$ -	\$ -	\$ 37,350,796	\$ 41,573,774	\$ 45,497,738	\$ 50,370,665	\$ 52,482,232	\$ 60,029,710	\$ 64,032,391
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ 931,665	\$ 1,093,022	\$ 1,217,942	\$ 2,676,159	\$ 2,494,543	\$ 2,038,016	\$ 1,658,320
Public Safety	-	-	-	756,900	976,726	1,048,893	106,521	94,884	98,736	121,003
Highways and streets	-	-	-	517,402	601,073	607,249	536,943	571,890	593,759	565,910
Sanitation	-	-	-	83,112	-	-	-	-	-	-
Health and welfare	-	-	-	68,837	213,159	174,673	165,112	308,457	284,437	256,293
Culture and recreation	-	-	-	503,797	439,014	272,120	148,885	283,201	350,394	351,378
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	2,364,963	3,872,830	3,529,449	3,146,796	4,659,478	6,453,451	6,389,650
Capital grants and contributions	-	-	-	3,886,256	5,650,496	5,627,239	8,801,715	5,251,523	11,098,136	1,962,259
Total governmental activities program revenues	-	-	-	9,112,932	12,846,320	12,477,565	15,582,131	13,663,976	20,916,929	11,304,813
Business-type activities										
Charges for services										
Utility system	-	-	-	9,649,391	9,905,636	11,798,496	14,852,124	14,184,351	15,716,066	16,114,327
Golf course operation	-	-	-	1,229,252	1,020,308	1,028,222	1,036,110	1,056,872	1,077,578	1,047,543
Solid waste operation	-	-	-	2,804,414	3,017,843	3,253,240	3,569,570	3,951,204	4,505,551	4,777,898
Operating grants and contributions	-	-	-	221,327	236,991	210,701	214,527	778,236	518,466	172,971
Capital grants and contributions	-	-	-	2,859,407	5,327,926	11,635,606	5,739,699	2,866,803	5,629,521	684,120
Total business-type activities program revenues	-	-	-	16,763,791	19,508,704	27,926,265	25,412,030	22,837,466	27,447,182	22,796,859
Total primary government program revenues	\$ -	\$ -	\$ -	\$ 25,876,723	\$ 32,355,024	\$ 40,403,830	\$ 40,994,161	\$ 36,501,442	\$ 48,364,111	\$ 34,101,672

	Fiscal Year									
	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009
									RESTATED	
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ (14,500,564)	\$ (13,526,152)	\$ (17,052,470)	\$ (18,588,054)	\$ (21,302,634)	\$ (18,799,336)	\$ (31,215,733)
Business-type activities	-	-	-	3,026,491	4,307,402	11,958,562	9,211,550	5,321,841	7,133,738	1,285,014
Total primary government net expense	\$ -	\$ -	\$ -	\$ (11,474,073)	\$ (9,218,750)	\$ (5,093,908)	\$ (9,376,504)	\$ (15,980,793)	\$ (11,665,598)	\$ (29,930,719)
General Revenue and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	\$ -	\$ -	\$ -	\$ 8,034,814	\$ 9,087,576	\$ 10,324,334	\$ 12,569,230	\$ 13,778,424	\$ 16,335,934	\$ 17,798,280
Sales taxes	-	-	-	5,655,619	6,006,568	6,787,566	7,961,019	8,859,345	9,784,575	9,552,728
Franchise taxes	-	-	-	1,560,472	1,692,582	2,013,665	2,028,000	2,069,904	2,248,558	2,265,859
Hotel/motel taxes	-	-	-	222,384	249,137	283,886	309,496	358,276	479,950	400,690
Alcoholic beverage taxes	-	-	-	25,639	27,189	33,608	51,914	59,529	79,084	86,136
Shared revenue-tax increment zone	-	-	-	-	-	-	1,409,272	421,603	113,975	137,427
Unrestricted grants and contributions	-	-	-	4,121	8,993	22,130	70,184	-	80,883	1,002
Investment earnings	-	-	-	133,093	103,604	124,325	280,538	371,301	328,642	110,515
Miscellaneous	-	-	-	180,973	95,027	495,068	370,546	678,123	718,583	636,427
Special item	-	-	-	-	-	-	-	-	-	(196,470)
Transfers	-	-	-	118,359	1,564,172	150,000	550,000	680,000	1,000,000	1,600,000
Total governmental activities	-	-	-	15,935,474	18,834,848	20,234,582	25,600,199	27,276,505	31,170,184	32,392,594
Business-type activities										
Investment earnings	-	-	-	155,387	157,423	108,774	152,995	317,265	179,189	71,342
Miscellaneous	-	-	-	21,319	14,435	99,307	110,121	104,376	101,258	159,822
Transfers	-	-	-	(118,359)	(1,564,172)	(150,000)	(550,000)	(680,000)	(1,000,000)	(1,600,000)
Total business-type activities	-	-	-	58,347	(1,392,314)	58,081	(286,884)	(258,359)	(719,553)	(1,368,836)
Total primary government	\$ -	\$ -	\$ -	\$ 15,993,821	\$ 17,442,534	\$ 20,292,663	\$ 25,313,315	\$ 27,018,146	\$ 30,450,631	\$ 31,023,758
Change in Net Assets										
Governmental activities	\$ -	\$ -	\$ -	\$ 1,434,910	\$ 5,308,696	\$ 3,182,112	\$ 7,012,145	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861
Business-type activities	-	-	-	3,084,838	2,915,088	12,016,643	8,924,666	5,063,483	6,414,185	(83,822)
Total primary government	\$ -	\$ -	\$ -	\$ 4,519,748	\$ 8,223,784	\$ 15,198,755	\$ 15,936,811	\$ 11,037,354	\$ 18,785,033	\$ 1,093,039

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

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Occupancy Tax	Alcoholic Beverage Tax	Total
2000	6,231,041	4,424,065	1,408,278	100,672	24,319	12,188,375
2001	6,904,086	4,826,440	1,790,343	137,525	22,965	13,681,359
2002	7,664,308	5,309,647	1,584,095	163,033	22,808	14,743,891
2003	8,034,814	5,655,619	1,560,472	222,384	25,639	15,498,928
2004	9,087,576	6,006,568	1,692,582	249,137	27,189	17,063,052
2005	10,324,334	6,787,566	2,013,665	283,886	33,608	19,443,059
2006	12,569,230	7,961,019	2,028,000	309,496	51,914	22,919,659
2007	13,778,424	8,859,345	2,069,904	358,276	59,529	25,125,478
2008	16,335,934	9,784,577	2,248,558	479,950	79,084	28,928,103
2009	17,798,280	9,552,728	2,265,859	400,690	86,136	30,103,693

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 1,143,729	\$ 951,720	\$ 662,909	\$ 318,453	\$ 298,568	\$ 232,659	\$ 107,877	\$ 252,164	\$ 1,643,102	\$ 194,874
Unreserved	6,098,829	6,333,540	5,145,120	3,028,383	2,617,788	2,987,048	4,341,125	5,121,470	4,206,593	7,083,203
Total general Fund	<u>\$ 7,242,558</u>	<u>\$ 7,285,260</u>	<u>\$ 5,808,029¹</u>	<u>\$ 3,346,836¹</u>	<u>\$ 2,916,356</u>	<u>\$ 3,219,707</u>	<u>\$ 4,449,002</u>	<u>\$ 5,373,634</u>	<u>\$ 5,849,695</u>	<u>\$ 7,278,077</u>
All other governmental funds										
Reserved	\$ 6,935,851	\$ 4,013,641	\$ 1,512,169	\$ 5,058,264	\$ 3,087,189	\$ 3,254,271	\$ 4,572,792	\$ 4,322,710	\$ 8,976,608	\$10,796,738
Unreserved, reported in										
Special revenue funds	991,107	1,221,001	850,878	322,100	178,636	324,931	501,387	768,423	936,206	1,161,627
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,926,958</u>	<u>\$ 5,234,642</u>	<u>\$ 2,363,047</u>	<u>\$ 5,380,364</u>	<u>\$ 3,265,825</u>	<u>\$ 3,579,202</u>	<u>\$ 5,074,179</u>	<u>\$ 5,091,133</u>	<u>\$ 9,912,814</u>	<u>\$11,958,365</u>

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 12,188,375	\$ 13,681,359	\$ 14,743,891	\$ 15,730,176	\$ 17,447,440	\$ 19,450,112	\$ 22,683,237	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749
Licenses and permits	459,477	503,857	656,295	662,923	867,612	999,942	1,176,810	1,048,873	696,135	515,229
Intergovernmental	3,556,341	3,804,126	3,216,051	3,503,489	3,180,900	4,855,473	4,525,130	4,593,260	5,624,673	5,002,401
Charges for services	299,261	337,812	363,753	437,158	486,941	516,484	785,816	1,126,575	1,131,486	954,560
Fines	496,603	556,007	551,659	723,591	908,040	946,280	1,008,935	928,498	845,877	820,359
Investment earnings	604,012	735,003	296,821	208,349	197,213	224,856	462,951	519,103	570,477	132,095
Special assessments	317,651	336,817	358,786	382,484	437,495	426,252	400,179	472,710	494,579	506,520
Miscellaneous	703,982	793,641	1,840,859	1,423,424	2,305,501	1,860,804	966,855	1,397,770	1,896,000	2,636,184
Total Revenues	18,625,702	20,748,622	22,028,115	23,071,594	25,831,142	29,280,203	32,009,913	35,207,411	39,949,342	40,380,098
Expenditures										
General government	5,347,724	5,091,576	7,646,116	7,285,978	7,535,033	7,658,126	7,543,408	7,509,552	7,906,361	7,708,433
Public safety	5,883,722	6,722,653	7,420,386	8,900,690	10,160,519	12,804,066	12,739,371	15,400,283	16,849,849	17,265,004
Highways and streets	2,329,702	2,931,909	3,763,183	3,198,793	4,354,478	4,031,056	2,495,682	2,689,557	3,547,259	3,598,796
Sanitation	8,468	145,918	127,451	98,726	-	-	-	-	-	-
Health and Welfare	131,763	104,000	85,802	105,738	465,285	497,496	551,362	357,778	343,248	373,037
Economic and physical development	-	-	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465
Culture and recreation	2,313,753	2,659,752	2,963,292	3,817,905	3,407,854	3,357,198	3,809,523	4,625,680	4,759,234	4,778,975
Capital projects	2,553,778	4,215,483	2,848,892	2,364,827	3,198,994	1,851,950	3,326,307	951,640	4,174,716	4,388,605
Debt service										
Principal	1,105,000	960,000	1,045,000	1,085,000	1,065,000	1,340,000	1,640,000	1,479,385	1,803,502	1,723,765
Interest	491,335	703,338	688,471	697,608	797,036	795,997	944,053	1,160,599	1,230,572	1,253,891
Other charges	1,448	1,976	2,515	2,512	6,565	8,280	8,930	8,503	8,630	8,630
Total expenditures	20,166,693	23,536,605	26,591,108	27,775,358	31,305,777	32,946,802	33,955,754	35,330,168	42,925,365	44,183,600
Excess of revenues over (under) expenditures	(1,540,991)	(2,787,983)	(4,562,993)	(4,703,764)	(5,474,635)	(3,666,599)	(1,945,841)	(122,757)	(2,976,023)	(3,803,503)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses)										
Transfers in	2,041,083	2,118,640	2,307,824	2,625,956	4,006,959	3,174,927	4,517,001	4,580,409	2,867,662	5,593,315
Transfers out	(1,885,667)	(2,018,640)	(2,153,570)	(2,507,597)	(2,442,787)	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)	(3,993,315)
Refunding bond issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	5,835,000	-	-	5,140,000	1,285,000	4,115,000	4,100,000	-	7,000,000	5,804,678
Premium on bonds issued	-	-	-	-	-	-	-	-	168,426	168,441
Capital leases	-	-	-	-	-	-	-	384,344	-	-
Sale of capital assets	63,759	38,370	59,912	1,529	80,448	18,323	20,114	-	105,340	-
Total other financing sources (uses)	6,054,175	138,370	214,166	5,259,888	2,929,620	4,283,323	4,670,114	1,064,343	8,273,766	7,573,120
Special and extraordinary items:										
Special item	-	-	-	-	-	-	-	-	-	(295,683)
Total special and extraordinary items	-	-	-	-	-	-	-	-	-	(295,683)
Net change in fund balances	\$ 4,513,184	\$ (2,649,613)	\$ (4,348,827)	\$ 556,124	\$ (2,545,015)	\$ 616,724	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934
Debt service as a percentage of noncapital expenditures ⁽¹⁾	9.07%	8.62%	7.31%	7.63%	7.60%	7.78%	8.32%	8.15%	8.16%	7.91%

⁽¹⁾Capital outlay removed from expenditures in ratio calculation comes from Schedule A-6 for 2003 forward. Prior year amounts not available.

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Occupancy Tax	Alcoholic Beverage Tax	Total
2000	6,231,041	4,424,065	1,408,278	100,672	24,319	12,188,375
2001	6,904,086	4,826,440	1,790,343	137,525	22,965	13,681,359
2002	7,664,308	5,309,647	1,584,095	163,033	22,808	14,743,891
2003	8,215,430	5,706,252	1,560,472	222,383	25,639	15,730,176
2004	9,087,576	6,390,956	1,692,582	249,137	27,189	17,447,440
2005	10,331,387	6,787,566	2,013,665	283,886	33,608	19,450,112
2006	12,332,808	7,961,019	2,028,000	309,496	51,914	22,683,237
2007	13,773,567	8,859,345	2,069,905	358,276	59,529	25,120,622
2008	16,335,934	9,784,577	2,248,558	479,950	79,084	28,928,103
2009	17,798,280	9,552,728	2,265,859	400,690	86,136	30,103,693

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

Fiscal Year Ended September 30,	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Minerals	Other					
2000	414,768,046	663,022,344	25,207,880	110,317,583	224,569,975	988,745,878	0.6200	1,213,315,853	0.81%
2001	451,465,563	784,175,526	28,208,180	109,663,626	267,478,291	1,106,034,604	0.6200	1,373,512,895	0.81%
2002	489,937,634	827,275,941	36,690,590	123,103,407	260,593,116	1,216,414,456	0.6200	1,477,007,572	0.82%
2003	572,280,747	933,981,279	50,835,170	142,787,477	304,326,707	1,395,557,966	0.5500	1,699,884,673	0.82%
2004	665,902,711	1,024,129,078	53,470,880	152,507,379	303,814,908	1,592,195,140	0.5500	1,896,010,048	0.84%
2005	805,549,768	1,141,385,750	55,270,075	190,179,318	347,471,060	1,844,913,851	0.5398	2,192,384,911	0.84%
2006	915,768,153	1,321,705,696	67,538,266	198,703,883	364,403,708	2,139,312,290	0.5589	2,503,715,998	0.85%
2007	997,313,190	1,512,771,351	68,402,940	208,798,984	434,731,656	2,352,554,809	0.5566	2,787,286,465	0.84%
2008	1,201,607,606	1,738,634,339	72,846,855	245,506,472	529,477,247	2,729,118,025	0.5566	3,258,595,272	0.84%
2009	1,308,104,315	1,737,671,626	94,203,350	193,181,392	420,102,009	2,913,058,674	0.5666	3,333,160,683	0.87%

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

(2) Tax rate per every \$100 valuation of property.

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

Fiscal Year	City of Mission			Overlapping Rates					Total Direct & Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County Tax Rate	Mission CISD School District Tax Rate	Sharyland School District Tax Rate	La Joya School District Tax Rate	South Texas Community College Tax Rate	
2000	0.4743	0.1457	0.6200	0.4467	1.5000	1.4600	1.5560	0.0920	5.67
2001	0.4759	0.1441	0.6200	0.4467	1.5300	1.5400	1.4558	0.0922	5.68
2002	0.4773	0.1427	0.6200	0.5007	1.5300	1.5400	1.5280	0.0897	5.81
2003	0.4247	0.1253	0.5500	0.5195	1.5841	1.5400	1.5699	0.1776	5.94
2004	0.4358	0.1142	0.5500	0.5900	1.5841	1.5550	1.5699	0.1738	6.02
2005	0.4222	0.1176	0.5398	0.5900	1.5691	1.5650	1.6420	0.1647	6.07
2006	0.4344	0.1245	0.5589	0.5900	1.5632	1.5650	1.6420	0.1589	6.08
2007	0.4455	0.1111	0.5566	0.5900	1.4574	1.5451	1.5800	0.1548	5.88
2008	0.4455	0.1111	0.5566	0.5900	1.1800	1.1850	1.2520	0.1540	4.92
2009	0.4609	0.1057	0.5666	0.5900	1.1240	1.1850	1.3216	0.1498	4.94

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

1. Overlapping rates are those of the City, County, and schoold districts that apply to property owners within the City of Mission. Not all overlapping rates apply to all City of Mission property owners (for example the rates for La Joya School District apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the La Joya School District.
2. (Total Tax Rate)-The allocation of operation and debt service is not available at this time for the County, School Districts, and the Community College.

City of Mission
Principal Property Tax Payers
September 30, 2009

Taxpayer	2009			2000		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Shary Retail LTD	\$ 33,460,184	1	1.15%	\$ -	-	0.00%
Sharyland Utilities LP	31,991,180	2	1.10%	-	-	0.00%
Halliburton Energy Serv (HS)	16,209,540	3	0.56%	5,446,410	7	0.49%
Bert Ogden Chevrolet-Mission	15,967,478	4	0.55%	9,837,862	4	0.89%
AEP Texas Central Co.	13,115,090	5	0.45%	-	-	0.00%
BBCW/Moran Sharyland LP	12,653,271	6	0.43%	-	-	0.00%
Wal-Mart Real Estate Business	10,499,287	7	0.36%	12,600,321	1	1.14%
H E Butt Grocery Company	9,911,097	8	0.34%	4,748,750	9	0.43%
Southwestern Bell Tele	9,284,570	9	0.32%	11,871,890	3	1.07%
CNMK Texas Properties LTD	9,088,506	10	0.31%	9,040,855	5	0.82%
Rio Grande Snack Co.	-	-	-	11,997,117	2	1.08%
Spikes Motor Company, Inc.	-	-	-	6,859,547	6	0.62%
Albertson's Inc.	-	-	-	5,433,013	8	0.49%
Mission TAI, Inc.	-	-	-	4,206,583	10	0.38%
Total	<u>\$ 162,180,203</u>		<u>5.57%</u>	<u>\$ 82,042,348</u>		<u>7.41%</u>

Source: Hidalgo County Tax Assessor.

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	6,130,892	5,715,957	93.2%	318,704	6,034,661	98.4%
2001	6,857,582	6,319,212	92.1%	347,421	6,666,633	97.2%
2002	7,542,074	6,939,238	92.0%	467,766	7,407,004	98.2%
2003	7,675,727	7,206,507	93.9%	561,514	7,768,021	101.2%
2004	8,757,156	8,227,346	93.9%	478,341	8,705,687	99.4%
2005	9,959,032	9,342,725	93.8%	617,066	9,959,791	100.0%
2006	12,015,190	11,347,253	94.4%	579,009	11,926,262	99.3%
2007	13,092,875	12,684,294	96.9%	655,496	13,339,790	101.9%
2008	15,893,072	15,035,133	94.6%	588,063	15,623,196	98.3%
2009	17,305,109	16,251,424	93.9%	736,547	16,987,971	98.2%

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases			
2000	15,330,000	-	-	13,472,000	665,000	-	29,467,000	4.78%	649
2001	14,370,000	-	-	12,583,000	475,000	-	27,428,000	3.97%	571
2002	13,325,000	-	-	20,678,000	320,000	-	34,323,000	4.59%	679
2003	17,380,000	-	-	19,429,000	1,530,000	-	38,339,000	4.95%	752
2004	17,400,000	200,000	-	33,363,000	1,470,000	-	52,433,000	6.55%	954
2005	20,225,000	150,000	-	32,232,000	1,615,000	-	54,222,000	6.56%	958
2006	22,735,000	100,000	-	35,050,000	1,295,000	119,372	59,299,372	6.95%	1,018
2007	21,405,000	50,000	284,958	41,944,570	845,000	84,651	64,614,179	7.82%	1,056
2008	26,750,000	-	186,457	39,870,811	430,000	46,603	67,283,871	7.88%	1,030
2009	31,220,000	272,001	81,739	37,813,939	220,000	300,706	69,908,385	7.43%	1,019

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Debt Payable From Business-type Revenues	Total	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2000	15,995,000	343,243	665,000	14,986,757	1.52%	330.05
2001	14,845,000	367,550	475,000	14,002,450	1.27%	291.72
2002	13,645,000	384,335	320,000	12,940,665	1.06%	256.17
2003	18,910,000	503,430	1,530,000	16,876,570	1.21%	330.91
2004	18,870,000	556,088	1,470,000	16,843,912	1.06%	306.62
2005	21,840,000	581,562	1,615,000	19,643,438	1.06%	347.17
2006	24,030,000	732,719	1,295,000	22,002,281	1.03%	377.53
2007	22,250,000	828,010	845,000	20,576,990	0.87%	336.26
2008	27,180,000	989,174	430,000	25,760,826	0.94%	394.44
2009	31,440,000	1,140,526	220,000	30,079,474	1.03%	438.63

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, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 181,722,500	11.39%	\$ 20,698,193
Hidalgo County Drainage District #1	99,145,000	11.11%	11,015,010
Hidalgo Independent School District	49,784,642	0.20%	99,569
La Joya Independent School District	325,156,962 ⁽¹⁾	10.34%	33,621,230
Mission Consolidated Independent School District	163,985,000 ⁽¹⁾	70.27%	115,232,260
Sharyland Independent School District	74,529,994 ⁽¹⁾	57.59%	42,921,824
South Texas College District	77,254,991	9.80%	7,570,989
Subtotal Overlapping Debt			<u>\$231,159,074</u>
City of Mission	\$ 31,440,000	100.00%	\$ 27,180,000
Total Direct and Overlapping Debt			<u><u>\$258,339,074</u></u>

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

Source: Municipal Advisory Council of Texas.

City of Mission
Legal Debt Margin Information
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 49,437,294	\$ 55,301,730	\$ 60,820,723	\$ 69,777,898	\$ 79,609,757	\$ 92,245,693	\$ 106,965,615	\$ 117,604,999	\$ 136,482,301	\$ 145,652,934
Total net debt applicable to limit	<u>14,986,757</u>	<u>14,002,450</u>	<u>12,940,665</u>	<u>16,876,570</u>	<u>16,843,912</u>	<u>19,643,438</u>	<u>22,002,281</u>	<u>20,576,990</u>	<u>25,760,826</u>	<u>30,079,474</u>
Legal debt margin	<u>\$ 34,450,537</u>	<u>\$ 41,299,280</u>	<u>\$ 47,880,058</u>	<u>\$ 52,901,328</u>	<u>\$ 62,765,845</u>	<u>\$ 72,602,255</u>	<u>\$ 84,963,334</u>	<u>\$ 97,028,009</u>	<u>\$ 110,721,475</u>	<u>\$ 115,573,460</u>
Total net debt applicable to the limit as a percentage of debt limit	30.31%	25.32%	21.28%	24.19%	21.16%	21.29%	20.57%	17.50%	18.87%	20.65%

Legal Debt Margin Calculation for Fiscal Year

Assessed value	\$ 1,844,913,851	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674
Add back: exempt real property	\$ -	\$ -	\$ -	\$ -	\$ -
Total assessed value	<u>\$ 1,844,913,851</u>	<u>\$ 2,139,312,290</u>	<u>\$ 2,352,099,983</u>	<u>\$ 2,729,646,025</u>	<u>\$ 2,913,058,674</u>
Debt limit (5% of total assessed value)	92,245,693	106,965,615	117,604,999	136,482,301	145,652,934
Debt applicable to limit:					
General obligation bonds	21,840,000	24,030,000	22,250,000	27,180,000	31,440,000
Less: Amount set aside for repayment of general obligation debt	(581,562)	(732,719)	(828,010)	(989,174)	(1,140,526)
Less: Business-type general obligations	(1,615,000)	(1,295,000)	(845,000)	(430,000)	(220,000)
Total net debt applicable to limit	<u>19,643,438</u>	<u>22,002,281</u>	<u>20,576,990</u>	<u>25,760,826</u>	<u>30,079,474</u>
Legal debt margin	<u>\$ 72,602,255</u>	<u>\$ 84,963,334</u>	<u>\$ 97,028,009</u>	<u>\$ 110,721,475</u>	<u>\$ 115,573,460</u>

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

City of Mission
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds					Coverage (4)
	Charges and Other (1)	Less:	Net	Debt Service (3)		
		Operating Expenses (2)	Available Revenue	Principal	Interest	
2000	8,248,204	4,172,593	4,075,611	889,000	630,379	2.68%
2001	8,637,135	4,916,189	3,720,946	970,000	633,602	2.32%
2002	9,958,967	5,702,737	4,256,230	1,249,000	1,035,683	1.86%
2003	9,832,105	5,702,737	4,129,368	1,314,000	974,627	1.80%
2004	10,182,330	8,298,124	1,884,206	1,131,000	1,682,697	0.67%
2005	12,130,545	8,098,284	4,032,261	1,197,000	1,620,913	1.43%
2006	15,074,316	7,786,843	7,287,473	1,486,000	1,615,995	2.35%
2007	15,000,320	8,016,670	6,983,650	2,073,759	1,406,974	2.01%
2008	16,339,351	9,205,146	7,134,205	2,056,873	1,691,463	1.90%
2009	16,289,267	9,016,007	7,273,260	2,172,316	1,966,747	1.76%

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

(2) Total operating expenses exclusive of depreciation.

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

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

Note: The City does not have special assessment bonds.

City of Mission
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	MSA⁽²⁾ Personal Income	MSA⁽²⁾ Capita Personal Income	Median Age ⁽¹⁾	Percentage High School Graduates ⁽³⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2000	45,408	616,459,008	13,576	30.40	77.9	12,481	10.80%
2001	48,000	690,384,000	14,383	30.50	81.2	13,131	10.50%
2002	50,515	747,116,850	14,790	30.50	84.4	13,600	10.70%
2003	51,000	774,384,000	15,184	31.00	88.0	14,038	11.20%
2004	54,934	799,938,672	14,562	31.00	81.7	14,156	9.00%
2005	56,582	826,336,648	14,604	30.50	84.8	14,869	5.20%
2006	58,279	853,605,758	14,647	31.70	93.1	15,341	5.20%
2007	61,193	881,774,748	14,410	32.00	85.3	15,536	5.60%
2008	65,310	910,873,314	13,947	32.70	80.0	15,451	7.30%
2009	68,575	940,932,134	13,721	32.20	79.6	15,439	9.30%

(1) Estimated (except for the FY 2000-information was received from the 2000 US Census).

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

(3) Source: Mission Consolidated School District

(4) Source: Texas LMI Tracer-Labor Market.

**City of Mission
Principal Employers**

Employer	2009 ⁽¹⁾			2000 ⁽¹⁾		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mission CISD	2,412	1	3.76%	2,000	1	5.25%
Sharyland ISD	1,168	2	1.82%	630	3	1.65%
Mission Hospital	950	3	1.48%	680	2	1.78%
T-Mobile	888	4	1.39%	-	-	0.00%
H.E.B. Grocery	684	5	1.07%	210	8	0.55%
City of Mission	641	6	1.00%	381	5	1.00%
Wal-Mart Super Center	383	7	0.60%	421	4	1.10%
Haliburton Energy Services	200	8	0.31%	-	-	0.00%
Target	165	9	0.26%	-	-	0.00%
Club at Cimarron	150	10	0.23%	-	-	0.00%
Sharyland Plantation	-	-	0.00%	300	6	0.79%
Vanity Fair	-	-	0.00%	220	7	0.58%
Rio Grande Snack Co	-	-	0.00%	160	9	0.42%
Texas Citrus Exchange	-	-	0.00%	150	10	0.39%
Total	<u>7,641</u>		<u>11.92%</u>	<u>5,152</u>		<u>11.34%</u>

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

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

Full-time Equivalent Employees as of September 30										
Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	76	58	66	72	74	78	75	76	80	84
Public Safety										
Police										
Officers	86	99	99	100	113	114	116	116	120	126
Civilians	28	28	33	37	41	40	42	44	46	53
Fire										
Firefighters and Officers (1)	31	31	32	35	36	51	63	63	64	68
Civilians	5	6	6	6	3	3	2	6	7	6
Highways and Streets										
Engineering (2)	-	2	2	2	-	-	-	-	-	-
Streets	18	22	26	26	27	27	26	27	30	33
Health and Welfare										
Health (3)	-	-	-	-	9	10	7	7	7	7
Culture and recreation										
Aquatics	3	3	3	3	3	3	2	2	11	9
Museum	-	-	3	3	3	3	2	2	2	8
Parks and Recreation	26	24	27	29	32	34	35	35	38	77
Library	16	18	19	19	25	22	20	20	36	34
Golf Course	34	37	34	31	31	27	20	20	27	25
Sanitation										
Water distribution	40	54	62	65	79	77	78	78	78	79
Wastewater	10	11	11	11	13	12	12	13	13	13
Community Development	4	4	4	4	4	3	3	3	3	3
Total	377	397	427	443	493	504	503	512	562	625

Source: City of Mission Finance Department-Budget Office.

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

(2) The City had been contracting outside engineers for a very long time and decided to hire an in-house engineer; however, engineering cost did not decrease and the department was done away with.

(3) The City created a Health Department in FY 2004.

City of Mission
Operating Indicators by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical arrests	2,892	3,166	2,303	2,977	3,779	3,892	3,943	4,592	4,081	4,002
Parking Violation	300	243	163	88	118	59	44	96	64	67
Traffic Violations	7,000	6,358	9,240	10,005	14,850	15,118	12,042	13,217	22,473	20,757
Fire										
Number of calls answered ⁽¹⁾	1,730	1,628	1,914	1,934	2,118	1,938	1,977	2,159	2,270	1,967
Inspections	1,625	1,406	1,616	830	1,191	884	790	2,945	2,479	3,015
Highways and Streets										
Streets resurfacing (miles)	24	31	33	41	39	29	20	8,564	6,088	3,750
Potholes repaired	11,709	12,530	12,980	13,046	18,288	15,379	13,006	24,729	10,217	6,438
Sanitation										
Refuse collected (tons/day) ⁽²⁾	140	140	140	143	145	150	159	193	146	150
Recyclables collected (tons/day)	-	-	0.02	0.03	0.03	0.07	0.03	0.05	0.08	0.21
Culture and recreation										
Golf Course										
Rounds ⁽³⁾	-	-	-	-	57,040	54,588	53,464	54,125	68,173	65,942
Recreation										
Programs	10	15	15	15	17	17	34	32	32	32
Parks Maintained	18	18	18	22	22	22	24	24	24	25
Water										
New connections (year)	1,200	1,250	1,300	1,320	1,321	1,122	1,237	1,202	650	1,748
Water mains breaks (year)	100	120	140	142	151	486	563	459	603	557
Average daily consumption (millions of gallons)	7.40	7.39	8.22	8.06	8.31	10.56	12.56	10.85	12.44	13.23
Wastewater										
Average daily sewage treatment	3.99	4.13	4.52	4.65	4.35	4.60	6.00	6.03	6.06	5.97

Sources: Various City departments.

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

(1) Information for years 1996-1998 was not available.

(2) Information for 2006 estimated.

(3) Golf Course did not have the information for years 1996-2003.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	57	53	60	74	71	80	85	88	94	96
Fire Protection										
Fire Stations	3	3	3	3	4	4	4	4	4	4
Highways and Streets										
Streets (miles)	275	280	280	289	298	306	535	539.52	543.46	548.67
Number of Streetlights	4,300	4,305	4,395	4,483	4,583	4,673	4,767	2,636	2,679	2,726
Culture and recreation										
Parks acreage	215	215	215	226	226	226	310	310	419	419
Parks	18	18	18	22	22	22	24	24	24	25
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	2	2	3	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	1	1	2	2	2	2	2	2	2	2
Water mains (miles)	125	130	139	152	270	270	410	415.86	422.56	425.36
Fire hydrants	1,850	1,850	1,870	1,890	1,990	3,000	2,254	2,408	2,444	2,457
Number of Service connections	16,000	16,000	18,905	19,245	19,931	20,763	21,995	22,902	23,308	23,785
Number of Gallons Sold (in millions)	2,463.60	2,501.50	2,736.02	2,614.00	2,647.40	3,387.70	4,172.14	3,425.39	3,906.65	4,228,779
Daily Average Consumption (gallons) ⁽¹⁾	6.20	6.20	8.20	8.00	8.20	10.60	12.56	10.85	12.44	11.59
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	112	128	133	140	200	200	315	319.45	323.16	325.11
Number of Service connections	12,000	16,000	12,085	15,812	16,682	17,683	18,606	18,632	20,510	21,285
Storm sewers (miles)	75	75	75	75	75	75	110	112.17	114.95	115.91
Daily average treatment in gallons ⁽¹⁾	3.10	3.10	3.40	4.40	4.20	4.60	6.00	6.03	6.06	5.97
Maximum daily treatment capacity ⁽¹⁾	4.60	4.60	4.60	4.90	4.99	5.16	7.00	7.34	8.12	6.70

Source: City departments.

(1) Amount is in millions.

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

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FEDERAL AWARDS SECTION

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mission, Texas, as of and for the year ended September 30, 2009, and have issued our report dated February 3, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Mission Redevelopment Authority, as described in our report on City of Mission's financial statements. The financial statements of Mission Redevelopment Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Mission in a separate letter dated February 3, 2010.

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

Long Chilton, LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
February 3, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH FEDERAL
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Mission, Texas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. City of Mission, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in the City's internal control over compliance 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

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


LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
February 3, 2010

CITY OF MISSION, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)

14.218

Name of Federal Program or Cluster

Community Development Block Grant

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

\$ 300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

CITY OF MISSION, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For the Year Ended September 30, 2009

Section II – Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

<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, 2009

Section II – Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

<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, 2009

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

CITY OF MISSION, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2009

(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:			
09TX-EMPG-0715	Emergency Management Assistance	97.042	\$21,112	-
	Total Pass Through Programs		21,112	-
	Total Federal Emergency Management Agency		21,112	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division Of Emergency Management:			
	Homeland Security Grant Program:			
2006-HGSP-48768	Law Enforcement Terrorism Prevention Program	97.074	137	-
2006-HGSP-48768	State Homeland Security Program	97.073	675	-
2007-HGSP-48768	Law Enforcement Terrorism Prevention Program	97.074	18,536	-
2007-HGSP-48768	State Homeland Security Program	97.073	47,224	-
2008-HGSP-48768	State Homeland Security Program	97.073	28,490	-
2008-HGSP-48768	State Homeland Security Program	97.073	150,000	-
2008-SG-TB-0009	State Homeland Security Program	97.067	105,000	-
	Total Pass Through Programs		350,062	-
EMW-2005-FF-01316	Staffing Adequate Fire & Emergency Response (SAFER)	97.083	270,793	-
	Total U.S. Department of Homeland Security		620,855	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	206,116	-
	Justice Assistance Grant	16.804	-	-
	Project Safe Neighborhood Gun Violence Reduction	16.609	2,678	-
	Project Safe Neighborhood Gun Violence Reduction	16.609	1,996	-
	Bullet Proof Vest Program	16.607	7,040	-
	Total Direct Programs		217,830	-
	Total U.S. Department of Justice		217,830	-

CITY OF MISSION, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended September 30, 2009

(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 and Urban Development</u>			
	Direct Programs:			
B-07-MC-48-0511	Community Development Block Grant	14.218	167,715	-
B-08-MC-48-0511	Community Development Block Grant	14.218	<u>588,347</u>	<u>54,534</u>
	Total Direct Programs		<u>756,062</u>	<u>54,534</u>
	Total U.S. Department of Housing and Urban Development		<u>756,062</u>	<u>54,534</u>
	<u>National Highway Traffic Safety Administration</u>			
	Passed Through Texas Department of Transportation:			
588XXF6160	STEP	20.600	67,851	-
588XXF6011	Click It or Ticket Incentive Program	20.609	<u>8,648</u>	<u>-</u>
	Total Pass Through Programs		<u>76,499</u>	<u>-</u>
	Total National Highway Traffic Safety Administration		<u>76,499</u>	<u>-</u>
	TOTAL FEDERAL AWARDS EXPENDED		<u>\$ 1,692,358</u>	<u>\$ 54,534</u>

CITY OF MISSION, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2009

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.