

City of Mission



Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2011

City of Mission, Texas

CITY OF MISSION, TEXAS

Comprehensive Annual Financial Report

*For Fiscal Year Ended
September 30, 2011*

*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, 2011

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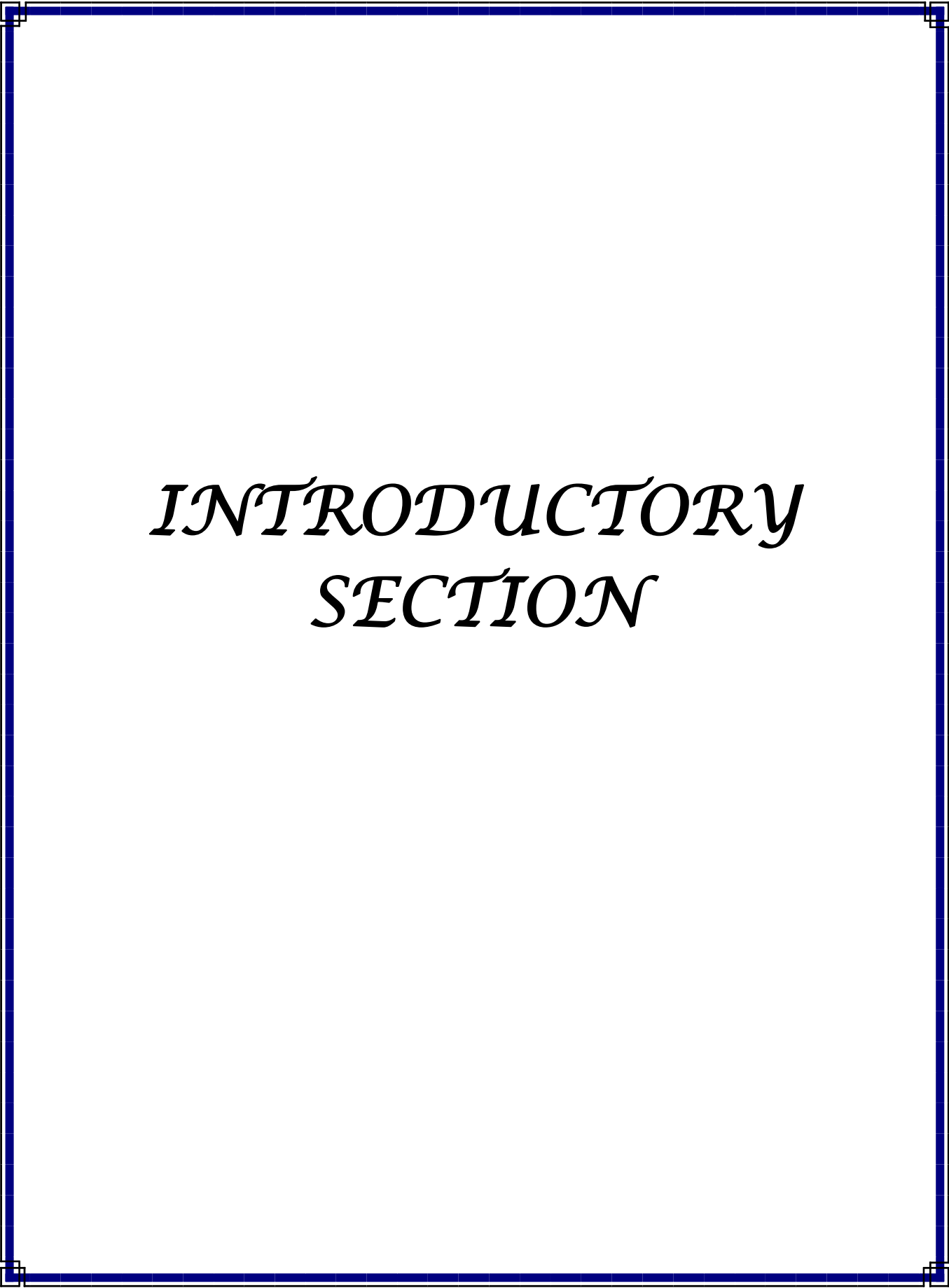
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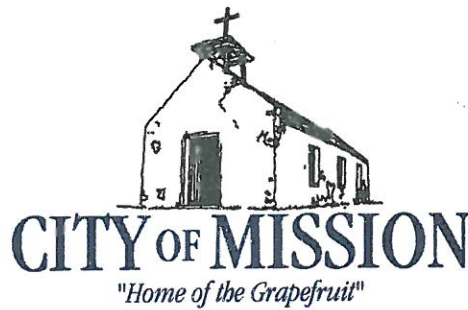
INTRODUCTORY SECTION

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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



January 20, 2012

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, 2011, 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, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

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

CITY PROFILE AND STRUCTURE

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

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

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

Budget

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

LOCAL ECONOMY

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

The economic turmoil facing the nation has affected the City's economic development; however, with the help from Mission Economic Development Corporation (MEDC), the Greater Mission

Chamber of Commerce, and the Mission Redevelopment Authority (MRA), the City has continued to bring in residential and commercial development, though at a slower pace.

The City continues to work very closely with the MRA and Hunt Valley Development to promote development along the Anzalduas Highway, which is currently under construction. It is expected that once the area is fully developed, both property and sales tax revenues will increase. For FY 2011, sales tax reflected an increase of 4% compared to prior year.

Tourism

Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to “Winter Texans” for four to six months out of the year. Winter Texans are mostly retired citizens from northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the economy of the City. The City currently has ten hotels that provide lodging to tourists. Hotel/motel occupancy tax receipts reflected a 1.3% increase compared to prior fiscal year.

Employment

According to the Texas Labor Market Review website, the City’s unemployment rate was 8.8% as of December 2011.

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

- In the retail sector, Walgreen’s, a 14,820 sq. ft. building created 20 new jobs; and Optima Tires, Pink & Posh Party Boutique, and Topazzio Gold & Silver, each created 2 to 3 new job for the City of Mission.
- In the restaurant category, Calle Del Taco-6 jobs; Burguesa Burger-11 jobs; plus other smaller restaurants opened for business during FY 2011.
- In the service sector, Superior Oil Express created 30 new jobs. Other business, which created new jobs, include: Valley Day & Night clinic-8 jobs; Texas Family Pharmacy-3 jobs; D’Selacc Nails Spa-3 jobs; Star Communications-2 jobs; Economy Auto Repair-2 jobs.

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

Fiscal Year 2010-2011 Accomplishments

- Maintained the Tax Freeze for the elderly and disabled as well as the \$10,000 Tax Exemption for the elderly and disabled.
- Lowered the property tax rate for tax year 2011 from \$0.5566 to \$0.5388 per \$100 valuation, a reduction of 3.19%

- The City was awarded \$1.6 million in State and Federal Grants for housing, public safety services and equipment, park improvements, homeless prevention programs, and education programs.
- Continued the philosophy in the CDBG program of focusing solely on the reconstruction of homes and the funding of several public agencies. Thirteen new homes were constructed by the CDBG housing program during the year. The City also received a Homeless Prevention Grant that allowed citizens to apply for rent and utility funds.
- Completed the widening of 2 Mile Line East between Taylor Road and Conway Avenue and commenced Phase I for the expansion of 2 Mile Line West from Conway Avenue to Inspiration Road.
- Completed the Military Parkway Street Project.
- Commenced the South Water Treatment Plant Expansion Project.
- Completed the construction of the Fire Station No. 5/Police Substation located near the Anzalduas Bridge.
- Completed the relocation of water and sewer lines along South Bryan Road in preparation of the Anzalduas Highway construction.
- Completed the Birdwell Park Project.
- Commenced the Boys and Girls Club Gym Projects at CWV Park and Bannworth Park.
- Commenced the renovation of the Mayberry Pool and the construction of the Bannworth Pool located at Bannworth Park.
- Commenced the construction of the Northwest Park on Inspiration Road.
- Added 10 police officers increasing the police force from 130 officers to 140.

Major Initiatives For Fiscal Year 2011-2012

- Continue applying for federal and state grants that would enable the City to provide additional positions for the Police and Fire Departments.
- Continuation of street and drainage infrastructure improvements.
- Complete the Bannworth Park and CWV Park improvements, which include a Boys and Girls Club facility at each park as well as a swimming pool at Bannworth Park.
- Complete the Northwest Park Improvement Project.
- Continue the practice in the CDBG program of focusing solely on providing for the reconstruction of homes and the funding of several public agencies. Eleven (11) houses are anticipated to be constructed by the CDBG housing program during the 2011-2012 fiscal year.
- Continue water and sewer line improvements to upgrade the City's utility infrastructure.
- Increase the number of rounds played and membership at the Shary Golf Course through increased promotion of the Golf Course.
- Continue the alley paving program as funds become available.
- Complete Phase I for the expansion of 2 Mile Line West from Conway Avenue to Inspiration Road.
- 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

The Government Accounting Standards Board (GASB) released Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" on March 11, 2009, which became effective for fiscal year ending June 30, 2011. This new statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification. In addition, the Statement requires that Cities adopt a Fund Balance Policy. The City amended resolution #963, which established a policy for fund balance requiring that the City maintain an unreserved, undesignated fund balance equal to a minimum of three (3) months of operating expenditures for the General Fund. The new fund balance policy, which was adopted on June 27, 2011, requires that the City maintain a minimum of two (2) months of operating expenditures for the General Fund Unassigned Fund Balance. With a year-end Unassigned Fund Balance of \$9,179,554, the City did meet this requirement as of September 30, 2011. Careful long-term financial planning is an on-going goal for the City; therefore, it is the intent of the City Council and management to continue meeting the Fund Balance Policy requirement.

The City's FY 2012 Budget was prepared very conservatively based on the current recession, and includes minimal funds for capital construction projects. The City will continue to apply for federal and state grants and will continue to fund capital needs through the issuance of debt.

The City's Master Plan, which is constantly being reviewed, is used to guide city staff in meeting the future needs and demands of this fast growing community and still maintain the necessary fund balance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Mission, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This is the tenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the Finance Department and other City departments who assisted and contributed to its preparation. Credit should also be given to the Mayor, City Council, MEDC and MRA, for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

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

Respectfully submitted,



Julio C. Cerdá, 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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emen

Executive Director

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CITY OF MISSION, TEXAS

*List of Principal Officials
Year Ended September 30, 2011*

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>

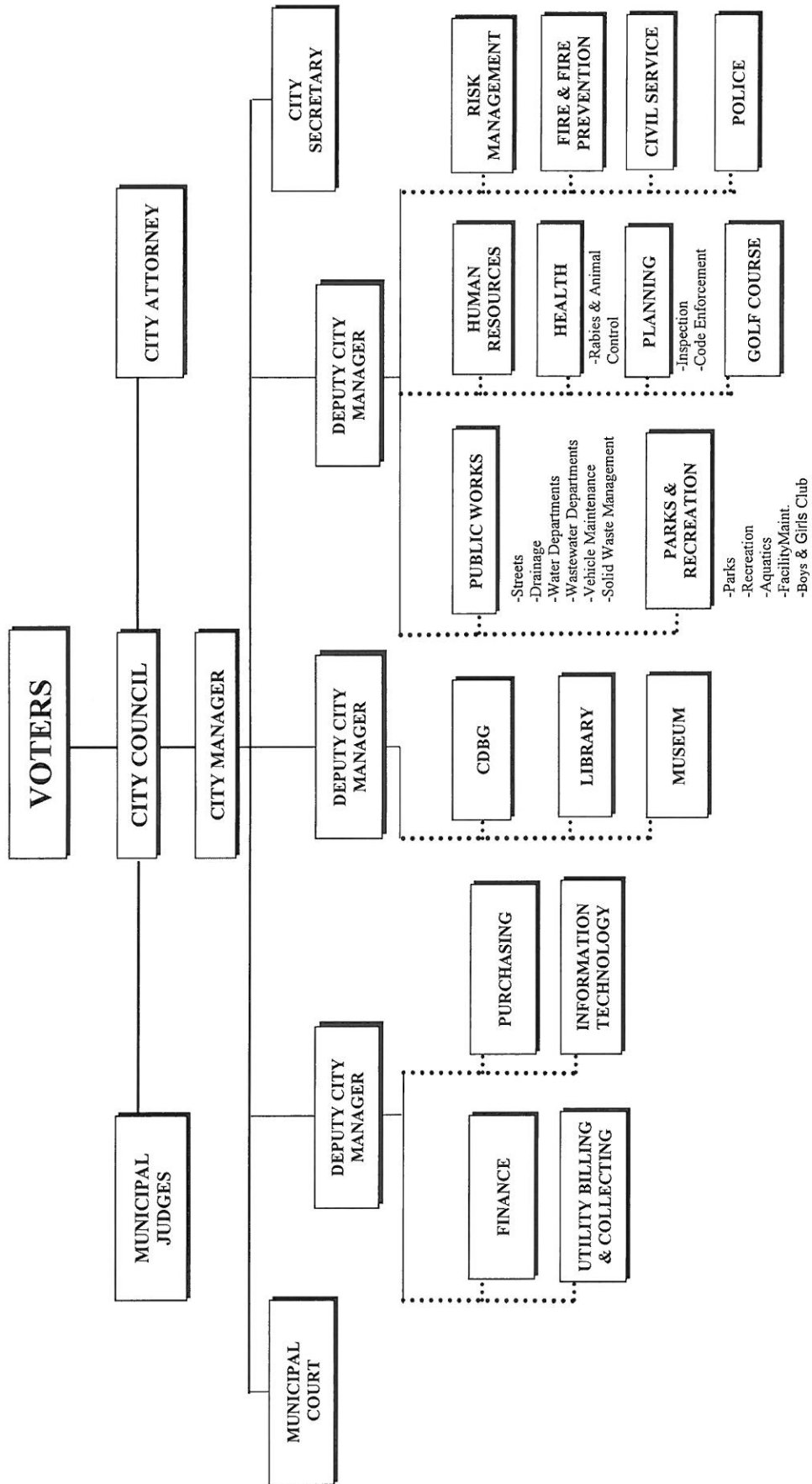
CITY ADMINISTRATION

<i>City Manager</i>	<i>Julio C. Cerda</i>
<i>City Secretary</i>	<i>Anna Carrillo</i>
<i>Finance Director</i>	<i>Janie Flores</i>
<i>Assistant Finance Director</i>	<i>Randy Perez</i>
<i>City Attorney</i>	<i>David H. Guerra</i>
<i>CDBG Director</i>	<i>Joanne Longoria</i>
<i>Civil Service Director</i>	<i>Jesse Lerma</i>
<i>Fire Chief</i>	<i>Ricardo Saldana</i>
<i>Golf Course Director</i>	<i>Paul Schaefer, Jr.</i>
<i>Health Director</i>	<i>Noel Barrera</i>
<i>Human Resources Director</i>	<i>Noemi Munguia</i>
<i>Library Director</i>	<i>Myra Rocha</i>
<i>Municipal Judge</i>	<i>Jonathan Wehrmeister</i>
<i>Museum Director</i>	<i>Cassandra Karl</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>Roberto Salinas</i>
<i>Purchasing Director</i>	<i>Eduardo Belmarez</i>
<i>Risk Management Director</i>	<i>Robert Hinojosa</i>

OFFICIAL ISSUING REPORT

*Janie Flores
Finance Director*

CITY OF MISSION, TEXAS ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mission, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City of Mission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Mission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mission Redevelopment Authority, which represent 71.94% percent, 74.85% percent and 48.54% 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 of the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon 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, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the City of Mission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, are 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The 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 as a whole.



LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
January 18, 2012

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, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that has been furnished in our letter of transmittal, which can be found on pages 3-8 of this report.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$167,919,121 (net assets). Of this amount, \$15,722,919 (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 \$4,224,072. Governmental activities contributed \$701,683 while the Business-type activities contributed \$3,522,389. Total revenues reflect a decrease of 2% compared to prior year. Expenses also reflect a decrease of 8%. The decrease in revenues and the decrease in expenditures were attributed to Operating Contributions received from Texas Department of Transportation for reimbursement of Right-of-Ways which the City purchased and conveyed to the State in FY 2010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,110,842 an 8.41% compared with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$9,179,554 or 28.2% of total General Fund expenditures.
- The City of Mission's total debt increased by \$2,636,172 or 4.4% during the current fiscal year. The City issued \$2,930,000 in Certificate of Obligations during FY 2011. City also received a zero interest ARRA loan from the Texas Water Development Board on December 30, 2009 in the amount of \$8.285 million; however, only \$4,155,000 was released and issued during FY 2011 and \$1.845 million was released and issued in FY 2010. Total principal payments made during FY 2011 were \$4,448,829.

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-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, which are considered major funds. Data of four funds is incorporated with the General Fund as a result of Governmental Accounting Standards Board (GASB) Statement No. 54. Data from the other twenty 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 119 of this report.

The GASB released Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” on March 11, 2009, which became effective for periods beginning after June 15, 2010. This new statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification.

Previously, fund balance was classified as “reserved” or “unreserved”. GASB Statement No. 54 changed how fund balance is reported. The hierarchy of five possible classifications is as follows:

- Nonspendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance

The definitions of each classification can be found in the Notes to Financial Statements page 60.

The City adopted a Fund Balance Policy on June 27, 2011 and has implemented GASB Statement No. 54 in the current year.

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 52-98 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 99-114 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 119 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Mission, assets exceeded liabilities by \$167,919,121 at the close of the most recent fiscal year.

The following table summarizes the City's net assets at September 30, 2011.

**City of Mission
Net Assets
September 30, 2011**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 24,489,043	\$ 30,674,858	\$ 20,252,346	\$ 17,942,754	\$ 44,741,389	\$ 48,617,612
Capital assets	109,762,813	103,200,017	90,744,569	86,834,017	200,507,382	190,034,034
Total assets	134,251,856	133,874,875	110,996,915	104,776,771	245,248,771	238,651,646
Long-term liabilities	35,593,927	34,219,748	32,845,545	30,769,817	68,439,472	64,989,565
Other liabilities	3,548,427	5,247,308	5,341,749	4,719,724	8,890,176	9,967,032
Total liabilities	39,142,354	39,467,056	38,187,294	35,489,541	77,329,648	74,956,597
Net assets						
Invested in capital assets, net of related debt	84,133,258	83,887,342	59,964,330	58,268,682	144,097,588	142,156,024
Restricted	3,774,562	3,438,023	4,324,052	4,891,629	8,098,614	8,329,652
Unrestricted (deficit)	7,201,682	7,082,454	8,521,237	6,126,919	15,722,919	13,209,373
Total net assets	\$ 95,109,502	\$ 94,407,819	\$ 72,809,619	\$ 69,287,230	\$ 167,919,121	\$ 163,695,049

By far the largest portion of the City's net assets (86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Mission uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Mission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Consequently, these long-term considerations have a significant impact on the resulting net assets; of which 5% are subject to external restrictions on how they may be used, leaving the remaining balance of 9% as unrestricted net assets to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Mission is able to report positive balances in all three categories of net assets; both for the City as a whole, as well as for its separate governmental and business-type activities. The total net assets reflect an increase of \$4,241,861 compared to the prior year. The increase was primarily attributed to capital contributions received from Mission Economic Development Corporation.

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, 2011.

City of Mission Changes in Net Assets September 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,839,005	\$ 2,919,705	\$ 24,362,661	\$ 21,232,911	\$ 27,201,666	\$ 24,152,616
Operating grants and contributions	6,152,917	7,271,889	17,397	26,525	6,170,314	7,298,414
Capital grants and contributions	1,170,433	7,701,238	3,157,395	677,685	4,327,828	8,378,923
General Revenues:						
Property taxes	18,143,897	17,795,460	-	-	18,143,897	17,795,460
Other taxes	13,206,304	12,711,726	-	-	13,206,304	12,711,726
Other	2,402,886	2,575,754	123,847	238,362	2,526,733	2,814,116
Total revenues	<u>43,915,442</u>	<u>50,975,772</u>	<u>27,661,300</u>	<u>22,175,483</u>	<u>71,576,742</u>	<u>73,151,255</u>
Expenses:						
General government	7,570,043	14,511,545	-	-	7,570,043	14,511,545
Public safety	19,387,472	19,309,796	-	-	19,387,472	19,309,796
Highways and streets	6,255,895	6,427,413	-	-	6,255,895	6,427,413
Economic development	3,670,268	3,466,582	-	-	3,670,268	3,466,582
Culture and recreation	6,044,088	5,661,309	-	-	6,044,088	5,661,309
Health and welfare	903,935	570,197	-	-	903,935	570,197
Interest on long-term debt	1,582,058	1,525,661	-	-	1,582,058	1,525,661
Utility system	-	-	15,376,432	15,305,547	15,376,432	15,305,547
Golf course operations	-	-	1,374,400	1,288,879	1,374,400	1,288,879
Solid waste operations	-	-	5,188,079	4,931,714	5,188,079	4,931,714
Total expenses	<u>45,413,759</u>	<u>51,472,503</u>	<u>21,938,911</u>	<u>21,526,140</u>	<u>67,352,670</u>	<u>72,998,643</u>
Increases in net assets before transfers	(1,498,317)	(496,731)	5,722,389	649,343	4,224,072	152,612
Transfers	<u>2,200,000</u>	<u>2,100,000</u>	<u>(2,200,000)</u>	<u>(2,100,000)</u>	<u>-</u>	<u>-</u>
Changes in net assets	701,683	1,603,269	3,522,389	(1,450,657)	4,224,072	152,612
Net assets-10/01/10	94,407,819	92,804,550	69,287,230	70,621,362	163,695,049	163,425,912
Prior Period Adjustment	-	-	-	116,525	-	116,525
Net assets-09/30/11	<u>\$ 95,109,502</u>	<u>\$ 94,407,819</u>	<u>\$ 72,809,619</u>	<u>\$ 69,287,230</u>	<u>\$ 167,919,121</u>	<u>\$ 163,695,049</u>

Total revenues generated from both governmental and business-type activities for this year were \$71,576,741 reflecting a decrease of \$1,454,614 or 2% compared to last year.

- Capital Grants and Contributions decreased by \$4,051,095 compared to prior year. Governmental activities had a decrease of \$6,530,805 of which \$6 million were funds received from TXDOT in FY 2010 for ROW reimbursement. While Business activities reflected an increase of \$2,479,710 due to capital contributions received from Mission Economic Development Corporation.
- Property taxes and other tax revenues increased by 2.7% compared to the prior year. Much like the rest of the country, the City's economy continues to grow, albeit at a slower pace. The Anzalduas International Bridge, which connects the City of Mission to the City of Reynosa, Nuevo Leon, Mexico, opened in December 2009, is expected to attract

commercial and retail development along the Anzalduas Highway, currently under construction, which will connect the bridge with US Highway 83. As this area develops, the City anticipates significant increases in both sales tax and property tax revenues. An indication of future growth is already reflected in sales tax revenues, which increased 4% for FY 2011.

- Charges for services increased by 12.6% compared to prior year. The increase was attributed to an increase in the Utility revenues of 21.49%. Water consumption increased as the Rio Grande Valley faced a major drought during FY 2011.
- Operating Grants and contributions decreased by 15% or \$1,128,100 compared to prior year. The majority of the decrease was attributed to the ORCA Disaster Recovery Grant which was closed during FY 2011. The majority of the proceeds were received in FY 2010.

Expenses decreased by \$5,645,973 or 8% compared to prior year. The main factor that contributed to the overall decrease is:

- The City purchased over \$6 million in Rights-of-Way for the Anzalduas Highway and conveyed them to TxDOT during FY 2010 none were purchased during FY 2011.

Governmental activities. Governmental activities increased the City of Mission's net assets by \$701,682 thereby accounting for 17% of the total growth in net assets. Total expenses exceeded revenues by \$1,498,317 before transfers in. Revenues and expenses both reflect a decrease of 14% and 12% respectively compared to prior year.

Program revenues decreased by 43% compared to prior year. The main factors that contributed to the overall decrease are:

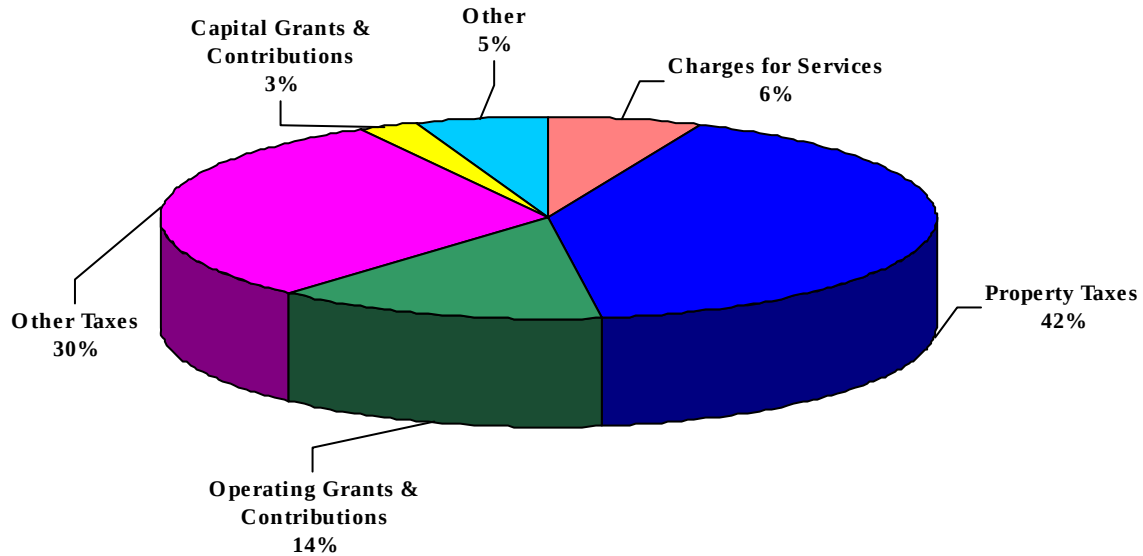
- Capital grants and contributions decreased by 85%. The majority of the decrease is due to TXDOT's contribution for right-of-way purchased in FY 2010 for the Anzalduas Highway Project.
- Operating Grants and contributions decreased by 14% or \$1,118,972 compared to prior year. The majority of the decrease was attributed to the ORCA Disaster Recovery Grant which was closed during FY 2011. The majority of the proceeds were received in FY 2010.

General Revenues reflect an overall increase of 2% compared to prior year.

- Tax revenues represent 72% 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 30% of total revenues. Property tax had a 2% increase in collections while sales tax reflected a 4% increase compared to prior year. The

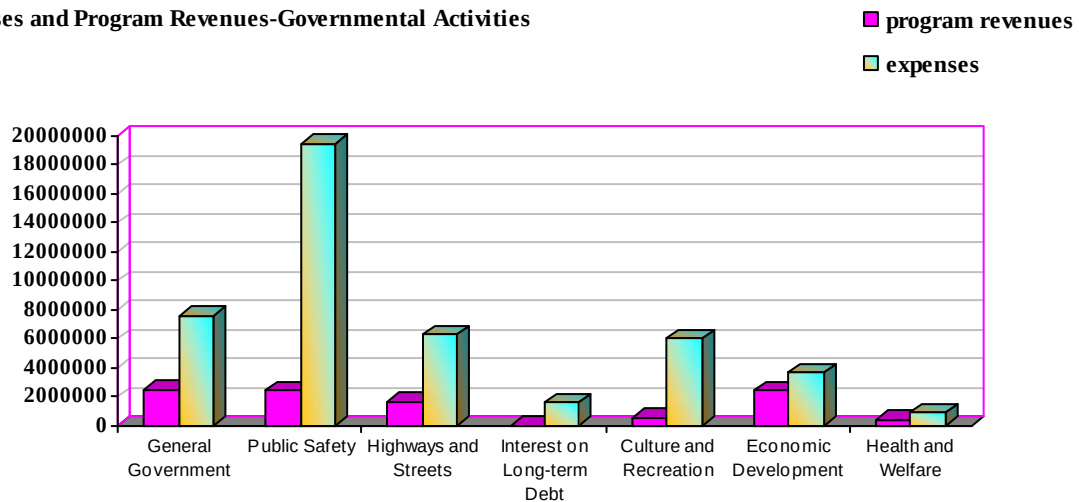
Mission Chamber of Commerce implemented a “Shop Mission First” program, which provided various prizes to the shoppers.

Revenues by Source-Governmental Activities



The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 78% of total expenses for fiscal year 2011.

Expenses and Program Revenues-Governmental Activities



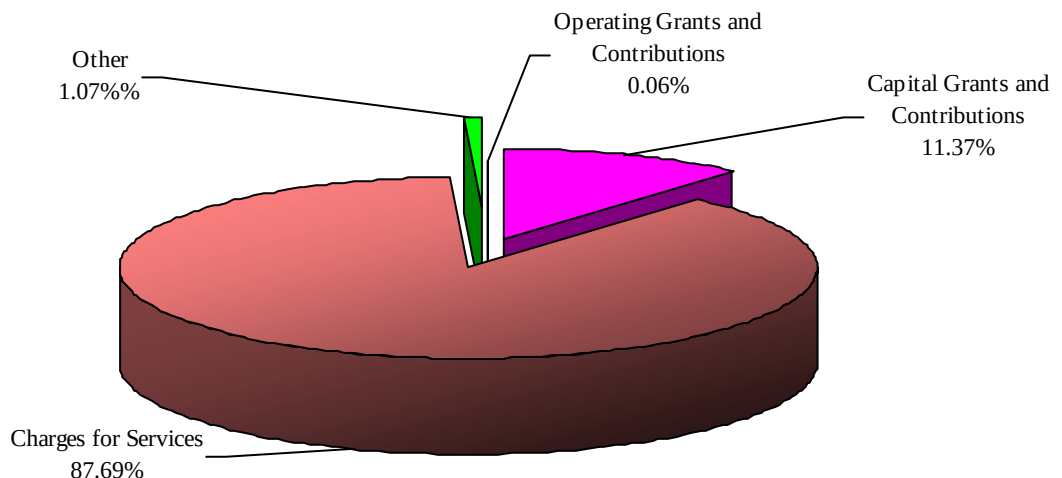
Expenses for **governmental activities** of the City totaled \$45,413,759 for the year ended September 30, 2011. Expenses decreased by 12% compared to FY 2010. As mentioned previously the majority of the decrease was in the General Government Activities.

- General Government Activities decreased of 48% compared to prior year. The City purchased over \$6 million in Rights-of-Way for the Anzalduas Highway and conveyed them to TxDOT during FY 2010 none were purchased during FY 2011. The cost was recognized in the General Government Activity since the City didn't retain ownership of the Right-of Ways.
- Health and Welfare Activities increased by 59% compared to prior year. The County of Hidalgo Urban County Program granted the City the Homeless Prevention and Rapid Re-housing Grant for \$127,500 to help low income families and homeless citizens with rent and utilities. The City also received a grant (\$180,000) from the State CDBG Disaster Recovery Program, which help citizens with home repairs for damages caused by hurricanes or major storms.
- Culture and Recreation Activities increased by 7% compared to prior year. The increase is attributed to an increase of depreciation expense and an increase in utilities, mainly water usage due to heavy drought.

Business-type activities. Business-type activities increased the City of Mission's net assets by \$3,522,389. Revenues increased 25% and expenses increased 2% compared to prior year.

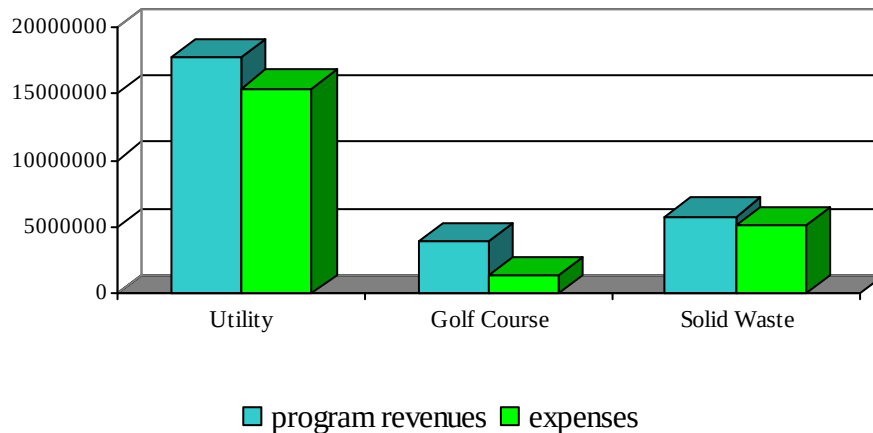
- Charges for Services increased 15% in comparison to the prior year due to the severe drought. Water sales increased by \$2 million due to the severe drought and new construction during FY 2011.
- Capital Grants and Contributions tripled in comparison to prior year. The Mission Economic Development Corporation (MEDC) conveyed \$2,859,185 in capital assets to the City's Municipal Golf Course. The Golf Course Club House Renovation Project and the Course Irrigation System were funded by MEDC.

Revenues by Source-Business-type Activities



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

Expenses and Program Revenues-Business-type Activities



- Expenses for **business-type activities** of the City totaled \$21,938,911 an increase of \$412,771 compared to prior year.
- The majority of the increase is reflected in the Solid Waste operations, which increased \$256,365 or 5% in comparison to prior year. The increase is attributed to an increase of rates charged by the company contracted to collect and dispose garbage, debris, brush, and other solid waste items.
- The Golf Course operations also reflect a 7% increase in comparison to prior year. The increase is attributed to depreciation expense increasing compared to prior year. The new irrigation system and additional improvements were depreciated for 9 months during FY 2011.

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) decreased the combined fund balance to \$17,110,842, a decrease of \$1,571,111 from prior year.

- The Capital Project Funds, which are bond proceeds, were the primary reason for the decrease. The Capital Projects Funds fund balances decreased by \$2,983,727 or 48% compared to prior year.
- General Fund unassigned fund balance increased by \$1,318,381 or 18% compared to prior year. The increase was due to management controlling spending and an increase in revenues.

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, 2011 and 2010.

Revenues & Transfers-In	2011 Amount	% of Total	2010 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 31,976,033	62.69%	\$ 31,064,930	\$ 911,103	2.93%
Licenses and permits	643,827	1.26%	552,496	91,331	16.53%
Intergovernmental	7,161,137	14.04%	15,305,799	(8,144,662)	-53.21%
Charges for services	718,021	1.41%	853,506	(135,485)	-15.87%
Fines and forfeitures	613,174	1.20%	775,992	(162,818)	-20.98%
Investment income	54,112	0.11%	41,819	12,293	29.40%
Miscellaneous	1,825,970	3.58%	1,686,661	139,309	8.26%
Transfers-in	4,997,949	9.80%	6,267,545	(1,269,596)	-20.26%
Capital leases	-	0.00%	108,326	(108,326)	-100.00%
Bond premium	84,236	0.17%	-	84,236	100.00%
Bond proceeds	2,930,000	5.74%	-	2,930,000	100.00%
Total	<u>\$ 51,004,459</u>	<u>100.00%</u>	<u>\$ 56,657,074</u>	<u>\$ (5,652,615)</u>	<u>-9.98%</u>

Taxes – The most significant increase in taxes this year is attributable to sales taxes, which increased 4% over last year; property tax revenues increased by 2%. The tax rate remained the same at \$0.5566.

Licenses and permits – Licenses and permits revenues increased 16.53%, which is an indication of the City's economic recovery. Approximately 395 construction permits (new buildings) were issued during the current year in comparison to 327 issued in the prior year.

Intergovernmental revenues – The most significant decrease in intergovernmental revenues was the reimbursement from TxDOT (over \$6 million) for right-of-ways purchased in FY 2010.

Charges for services – The most significant decrease in charges for services was in the reduction of weedy lots. The City experienced a severe drought during FY 2011 plus over \$98,000 was written off as uncollectible.

Fines and forfeitures – The most significant decrease was due to corporation court fines. The Municipal Court Department held an amnesty program in February/March of 2011 and only a handful of violators took advantage of the program.

Transfers-in –A one-time transfers-in of \$1,048,713 was done in FY 2010 from the City's General Fund to the Capital Projects Fund for the construction of the police/fire substation on the southeast side of the City providing service to the Anzalduas International Bridge. The construction was completed in FY 2011 and only \$100,000 was transferred in the current year to finalize the project.

Bond proceeds –The City issued \$2,930,000 in Certificate of Obligations in FY 2011. The proceeds were used for drainage projects, a fire truck, various vehicles, and other heavy equipment.

Capital Leases – The City had no new capital leases in FY 2011.

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, 2011 and 2010.

Expenditures & Transfer-Out	2011 Amount	Percent of Total	2010 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General government	\$ 7,338,930	13.96%	\$ 14,177,581	\$ (6,838,651)	-48.24%
Public safety	18,575,214	35.33%	18,642,783	(67,569)	-0.36%
Highways and streets	4,356,144	8.29%	5,327,032	(970,888)	-18.23%
Health and welfare	872,624	1.66%	566,753	305,871	53.97%
Culture and recreation	5,092,616	9.69%	4,883,052	209,564	4.29%
Economic development	3,670,268	6.98%	3,466,582	203,686	5.88%
Capital projects	6,274,155	11.93%	2,664,844	3,609,311	135.44%
Debt service:					
Principal	2,299,748	4.37%	2,010,834	288,914	14.37%
Interest and fiscal charges	1,297,923	2.47%	1,304,557	(6,634)	-0.51%
Transfers-out and special items	2,797,949	5.32%	4,167,545	(1,369,596)	-32.86%
Total	<u>\$ 52,575,571</u>	<u>100.00%</u>	<u>\$ 57,211,563</u>	<u>\$ (4,635,992)</u>	<u>-8.10%</u>

General government - The decrease of over \$6 million is attributed to a one-time expenditure for purchase of rights-of-way for the Anzalduas' Highway Project in FY 2010.

Highways and streets – The City received the ORCA Disaster Grant in FY 2010 (\$1,629,225) and 60% of the grant was spent in FY 2010 for street improvements throughout the City. Only \$157,613 was spent in FY 2011. The remaining grant amount will be spent in FY 2012 for additional street projects.

Health and welfare - The County of Hidalgo Urban County Program granted the City the Homeless Prevention and Rapid Re-housing Grant for \$127,500 to help low income families and homeless citizens with rent and utilities. The City also received a grant (\$180,000) from the State CDBG Disaster Recovery Program, which help citizens with home repairs for damages caused by hurricanes or major storms. The City assisted 37 families with proceeds from these grants.

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 –This category will fluctuate depending on the status of the project. The CWV Recreation Complex and the Banworth Recreation Complex construction Projects commenced during FY 2011 and will be completed in FY 2012. The City invested over \$1 million in drainage projects throughout the City during FY 2011. The Northwest Park Project was also commenced during FY 2011 and is expected to be completed during FY 2012. The City issued \$2.9 million in bonds during FY 2011 and the proceeds were used for the drainage projects and purchase of a fire truck, vehicles, and other heavy equipment.

Fund Balances

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,110,842, a decrease of \$1,571,111 or 8% in comparison to prior year. \$9,179,554 represents unassigned fund balance for all governmental funds, which is available for spending at the City's discretion. Of the current fund balances, the following categories are recorded and primary uses noted in accordance with implementing GASB Statement No. 54.

Category	Amount	Category	Amount
Nonspendable		Restricted	
Long term receivable	\$ 34,400	Capital projects	\$ 3,265,269
Inventory	713	Debt service	1,114,955
Prepaid	9,079	Aquatics programs	10,000
	<u>\$ 44,192</u>	Municipal court	414,497
Committed		PD asset sharing	935,693
Significant encumbrance	\$ 707,546	Drainage improvements	533,047
Capital asset replacement	95,006	Scholarships and books	25,453
Boys and Girls Club	267,196	Tourism	437,435
	<u>\$ 1,069,748</u>	Perpetual care	33,839
Assigned		Records preservation	9,929
Recreation programs	<u>\$ 32,829</u>	Tax increment	4,402
			<u>\$ 6,784,519</u>

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$9,179,554, an increase of \$1,318,381 in comparison with the prior year. The increase is due to the strong performance from sales tax as well as keeping expenditures as a whole, under control. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Unassigned fund balance represents 28% of total General Fund expenditures, while total fund balance represents 32% of that same amount.

The Debt Service Fund reflects a decrease of \$357,860 or 24% in comparison to prior year. The decrease is attributed to an increase in principal and interest payments by \$536,545. Property tax revenues reflected a decrease due to the reduction in the I&S tax rate from \$0.1153 to \$0.1068. Excess funds were used to offset expenditures, which allowed the reduction in the tax rate for FY 2011.

Other Governmental Funds had a 36% decrease in comparison to prior year. The main reduction was caused by the Capital Projects Funds. The CWV Recreation Complex and the Banworth Recreation Complex Projects commenced during FY 2011 and should be completed in FY 2012. Approximately \$3 million were spent on these two projects in FY 2011.

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 \$7,968,669. The Utility Fund and the Solid Waste Fund had unrestricted net assets of \$8,379,943 and \$932,898 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net assets of \$1,344,172.

The Utility Fund unrestricted net assets increased by \$1,934,171. Operating revenues increased by 15% compared to prior year. As mentioned earlier, water sales increased due to a severe drought that hit the Rio Grande Valley for the entire fiscal year. Expenses reflected an increase of \$537,901 in comparison to prior year. Depreciation expense reflected the highest increase for the current year.

The Golf Course Fund borrowed working capital from the Utility Fund to meet its daily operational expenses during the year. Golf Course operating revenues reflect an increase of \$236,343 or 26% from prior year. The increase was a result of having the Course in full operation for the current year. The Course had certain sections of the course closed due to the replacement of the irrigation system, and renovation of the club house in the prior year. Both projects were completed in December 2010. Expenses increased by \$99,801 or 8% in comparison to prior year. Depreciation expense reflected the highest increase. The Golf Course continues its recovery from the loss of revenue during its expansion from an 18-hole course to a 27-hole course. All the improvements 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 \$3,716,242. Expenditures reflect a savings of \$2,845,336 while revenues reflect an increase of \$870,906.

- The most significant positive revenue variances are reflected in taxes and licenses and permits revenues. Franchise business taxes and sales taxes were budgeted very conservatively due to the sluggish economy; however, both reflected increases towards the end of the fiscal year. Due to their very nature, miscellaneous revenues are budgeted at a conservative level, since most of the revenues are normally considered one-time revenues.
- Fines revenues reflect significant negative variance. Various measures were taken to increase fines and forfeiture collections; however, revenues still came in lower than anticipated.
- Intergovernmental revenues reflect the most significant negative variance. Budgets for these type of revenues are budgeted for the amount as per agreed agreements or contracts; however, some of revenues may not be recognized until the following fiscal year.
- Expenditures came in under budget largely due to several positions left unfilled throughout the year, benefit costs were lower than anticipated and capital outlay items that were not purchased but encumbered. In addition, departments kept a very close watch on expenditures, keeping in line with the budget. The most significant savings are reflected in the Highways and Streets departments. The Streets Department came in under budget by \$1,260,559 for street projects that were budgeted but not commenced until the latter part of the fiscal year. These projects were included in the Budget for FY 2012. The Public Safety departments had a savings of \$730,520 and the majority of the savings was due to several positions not filled immediately.

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, 2011, amounts to \$200,507,380 (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 \$7,473,346 (3% increase for governmental activities and a 5% increase for business-type activities).

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

- Infrastructure increased in the governmental activities by \$3,335,806 (net) compared to prior year. The increase is attributed to various street and drainage projects completed and capitalized during the current fiscal year.
- Buildings increased in the governmental activities by \$1,454,159 (net) compared to prior year. The increase is attributed to the new police/fire substations which were completed and capitalized during the current fiscal year.
- Machinery and equipment increased in the governmental activities by \$1,134,317 (net) compared to prior year. The increase is attributed to the new equipment installed in the

new police/fire substations, a new fire truck and various vehicles and equipment purchased during the current fiscal year.

- Construction-in progress decreased due to the various projects that were completed and capitalized during the current fiscal year. Projects capitalized included the police/fire substations, drainage improvements and street improvements. The new projects added to CIP include the Banworth and Catholic War Veterans Park Projects and Mile 2 West Street Project.
- Buildings and systems in the business-type activities decreased by \$1,327,100 (net) due to an increase in accumulated depreciation of 11% in comparison to the prior year.
- Construction in progress in the business-type activities increased by \$3,648,167. The increase is due to the North Water Treatment Plant Expansion Project. The project is expected to be completed in FY 2012.

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

City of Mission Capital Assets Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and water rights	\$ 33,195,035	\$ 32,283,658	\$ 7,382,602	\$ 7,382,602	\$ 40,577,637	\$ 39,666,260
Buildings and system	15,101,477	13,647,318	71,443,209	72,770,309	86,544,686	86,417,627
Improvements other than buildings	6,001,410	6,492,400	1,669,583	360,839	7,670,993	6,853,239
Machinery and equipment	7,968,802	6,834,485	2,107,155	1,826,414	10,075,957	8,660,899
Infrastructure	42,874,341	39,538,535	-	-	42,874,341	39,538,535
Construction in progress	4,621,746	7,403,622	8,142,019	4,493,852	12,763,765	11,897,474
Total	<u>\$ 109,762,811</u>	<u>\$ 106,200,018</u>	<u>\$ 90,744,568</u>	<u>\$ 86,834,016</u>	<u>\$ 200,507,379</u>	<u>\$ 193,034,034</u>

Additional information on the City of Mission's capital assets can be found in note 6 on pages 71-72 of this report.

- **Long-term debt.** At the end of the current fiscal year, the City of Mission had total outstanding long-term debt of \$63,003,736, an increase of 4% compared to prior year. The increase is due to the issuance of \$2,930,000 in Certificate of Obligations in the governmental activities and \$4,155,000 in Jr. Lien Revenue Bonds from Texas Water Development Board. City had received a zero interest ARRA loan from the Texas Water Development Board on December 30, 2009 in the amount of \$8.285 million; however, only \$4,155,000 was released and issued during FY 2011 and \$1.845 million as released and issued in FY 2010. Total principal payments made during FY 2011 were \$4,448,829. Proceeds from the Certificate of Obligation were used for drainage improvements and

machinery and equipment; while the ARRA proceeds were used for the North Water Plant expansion project, which will be completed in FY 2012.

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

City of Mission General Obligations, Revenue Bonds, and Other Debt						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Public property financing contractual obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificate of obligations	23,510,000	22,170,000	-	-	23,510,000	22,170,000
Revenue bonds	-	-	19,159,000	16,000,000	19,159,000	16,000,000
Refunding bonds	6,625,000	7,190,000	13,430,000	14,490,000	20,055,000	21,680,000
Tax notes	96,000	168,000	-	-	96,000	168,000
Capital Leases	70,484	143,232	113,252	206,332	183,736	349,564
Total	\$ 30,301,484	\$ 29,671,232	\$ 32,702,252	\$ 30,696,332	\$ 63,003,736	\$ 60,367,564

Moody's Investors Service rated the City of Mission's bonds issued in October 2010, as "Aa3".

As of September 30, 2011, the City had no authorized but unissued debt. City received a zero interest ARRA loan from the Texas Water Development Board on December 30, 2009 in the amount of \$8.285 million; however, only \$4,155,000 was released and issued during FY 2011 and \$1.845 million was released and issued in FY 2010. The remaining \$2.285 million will be released during FY 2012 and FY 2013. Additional information on the City of Mission's long-term debt can be found in note 9 on pages 73-79 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Mission is currently 8.8 percent, decreasing from 9.6% in prior year. The state and national average unemployment rates are 7.5 percent and 8.3 percent respectively.
- Appraised values used in preparing the 2011-2012 Budget were \$88 million higher than the prior year. Increase is largely due to the expansion of the City's city limits through several annexations during the prior year and current year.
- The 2013 Budget was prepared using an adopted tax rate of \$0.5388 per \$100 valuation. The tax rate decreased by 3% compared to prior year.
- The water and sewer rates remained unchanged in the 2012 Budget.

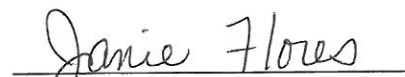
- The 2012 Budget also reflects an increase in various golf course fees. The new rates and fees will be comparable to rates charged by other municipal golf courses in the area.
- The 2011 General Fund operating budget was prepared using \$8,888,603 as the estimated unassigned fund balance at September 30, 2011. The actual unassigned fund balance for the General Fund was \$9,179,554; nevertheless, \$4,000,000 is the projected fund balance at September 30, 2012. Revenues reflect a 2% increase while expenditures reflect a 12% increase compared to FY 2011 original budget. Additional personnel, 3% increase in salaries, and added benefit cost are the primary factors for the 12% increase.
- The City is currently analyzing its current financial situation and will implement the necessary measures to maintain adequate levels of fund balance in the General Fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. The City implemented GASB Statement No. 54 through resolution and one of the requirements of GASB 54 is the adoption of a fund balance policy for the General Fund. The new policy requires that the General Fund Unassigned Fund Balance will be no less than two (2) months of operating expenditures. At the end of FY 2011, the General Fund Unassigned Fund Balance met the new 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



Janie Flores
Finance Director

BASIC FINANCIAL STATEMENTS

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CITY OF MISSION, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
ASSETS					
Cash and cash equivalents	\$ 11,151,381	\$ 4,395,178	\$ 15,546,559	\$ 1,780,134	\$ 1,840,286
Investments	8,440,444	4,257,435	12,697,879	697,674	2,078,729
Receivables, net	4,570,830	3,523,586	8,094,416	600,939	-
Internal balances	(547,483)	547,483	-	-	-
Due from primary government	-	-	-	-	179,381
Due from component unit	199,648	-	199,648	-	-
Inventory	713	240,728	241,441	-	-
Prepaid items	12,589	6,658	19,247	4,495	-
Deferred charges	626,021	583,946	1,209,967	63,871	977,281
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	32,000	-	32,000	-	-
Restricted assets	500	6,697,332	6,697,832	524,796	-
Capital assets:					
Land, water rights, and construction in progress	37,816,781	15,524,622	53,341,403	-	4,374,677
Other capital assets, net of accumulated depreciation	71,946,032	75,219,947	147,165,979	13,432	-
Total Assets	<u>134,251,856</u>	<u>110,996,915</u>	<u>245,248,771</u>	<u>3,685,341</u>	<u>9,450,354</u>
LIABILITIES					
Accounts payable	1,440,141	940,799	2,380,940	27,634	128,757
Customer deposits	-	1,958,676	1,958,676	-	-
Accrued interest payable	157,386	429,030	586,416	34,529	83,323
Other liabilities	475,019	132,447	607,466	-	-
Subdividers deposits	-	1,387,068	1,387,068	-	-
Retainage payable	157,090	329,257	486,347	-	-
Accrued payroll	534,077	101,103	635,180	-	-
Due to primary government	-	-	-	12,965	186,683
Due to component unit	179,381	-	179,381	-	-
Unearned revenues	605,333	63,369	668,702	-	-
Non-current liabilities:					
Due in more than one year	32,127,022	30,679,351	62,806,373	6,681,860	18,463,092
Due within one year	<u>3,466,905</u>	<u>2,166,194</u>	<u>5,633,099</u>	<u>394,114</u>	<u>904,682</u>
Total Liabilities	<u>39,142,354</u>	<u>38,187,294</u>	<u>77,329,648</u>	<u>7,151,102</u>	<u>19,766,537</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	84,133,258	59,964,330	144,097,588	13,432	-
Restricted for:					
Debt Service	1,370,267	2,954,569	4,324,836	490,267	1,723,655
Construction	-	1,369,483	1,369,483	-	1,933
Capital Improvements	533,047	-	533,047	-	-
Federal and state awards	935,693	-	935,693	-	-
Tourism	437,435	-	437,435	-	-
Municipal court	414,498	-	414,498	-	-
Other	83,622	-	83,622	-	-
Unrestricted	<u>7,201,682</u>	<u>8,521,237</u>	<u>15,722,919</u>	<u>(3,969,460)</u>	<u>(12,041,771)</u>
Total Net Assets	<u>\$ 95,109,502</u>	<u>\$ 72,809,619</u>	<u>\$ 167,919,121</u>	<u>\$ (3,465,761)</u>	<u>\$ (10,316,183)</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 7,570,043	\$ 1,647,709	\$ 877,107	\$ -
Public safety	19,387,472	105,723	1,877,509	427,217
Highways and streets	6,255,895	644,298	333,684	716,003
Health and welfare	903,935	134,981	315,217	-
Culture and recreation	6,044,088	306,294	277,643	27,213
Economic development	3,670,268	-	2,466,679	-
Interest and fiscal charges on long-term debt	1,582,058	-	5,078	-
Total Governmental Activities	45,413,759	2,839,005	6,152,917	1,170,433
Business-type activities:				
Utility	15,376,432	17,412,060	17,397	323,222
Golf Course	1,374,400	1,137,503	-	2,834,173
Solid Waste	5,188,079	5,813,098	-	-
Total Business-type Activities	21,938,911	24,362,661	17,397	3,157,395
Total Primary Government	\$ 67,352,670	\$ 27,201,666	\$ 6,170,314	\$ 4,327,828
COMPONENT UNITS:				
Mission Economic Development Corporation	5,185,142	-	163,460	198
Mission Redevelopment Authority	1,151,258	-	-	-
Total Component Units	\$ 6,336,400	\$ -	\$ 163,460	\$ 198
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				
Net Assets - Ending				

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (5,045,227)	\$ -	\$ (5,045,227)		
(16,977,023)	-	(16,977,023)		
(4,561,910)	-	(4,561,910)		
(453,737)	-	(453,737)		
(5,432,938)	-	(5,432,938)		
(1,203,589)	-	(1,203,589)		
(1,576,980)	-	(1,576,980)		
<u>(35,251,404)</u>	<u>-</u>	<u>(35,251,404)</u>		
-	2,376,247	2,376,247		
-	2,597,276	2,597,276		
-	625,019	625,019		
-	5,598,542	5,598,542		
<u>\$ (35,251,404)</u>	<u>\$ 5,598,542</u>	<u>\$ (29,652,862)</u>		
			(5,021,484)	-
			-	(1,151,258)
			<u>\$ (5,021,484)</u>	<u>\$ (1,151,258)</u>
18,143,897	-	18,143,897	-	3,363,713
10,234,485	-	10,234,485	3,411,495	-
2,396,994	-	2,396,994	-	-
496,759	-	496,759	-	-
78,066	-	78,066	-	-
1,395,342	-	1,395,342	-	-
-	-	-	-	-
41,545	16,782	58,327	4,789	13,264
965,999	107,065	1,073,064	-	-
-	-	-	-	-
2,200,000	(2,200,000)	-	-	(2,271,622)
<u>35,953,087</u>	<u>(2,076,153)</u>	<u>33,876,934</u>	<u>3,416,284</u>	<u>1,105,355</u>
701,683	3,522,389	4,224,072	(1,605,200)	(45,903)
94,407,819	69,287,230	163,695,049	(1,860,561)	(10,270,280)
<u>\$ 95,109,502</u>	<u>\$ 72,809,619</u>	<u>\$ 167,919,121</u>	<u>\$ (3,465,761)</u>	<u>\$ (10,316,183)</u>

CITY OF MISSION, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

EXHIBIT A-3

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,252,220	\$ 1,130,717	\$ 2,356,993	\$ 10,739,930
Investments	2,067,571	-	4,283,331	6,350,902
Receivables:				
Taxes, including interest and penalties	1,659,943	484,571	-	2,144,514
Accounts	1,253,973	-	237,334	1,491,307
Special assessments	-	-	82,779	82,779
Less: allowance for uncollectible	(1,373,299)	(100,353)	(3,382)	(1,477,034)
Accrued interest receivable	1,667	-	2,682	4,349
Due from other governments	2,004,690	-	318,746	2,323,436
Due from other funds	274,342	-	344,419	618,761
Due from component unit	199,648	-	-	199,648
Inventory	713	-	-	713
Prepaid items	12,589	-	-	12,589
Restricted assets	500	-	-	500
Long-term receivable	32,000	-	-	32,000
Total Assets	<u>\$ 13,386,557</u>	<u>\$ 1,514,935</u>	<u>\$ 7,622,902</u>	<u>\$ 22,524,394</u>
LIABILITIES				
Accounts payable	\$ 758,523	\$ -	\$ 562,481	\$ 1,321,004
Other liabilities	470,202	-	4,817	475,019
Retainage payable	-	-	157,090	157,090
Accrued payroll	524,099	-	9,977	534,076
Due to other funds	147,357	34,419	434,258	616,034
Due to component unit	-	-	179,381	179,381
Deferred revenue	1,160,052	365,561	605,333	2,130,946
Total Liabilities	<u>3,060,233</u>	<u>399,980</u>	<u>1,953,337</u>	<u>5,413,550</u>
FUND BALANCES				
Nonspendable	44,192	-	-	44,192
Restricted	-	1,114,955	5,669,564	6,784,519
Committed	1,069,748	-	-	1,069,748
Assigned	32,829	-	-	32,829
Unassigned	9,179,554	-	-	9,179,554
Total Fund Balances	<u>10,326,323</u>	<u>1,114,955</u>	<u>5,669,564</u>	<u>17,110,842</u>
Total Liabilities and Fund Balances	<u>\$ 13,386,556</u>	<u>\$ 1,514,935</u>	<u>\$ 7,622,901</u>	<u>\$ 22,524,392</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, 2011**

Total fund balances - governmental funds balance sheet	\$ 17,110,842
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	109,762,813
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,525,613
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,835,527
Payables for bond principal which are not due in the current period are not reported in the funds.	(30,231,000)
Payable for bond interest which are not due in the current period are not reported in the funds.	(157,386)
Payables for capital leases which are not due in the current period are not reported in the funds.	(70,484)
Payables for long term liability not due in the current period and not reported in the funds.	(1,014,863)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,020,716)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(1,043,542)
Unamortized issuance cost unavailable for current-period expenditures and are deferred in the SNA	873,987
Unamortized premium unavailable for current-period expenditures and are deferred in the SNA	(461,289)
Net assets of governmental activities - statement of net assets	<u>\$ 95,109,502</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	\$ 27,437,446	\$ 3,508,684	\$ 1,029,903	\$ 31,976,033
Licenses and permits	643,827	-	-	643,827
Intergovernmental	2,804,603	-	4,356,534	7,161,137
Charges for services	568,760	-	149,261	718,021
Fines	613,174	-	-	613,174
Interest	31,265	5,078	17,769	54,112
Miscellaneous	1,693,713	-	18,052	1,711,765
Total Revenues	<u>33,792,788</u>	<u>3,513,762</u>	<u>5,571,519</u>	<u>42,878,069</u>
EXPENDITURES				
Current:				
General government	6,675,517	-	663,413	7,338,930
Public safety	17,165,908	-	1,409,306	18,575,214
Highways and streets	3,802,027	-	554,117	4,356,144
Health and welfare	303,349	-	569,275	872,624
Culture and recreation	4,355,198	-	737,418	5,092,616
Economic development	129,267	-	3,541,001	3,670,268
Capital projects	-	-	6,274,155	6,274,155
Debt service:				
Principal	72,748	2,227,000	-	2,299,748
Interest and fiscal charges	3,492	1,294,431	-	1,297,923
Total Expenditures	<u>32,507,506</u>	<u>3,521,431</u>	<u>13,748,685</u>	<u>49,777,622</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,285,282</u>	<u>(7,669)</u>	<u>(8,177,166)</u>	<u>(6,899,553)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	2,930,000	2,930,000
Bond premium	-	-	84,236	84,236
Sale of capital assets	37,567	-	76,638	114,205
Transfers in	2,784,931	-	2,213,018	4,997,949
Transfers out	(2,104,869)	(350,191)	(342,889)	(2,797,949)
Total Other Financing Sources (Uses)	<u>717,629</u>	<u>(350,191)</u>	<u>4,961,003</u>	<u>5,328,441</u>
Net Change in Fund Balances	2,002,911	(357,860)	(3,216,163)	(1,571,112)
Fund Balances at Beginning of Year	<u>8,323,413</u>	<u>1,472,815</u>	<u>8,885,728</u>	<u>18,681,956</u>
Fund Balances at End of Year	<u>\$ 10,326,324</u>	<u>\$ 1,114,955</u>	<u>\$ 5,669,565</u>	<u>\$ 17,110,844</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, 2011*

Net change in fund balances - total governmental funds \$ (1,571,112)

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

Capital outlays are not reported as expenses in the SOA	9,356,677
The depreciation of capital assets used in governmental activities is not reported in the funds.	(6,644,971)
The gain or loss on the sale of capital assets is not reported in the funds.	(147,428)
Donation of capital assets increase net assets in the SOA but not in the funds.	998,515
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(92,689)
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the SOA.	(2,930,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,227,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	72,748
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(421,528)
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(18,626)
(Increase) decrease in accrued interest from beginning of period to end of period.	(597)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	124,829
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(251,135)

Change in net assets of governmental activities - statement of activities \$ 701,683

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, 2011
EXHIBIT A-7

	Business-type Activities-Enterprise Fund				Nonmajor Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Total	Group Health Employee Plan Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 3,961,186	\$ 4,440	\$ 429,552	\$ 4,395,178	\$ 411,453
Investments	4,257,435	-	-	4,257,435	2,089,542
Restricted assets:					
Cash and cash equivalents	4,059,420	-	-	4,059,420	-
Investments	2,637,911	-	-	2,637,911	-
Receivables	2,719,061	4,997	888,501	3,612,559	3,879
Less: allowance for uncollectible	(69,176)	-	(21,430)	(90,606)	-
Accrued interest	1,634	-	-	1,634	-
Due from other funds	-	-	-	-	2,395
Inventories (at cost)	222,064	18,664	-	240,728	-
Prepaid items	6,100	558	-	6,658	-
Total Current Assets	<u>17,795,635</u>	<u>28,659</u>	<u>1,296,623</u>	<u>19,120,917</u>	<u>2,507,269</u>
Noncurrent Assets:					
Deferred charges	583,946	-	-	583,946	-
Advance of funds receivable	1,119,176	-	-	1,119,176	-
Capital assets:					
Land, water rights, and construction in progress	13,721,570	1,803,052	-	15,524,622	-
Other capital assets, net of accumulated depreciation	<u>71,724,890</u>	<u>3,495,057</u>	<u>-</u>	<u>75,219,947</u>	<u>-</u>
Total Noncurrent Assets	<u>87,149,582</u>	<u>5,298,109</u>	<u>-</u>	<u>92,447,691</u>	<u>-</u>
Total Assets	<u>\$ 104,945,217</u>	<u>\$ 5,326,768</u>	<u>\$ 1,296,623</u>	<u>\$ 111,568,608</u>	<u>\$ 2,507,269</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 631,362	\$ 8,002	\$ 301,435	\$ 940,799	\$ 843
Claims payable	-	-	-	-	118,294
Accrued payroll	79,057	22,046	-	101,103	-
Compensated absences payable	169,438	42,388	-	211,826	-
Due to other funds	5,085	-	-	5,085	38
Unearned revenue	-	63,369	-	63,369	-
Accrued interest	428,665	365	-	429,030	-
Other liabilities	45,807	24,350	62,290	132,447	-
Subdividers deposits	1,387,068	-	-	1,387,068	-
Retain age payable	329,257	-	-	329,257	-
Customer deposits	1,958,676	-	-	1,958,676	-
Current portion of long-term debt	<u>1,856,000</u>	<u>98,368</u>	<u>-</u>	<u>1,954,368</u>	<u>-</u>
Total Current Liabilities	<u>6,890,415</u>	<u>258,888</u>	<u>363,725</u>	<u>7,513,028</u>	<u>119,175</u>
Other Non-Current Liabilities:					
Long term compensated absences	163,599	64,941	-	228,540	-
Capital lease payable	-	14,884	-	14,884	-
Advance of funds payable	-	1,119,176	-	1,119,176	-
Revenue bonds, net of current portion, discount, and deferred amount on refunding	<u>30,407,734</u>	<u>28,195</u>	<u>-</u>	<u>30,435,929</u>	<u>-</u>
Total Other Non-Current Liabilities	<u>30,571,333</u>	<u>1,227,196</u>	<u>-</u>	<u>31,798,529</u>	<u>-</u>
Total Liabilities	<u>37,461,748</u>	<u>1,486,084</u>	<u>363,725</u>	<u>39,311,557</u>	<u>119,175</u>
NET ASSETS					
Invested in capital assets, net of related debt	54,779,474	5,184,857	-	59,964,331	-
Restricted for:					
Debt service	2,954,569	-	-	2,954,569	-
Capital projects	1,369,483	-	-	1,369,483	-
Unrestricted	<u>8,379,943</u>	<u>(1,344,172)</u>	<u>932,898</u>	<u>7,968,669</u>	<u>2,388,095</u>
Total Net Assets	<u>\$ 67,483,469</u>	<u>\$ 3,840,685</u>	<u>\$ 932,898</u>	<u>\$ 72,257,052</u>	<u>\$ 2,388,095</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				<u>552,567</u>	
Net Assets of Business-type Activities				<u>\$ 72,809,619</u>	

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

CITY OF MISSION, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities-Enterprise Fund	
	Utility Fund	Golf Course Fund
Operating Revenues:		
Charges for services	\$ 17,518,243	\$ 1,145,087
Operating Expenses:		
Insurance claim drafts	-	-
Health insurance cost	-	-
Utility administration	486,978	-
Water distribution	2,487,608	-
Water treatment	1,737,644	-
Wastewater treatment and collection	1,794,417	-
Industrial pretreatment	268,394	-
Utility collection	429,456	-
Organizational expenses	215,764	-
Meter Readers	421,396	-
Northside water treatment plant	1,581,312	-
Depreciation	4,620,345	263,069
Cost of sales	-	124,545
Golf course operation	-	976,443
Solid waste disposal	-	-
Total Operating Expenses	14,043,314	1,364,057
Operating Income (Loss)	3,474,929	(218,970)
Non-Operating Revenues (Expenses)		
Gain (Loss) on disposal of capital assets	4,955	(119,702)
Interest earned	33,027	16
Other nonoperating revenue	4,247	100,000
Bond interest expense	(1,321,402)	-
Bond fiscal charges	(6,050)	-
Other interest expense	-	(9,356)
Total Non-Operating Revenues (Expenses)	(1,285,223)	(29,042)
Net Income (Loss) Before Transfers and Capital Contributions	2,189,706	(248,012)
Transfers In (Out)	(2,000,000)	-
Capital Contributions	323,222	2,834,173
Change in Net Assets	512,928	2,586,161
Net Assets-Beginning of Year	66,970,543	1,254,523
Net Assets-End of Year	\$ 67,483,471	\$ 3,840,684

The accompanying notes are an integral part of this statement.

EXHIBIT A-8

Business-type Activities-Enterprise Fund		Nonmajor Internal Service Fund
Solid Waste Fund	Total	Group Health Employee Plan Fund
\$ 5,816,895	\$ 24,480,225	\$ 2,802,158
-	-	2,098,916
-	-	588,768
-	486,978	-
-	2,487,608	-
-	1,737,644	-
-	1,794,417	-
-	268,394	-
-	429,456	-
-	215,764	-
-	421,396	-
-	1,581,312	-
-	4,883,414	-
-	124,545	-
-	976,443	-
5,188,080	5,188,080	-
5,188,080	20,595,451	2,687,684
628,815	3,884,774	114,474
-	(114,747)	-
1,135	34,178	3,704
-	104,247	-
-	(1,321,402)	-
-	(6,050)	-
-	(9,356)	-
1,135	(1,313,130)	3,704
629,950	2,571,644	118,178
(200,000)	(2,200,000)	-
-	3,157,395	-
429,950	3,529,039	118,178
502,946		2,269,918
\$ 932,896		\$ 2,388,096

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.

(6,652)

Change in net assets of business-type activities

\$ 3,522,387

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CITY OF MISSION, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
EXHIBIT A-9

	Enterprise Funds				Internal Service Fund
	Utility Fund	Golf Course Fund	Solid Waste Fund	Totals	Group Health
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 17,177,090	\$ 1,161,331	\$ 5,766,499	\$ 24,104,920	\$ -
Cash Received from Interfund Services Used	-	-	-	-	2,960,987
Cash Received from Component Unit	-	100,000	-	100,000	-
Cash Payments from Interfund Services Used	-	-	-	-	(2,753,570)
Cash Payments to Employees for Services	(3,463,208)	(693,848)	-	(4,157,056)	-
Cash Payments to Other Suppliers for Goods and Services	(5,384,887)	(460,450)	(5,226,375)	(11,071,712)	-
Net Cash Provided (Used) by Operating Activities	8,328,995	107,033	540,124	8,976,152	207,417
Cash Flows from Non-Capital Financing Activities:					
Proceed from Insurance Settlement	4,247	-	-	4,247	-
Transfers From (To) Other Funds	(2,000,000)	-	(200,000)	(2,200,000)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,995,753)	-	(200,000)	(2,195,753)	-
Cash Flows from Capital and Related Financing Activities:					
Proceed from Sale of Capital Assets	4,955	430	-	5,385	-
Principal and Interest Paid	(3,418,386)	(102,267)	-	(3,520,653)	-
Acquisition or Construction of Capital Assets	(5,646,503)	(5,461)	-	(5,651,964)	-
Proceed from Issuance of Long-Term Debt	4,155,000	-	-	4,155,000	-
Contributed Capital	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Net Cash Provided (Used) for Capital & Related Financing Activities	(4,904,934)	(107,298)	-	(5,012,232)	-
Cash Flows from Investing Activities:					
Purchase of Investment Securities	(2,500,669)	-	-	(2,500,669)	(502,633)
Proceeds from Sale and Maturities of Securities	5,445,000	-	-	5,445,000	400,000
Interest on Investments	17,717	215	1,135	19,068	4,282
Net Cash Provided (Used) for Investing Activities	2,962,048	215	1,135	2,963,399	(98,351)
Net Increase (Decrease) in Cash and Cash Equivalents	4,390,356	(50)	341,259	4,731,565	109,066
Cash and Cash Equivalents at Beginning of Year	3,630,251	4,490	88,292	3,723,033	302,387
Cash and Cash Equivalents at End of Year	\$ 8,020,607	\$ 4,440	\$ 429,552	\$ 8,454,599	\$ 411,453
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 3,474,928	\$ (218,970)	\$ 628,815	\$ 3,884,773	\$ 114,474
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	4,620,345	263,069	-	4,883,414	-
Proceed payment from component unit	-	100,000	-	100,000	-
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(471,127)	3,775	(50,395)	(517,747)	(3,774)
Decrease (Increase) in Inventories	8,232	8,965	-	17,198	-
Decrease (Increase) in Prepaid Expenses	2,326	-	-	2,326	-
Decrease (Increase) in Due from Other Funds	87,760	-	-	87,760	162,565
Decrease (Increase) in Due from Other Governments	-	-	-	-	-
Increase (Decrease) in Accounts Payable	461,081	(1,429)	15,008	474,660	-
Increase (Decrease) in Customer Deposits	95,164	-	-	95,164	-
Increase (Decrease) in Accrued Wages Payable	14,364	6,982	-	21,346	-
Increase (Decrease) in Due to Other Funds	(21,876)	(92,295)	(50,000)	(164,171)	38
Increase (Decrease) in Other Liabilities	42,164	5,679	(3,305)	44,538	(65,886)
Increase (Decrease) in Subdividers Deposits Payable	34,810	-	-	34,810	-
Increase (Decrease) in Compensated Absences Payable	(19,175)	16,606	-	(2,569)	-
Increase (Decrease) in Deferred Revenue	-	14,651	-	14,651	-
Total Adjustments	4,854,067	326,003	(88,692)	5,091,378	92,943
Net Cash Provided (Used) by Operating Activities	\$ 8,328,995	\$ 107,033	\$ 540,123	\$ 8,976,151	\$ 207,417
Noncash Investing, Capital, and Financing Activities:					
Contributed Capital Assets	\$ 323,222	\$ 2,834,173	\$ -	\$ -	\$ -
Increase in fair value investments	-	-	-	-	-

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

EXHIBIT A-10

	Private-purpose Trust Fund Speer Library- Breyfogle
ASSETS	
Cash and cash equivalents	\$ 6,720
Total Assets	<u>\$ 6,720</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET ASSETS	
Held in trust for scholarships and books	<u>6,720</u>
Total Net Assets	<u>\$ 6,720</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS

EXHIBIT A-11

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Private-purpose Trust Fund Speer Library- Breyfogle
Additions:	
Investment Income	\$ 21
Total Additions	21
Deductions:	
Scholarship Awards	-
Miscellaneous	24
Total Deductions	24
Change in Net Assets	(3)
Net Assets-Beginning of the Year	6,723
Net Assets-End of the Year	\$ 6,720

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, Texas for the specific public purpose of the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare. MEDC is governed by a seven member board of directors, each of which is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. MEDC's primary source of revenues is sales tax revenues generated by the City of Mission. In addition, the City 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, 2011

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 provision of Subchapter D of Chapter 431 of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code. MRA is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Reinvestment Zone Number One (the “Zone”) and neighboring areas; in the preparation and implementation of a project plan and a reinvestment zone financing plan for the zone; in the development of a policy to finance development and redevelopment of residential, education facilities, commercial and park/open space properties in the Mission area; including the acquisition of land for redevelopment purposes. MRA may issue bonds with the consent of the City Council. MRA is managed by a Board of Directors consisting of seven members, five of whom are appointed by the mayor with the approval of the City Council, and one each for other participating entities. MRA is presented as a governmental fund type and has a September 30 year end.

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

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

B. Government-wide and fund financial statements

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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. None of the special revenue funds are major.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

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

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

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

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

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

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

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

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 has been accepted into a Library Science program and who are taking library science courses from an American Library Association/Masters of Library Science (ALA/MLS) accredited program or institution. All resources of the fund, including any earnings on invested resources, may be used to support these activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *opinion* 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 applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Deposits and Investments

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptance and U.S. Treasury and agency obligations are reported at amortized cost. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value except for certificates of deposit which are stated at cost.

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. 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, and "advances to/from other funds" represent non-current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

Advances between funds, reported in the fund financial statements, are offset by a fund balance 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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

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.

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 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 amortized over the term of the related debt.

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

L. Fund Balance Reporting

The City has adopted GASB 54 as part of its 2010-11 fiscal year reporting. Implementation of GASB 54 is required for the City of Mission for its fiscal year ending in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and long term portions of receivables. The City has inventories, prepaid expenses and long term portion of receivables that are considered nonspendable.

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

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

Minimum Fund Balance Policy

- The City of Mission determined that it is essential that they maintain adequate levels of fund balance in the General Fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. The General Fund Unassigned Fund Balance will be no less than two (2) months of operating expenditures.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

- Should the Unassigned Fund Balance decline to less than two (2) months of operating expenditures, all one-time revenues will be applied to replenish the targeted minimum balance. The targeted fund balance must be replenished within two years. Furthermore, the City's Charter contains a requirement that a provision must be made in the annual budget and in the appropriation ordinance for a contingent appropriation in an amount no more than three (3) percent of the total budget to be used in case of unforeseen items of expenditure. Unused contingent funds will be used to replenish the targeted minimum unrestricted fund balance.

Order of Expenditures of Funds

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

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, 2011 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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 3 – PROPERTY TAXES *(Continued)*

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, 2011 (2010 levy), was \$0.5566 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,144,514 and sales taxes of \$1,702,318 for a total taxes receivable of \$3,846,832.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Primary Government

Deposits – At September 30, 2011, the carrying value of the City's deposits was \$22,287,115 and the bank balance was \$23,368,739. The entire bank balance was covered by FDIC insurance or was fully collateralized with securities held by the City's agent in the City's name.

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 rate 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 Deposits 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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS *(Continued)*

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 subdivision 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.

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, 2011:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$12,654,785	\$ 12,654,785	\$ -
Total	\$12,654,785	\$ 12,654,785	\$ -

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (*Continued*)

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

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

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

As of September 30, 2011, the following was the composition of the City's credit rating by investment:

Credit Quality Distribution of Securities		
With Credit Exposure as a Percentage of Total Investments		
Investment Type	Rating	Exposure
Texpool	AAA	100%

Custodial Credit Risk –

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

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

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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS *(Continued)*

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

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

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

Cash on hand	\$ 7,090
Carrying amount deposit	19,605,609
Investments	15,336,291
Less: Statement of Fiduciary Net Assets - investments	(6,718)
Cash and Investments Statement of Net Assets	<u>\$34,942,272</u>
 Cash and cash equivalents	 \$15,546,560
Investments	12,697,880
Restricted assets	6,697,833
Less: Accrued interest	-
Cash and Investments Statement of Net Assets	<u>\$34,942,272</u>

B. Component Units

Mission Economic Development Corporation

Deposits – At September 30, 2011, the carrying value of Mission Economic Development Corporation's deposit was \$2,188,148 and the bank balance was \$2,191,174. All deposits were fully insured or collateralized.

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

Interest Rate Risk –

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2011:

Investment Type	Amortized Cost	Maturity Period	
		3 Months or Less	4-12 Months
Texpool	\$ 697,674	\$ 697,674	\$ -
Texpool	116,532	116,532	-
	<u>\$ 814,206</u>	<u>\$ 814,206</u>	<u>\$ -</u>

Credit Risk –

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

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

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

As of September 30, 2011, 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	86%
Texpool	AAA	14%

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS *(Continued)*

As of September 30, 2011, the following was the composition of MEDC's investment portfolio:

Texpool	AAA	86%
Texpool	AAA	14%

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

Petty Cash	\$ 250
Carrying amount deposit	2,188,148
Investments	<u>814,205</u>
Cash and Investments Statement of Net Assets	<u>\$ 3,002,604</u>
 Cash and cash equivalents	 \$ 1,780,134
Investments	697,674
Restricted Assets	<u>524,796</u>
Cash and Investments Statement of Net Assets	<u>\$ 3,002,604</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, 2011

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 required compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporations or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year end, the carrying amount of the Authority's deposits was \$1,840,286 and the bank balance was \$1,853,635. Of the bank balance \$250,000 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the Authority and held in a third party depository.

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 investments 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 Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS *(Continued)*

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, 2011, 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	<u>\$2,078,729</u>	<u>\$2,078,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk –

Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2011, the Authority's Money Market Mutual Fund investment rating was AAAM.

Interest Rate Risk –

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

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund receivable and payable balance at September 30, 2011 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 269,258
General Fund	Utility Fund	5,085
Non-Major Governmental Funds	Non-Major Governmental Funds	165,000
Non-Major Governmental Funds	Internal Service Fund	38
Non-Major Governmental Funds	General Fund	144,961
Non-Major Governmental Funds	Debt Service Fund	34,419
Group Health Fund	General Fund	<u>2,395</u>
		<u>\$ 621,156</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 made between the funds. All amounts are scheduled to be repaid within one year.

B. Due to/from the primary government and component unit at September 30, 2011 were as follows:

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

C. Interfund Transfers:

	Transfer In:		Total
	General Fund	Nonmajor Governmental Funds	
Transfer Out:			
General Fund	\$ -	\$ 2,104,869	\$ 2,104,869
Utility Fund	2,000,000	-	2,000,000
Solid Waste Fund	200,000	-	200,000
Debt Service Fund	-	350,191	350,191
Nonmajor Governmental Funds	174,931	167,958	342,889
Total Transfer Out	<u>\$ 2,374,931</u>	<u>\$ 2,623,018</u>	<u>\$ 4,997,949</u>

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

A transfer from the Nonmajor Governmental Funds to the General Fund was to sustain activities within the municipal court department and the streets department. A transfer from the 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, 2011

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance at October 1, 2010	Increases	Decreases	Balance at September 30, 2011
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 32,283,658	\$ 911,378	\$ -	\$ 33,195,036
Construction in progress	7,403,622	4,232,327	(7,014,203)	4,621,746
Total capital assets, not being depreciated	<u>39,687,280</u>	<u>5,143,705</u>	<u>(7,014,203)</u>	<u>37,816,782</u>
Capital assets, being depreciated:				
Buildings	18,533,669	2,144,805	-	20,678,474
Improvements other than buildings	10,149,264	84,754	-	10,234,018
Machinery and equipment	20,282,938	3,097,262	(938,739)	22,441,461
Infrastructure	71,584,271	6,935,161	-	78,519,432
Total capital assets, being depreciated	<u>120,550,142</u>	<u>12,261,982</u>	<u>(938,739)</u>	<u>131,873,385</u>
Less accumulated depreciation for:				
Buildings	(4,886,351)	(690,646)	-	(5,576,997)
Improvements other than buildings	(3,656,865)	(575,743)	-	(4,232,608)
Machinery and equipment	(13,448,453)	(1,779,227)	755,021	(14,472,659)
Infrastructure	(32,045,736)	(3,599,355)	-	(35,645,091)
Total accumulated depreciation	<u>(54,037,405)</u>	<u>(6,644,971)</u>	<u>755,021</u>	<u>(59,927,355)</u>
Total capital assets, being depreciated, net	<u>66,512,737</u>	<u>5,617,011</u>	<u>(183,718)</u>	<u>71,946,030</u>
Governmental Activities Capital Assets, Net	<u>\$ 106,200,017</u>	<u>\$10,760,716</u>	<u>\$ (7,197,921)</u>	<u>\$ 109,762,812</u>
<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	4,493,852	5,064,401	(1,416,234)	8,142,019
Total assets, not being depreciated	<u>11,876,454</u>	<u>5,064,401</u>	<u>(1,416,234)</u>	<u>15,524,621</u>
Capital assets, being depreciated:				
Buildings and system	113,780,574	3,115,834	(475,971)	116,420,437
Improvements other than buildings	1,804,772	1,470,753	-	3,275,525
Furniture and equipment	6,487,675	708,033	(154,393)	7,041,315
Total assets, being depreciated	<u>122,073,021</u>	<u>5,294,620</u>	<u>(630,364)</u>	<u>126,737,277</u>
Less accumulated depreciation for:				
Buildings and system	(41,010,265)	(4,323,033)	356,070	(44,977,228)
Improvements other than buildings	(1,443,933)	(162,009)	-	(1,605,942)
Furniture and equipment	(4,661,261)	(398,372)	125,473	(4,934,160)
Total accumulated depreciation	<u>(47,115,459)</u>	<u>(4,883,414)</u>	<u>481,543</u>	<u>(51,517,330)</u>
Total capital assets, being depreciated, net	<u>74,957,562</u>	<u>411,206</u>	<u>(148,821)</u>	<u>75,219,947</u>
Business-type Activities Capital Assets, Net	<u>\$ 86,834,016</u>	<u>\$ 5,475,607</u>	<u>\$ (1,565,055)</u>	<u>\$ 90,744,568</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 – CAPITAL ASSETS (Continued)

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

<u>Governmental Activities:</u>	
General government	\$ 228,093
Public safety	1,602,828
Highways and streets, including depreciation of general infrastructure assets	3,788,437
Sanitation	13,737
Culture and recreation	<u>1,011,875</u>
Total depreciation expense - governmental activities	<u>\$ 6,644,970</u>
<u>Business-type Activities:</u>	
Utility	\$ 4,620,345
Golf Course	<u>263,069</u>
Total depreciation expense - business-type activities	<u>\$ 4,883,414</u>

NOTE 7 – RECEIVABLES

Receivables at September 30, 2011 were as follows:

	Taxes	Accounts	Special Assessments	Due from other Governments	Other	Allowance for Uncollectibles	Net Receivables
Governmental Activities:							
General	\$ 1,659,943	\$ 1,252,687	\$ -	\$ 2,004,690	\$ 1,634	\$ (1,373,299)	\$ 3,545,654
Debt Service	484,571	-	-	-	-	(100,353)	384,218
Other Governmental	-	240,100	82,779	318,746	2,715	(3,382)	640,957
Total Governmental Activities	<u>\$ 2,144,514</u>	<u>\$ 1,492,787</u>	<u>\$ 82,779</u>	<u>\$ 2,323,436</u>	<u>\$ 4,349</u>	<u>\$ (1,477,034)</u>	<u>\$ 4,570,830</u>
Business-type Activities:							
Utility	\$ -	\$ 2,719,061	\$ -	\$ -	\$ 1,634	\$ (69,176)	\$ 2,651,518
Golf Course	-	4,997	-	-	-	-	4,997
Solid Waste	-	888,501	-	-	-	(21,430)	867,071
Total Business-type Activities	<u>\$ -</u>	<u>\$ 3,612,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,634</u>	<u>\$ (90,607)</u>	<u>\$ 3,523,586</u>

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

	Utility Fund	Solid Waste Fund
Gross Operating Revenues	\$ 17,577,029	\$ 5,838,781
Uncollectibles Related to Current Year	<u>(58,786)</u>	<u>(21,886)</u>
Net Operating Revenues	<u>\$ 17,518,243</u>	<u>\$ 5,816,895</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES

At September 30, 2011 the City had the following other liabilities:

Payable To	Governmental Activities	Business-type Activities	Total
Due to State	\$ 92,437	\$ 63,423	\$ 155,860
Wages & Deductions	353,306	58,786	412,092
Court Deposits/Refunds	4,722	-	4,722
Due to Other	24,554	10,238	34,792
	<u>\$ 475,019</u>	<u>\$ 132,447</u>	<u>\$ 607,466</u>

NOTE 9 – LONG-TERM DEBT

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.

Certificates of Obligation payable at September 30, 2011 are comprised of the following:

Governmental and Business-type activities:

\$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%.	\$ 3,485,000
\$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%.	600,000
\$4,550,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, 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%.	2,765,000
\$4,100,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2005A, due in annual installments ranging from \$140,000 to \$325,000 through February 15, 2026, interest at 4.00% to 5.25%.	3,505,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007, due in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027, interest at 5.00% to 4.25%.	5,385,000
\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, Series 2009, due in annual installments ranging from \$85,000 to \$415,000 through February 15, 2019, interest at 3.00% to 5.25%.	5,160,000
\$2,930,000 Combination Tax & Limited Pledge Revenue Certificates of Obligations, Series 2010, due in annual installments ranging from \$75,000 to \$340,000 through February 15, 2025, interest at 2.00% to 4.00%.	<u>2,610,000</u>
Total Certificates of Obligations	<u>\$ 23,510,000</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
2012	\$ 1,565,000	\$ 975,162	\$ -	\$ -
2013	1,330,000	923,306	-	-
2014	1,405,000	873,794	-	-
2015	1,455,000	821,119	-	-
2016	1,440,000	766,141	-	-
2017-2021	6,620,000	2,994,200	-	-
2022-2026	7,500,000	1,439,463	-	-
2027-2029	2,195,000	133,787	-	-
Total	<u>\$ 23,510,000</u>	<u>\$ 8,926,971</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011 are comprised of the following:

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

Governmental activities:

\$7,565,000 Texas General Obligation Refunding Bonds, Series 2009, of which, \$7,565,000 represents 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%. \$ 6,625,000

Total General Obligations Bond \$ 6,625,000

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2012	\$ 520,000	\$ 244,765
2013	540,000	228,865
2014	435,000	214,240
2015	440,000	201,115
2016	465,000	187,540
2017-2021	2,390,000	671,225
2022-2025	<u>1,835,000</u>	<u>181,995</u>
Total	<u>\$ 6,625,000</u>	<u>\$ 1,929,745</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, 2011 are comprised of the following:

Business-type activities:

Utility Fund:

\$579,000 1995-A Waterworks and Sewer System ED AP Junior Lien Revenue Serial Bonds due in annual installments ranging from \$16,000 to \$50,000 from April 1, 1996 through 2015; interest at 5.3% to 7.0%. \$ 182,000

\$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%. 577,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

\$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, 2011 through 2027; interest payment starting October 1, 2004 at 3.93% to 5.20%.	12,170,000
\$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%.	505,000
\$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%.	13,430,000
\$8,285,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds due in annual installments ranging from \$ 275,000 to \$465,000 from February 15, 2011 through 2030; non-interest bearing. Of the bonds, \$4,155,000 and \$1,845,000 were issued in 2011 and 2010 respectively. Authorized but unissued bonds at year end were \$2,285,000.	<u>5,725,000</u>
Total Revenue Bonds Payable	<u>\$ 32,589,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2012	\$ 1,856,000	\$ 1,265,272
2013	1,933,000	1,192,441
2014	2,000,000	1,115,474
2015	2,082,000	1,034,209
2016	2,343,000	945,430
2017-2021	10,142,000	3,570,206
2022-2026	11,308,000	1,476,446
2027	925,000	20,813
Total	<u>\$ 32,589,000</u>	<u>\$ 10,620,291</u>

Last year, the City closed on a commitment from the Drinking Water State Revolving Fund (DWSRF) administered by the Texas Water Development Board which authorized the issuance of \$8,285,000 in revenue bonds. These bonds titled Waterworks and Sewer System Junior Lien Revenue Bonds Taxable Series 2009 are to be used for projects to make water system improvements. The DWSRF funding mechanism allows the City to issue as many bond coupons in

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

installments as needed to fund the authorized projects. As of September 30, 2011, the City requested to sell coupons *totaling \$6,000,000 to fund costs of the authorized project. The remaining \$2,285,000* will be requested as needed to pay project costs.

Arbitrage Compliance

The City of Mission is subject to federal arbitrage regulations and as of September 30, 2011, the City was in compliance with all arbitrage rebate and yield restriction reporting requirements. In addition the City had no accrued liabilities in regards to arbitrage rebate or yield restrictions.

Prior Year Advance Refunding:

In 2006, the City of Mission refunded the Waterworks and Sewer System Revenue Bonds Series 2001 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, 2011, the amount of defeased debt outstanding for the 2001 Waterworks and Sewer System Revenue Bond was \$7,280,000.

Notes Payable:

The City entered into a loan agreement to purchase the San Jose Cemetery. Note payables at September 30, 2011 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%.	<u>\$ 96,000</u>
Total Notes Payable	<u><u>\$ 96,000</u></u>

Note payable debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2012	\$ 72,000	\$ 2,079
2013	24,000	165
Total	<u>\$ 96,000</u>	<u>\$ 2,244</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2011 was as follows:

	Balance at September 30, 2010	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2011	Amounts Due within One Year
<u>Governmental Activities:</u>					
Bonds Payable:					
Certificates of Obligation	\$ 22,170,000	\$ 2,930,000	\$ 1,590,000	\$ 23,510,000	\$ 1,565,000
General Obligations	7,190,000	-	565,000	6,625,000	520,000
Less: Loss on Refunding	(265,166)	-	(17,200)	(247,966)	-
Plus Issuance Premium	407,223	84,236	30,170	461,289	-
Total Bonds Payable	29,502,057	3,014,236	2,167,970	30,348,323	2,085,000
Notes Payable	168,000	-	72,000	96,000	72,000
Capital Leases	143,232	-	72,748	70,484	45,765
Compensated Absences	2,769,582	1,334,847	1,083,713	3,020,716	1,264,140
Governmental Activity Long-term Liabilities	<u>\$ 32,582,871</u>	<u>\$ 4,349,083</u>	<u>\$ 3,396,431</u>	<u>\$ 33,535,523</u>	<u>\$ 3,466,905</u>
<u>Business-type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 30,490,000	\$ 4,155,000	\$ 2,056,000	\$ 32,589,000	\$ 1,856,000
Less: Loss on Refunding	(644,943)	-	(37,938)	(607,005)	-
Plus Issuance Premium	114,147	-	6,715	107,432	-
Total Bonds Payable	29,959,204	4,155,000	2,024,777	32,089,427	1,856,000
Capital Leases	206,332	-	93,081	113,251	98,368
Compensated Absences	442,936	170,995	173,565	440,366	211,826
Business-type Activity Long-term Liabilities	<u>\$ 30,608,472</u>	<u>\$ 4,325,995</u>	<u>\$ 2,291,423</u>	<u>\$ 32,643,044</u>	<u>\$ 2,166,194</u>

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

The Utility Fund capitalized \$82,632 of bond interest expense as part of various construction projects for the year-ended September 30, 2011.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 9 – LONG-TERM DEBT (Continued)

Reconciliation to Statement of Net Assets:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Long-term liabilities at September 30, 2011	\$ 33,535,523	\$ 32,643,044
Less: Amounts due within one year	(3,466,905)	(2,166,194)
Plus: Net pension obligations	730,624	128,934
Net post employment obligations	312,917	73,567
Anzalduas Bridge payable	<u>1,014,863</u>	<u>-</u>
Total liabilities due in more than one year (Exhibit A-1)	<u>\$ 32,127,022</u>	30,679,351
Advance of funds payable (Note 11)		<u>1,119,176</u>
Total Other Non-Current Liabilities (Exhibit A-7)		<u>\$ 31,798,527</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 bond payable at September 30, 2011 for the MEDC is comprised of the following:

\$4,380,000 Sales Tax Revenue Refunding Bonds, Series 2010
due in annual installments ranging from \$90,000 to \$325,000
from February 15, 2011 through 2024; Interest at 3.85%. \$ 4,290,000

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 285,000	\$ 159,679
2013	300,000	148,418
2014	315,000	136,579
2015	325,000	124,259
2016	335,000	111,554
2017-2021	1,785,000	350,639
2022-2024	<u>945,000</u>	<u>55,344</u>
Total	<u>\$ 4,290,000</u>	<u>\$ 1,086,470</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

Sales tax revenue notes payable at September 30, 2011 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. \$ 2,785,974

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

Year Ending September 30,	Principal	Interest
2012	\$ 109,114	\$ 109,405
2013	632,835	99,712
2014	658,105	74,441
2015	684,385	48,161
2016	701,535	20,870
Total	<u>\$ 2,785,974</u>	<u>\$ 352,589</u>

During the year September 30, 2011, Mission Economic Development Corporation issued Sales Tax Revenue Refunding Bonds Series 2010 for the purpose of redeeming its Sales Tax Revenue Bonds Series 1995 in the outstanding principal balance of \$780,000; and its Subordinate Lien Sales Tax Revenue Bonds, Series 1999 in the outstanding principal balance of \$3,420,000. The aggregate debt service savings realized as the result of this redemption and refunding is \$311,265. The economic gain on the refunding of the old debt issues is \$247,643

The following is a summary of changes in a long-term debt obligations for the MEDC for the year ended September 30, 2011:

	September 30, 2010	Obligations and Net Increases	and Net Decreases	September 30, 2011	Due within One Year
Sales Tax Revenue Bonds	\$ 4,445,000	\$ -	\$ 4,445,000	\$ -	\$ -
Sales Tax Refunding Bond	-	4,380,000	90,000	4,290,000	285,000
Sales Tax Revenue Note	2,891,183	-	105,209	2,785,974	109,114
	<u>\$ 7,336,183</u>	<u>\$ 4,380,000</u>	<u>\$ 4,640,209</u>	<u>\$ 7,075,974</u>	<u>\$ 394,114</u>

The above listed refunding bond issue is to be repaid from the ½ cent sales tax levied under the Section 4B referred to in Note 1(A).

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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.

Bonds payable at September 30, 2011 for the MRA are comprised of the following:

\$8,160,000 Tax Increment Contract Revenue Bonds Series 2005 due in annual installments ranging from \$295,000 to \$380,000 from September 1, 2006 through 2025; with interest ranging from 4.625% to 5.125%.	\$ 7,015,000
 \$10,620,000 Tax Increment Contract Revenue Bonds Series 2009 due in installments saving from \$365,000 to \$790,000 from September 1, 2011 through September 1, 2029; with interest rates ranging from 3.0% to 5.25%	<u>9,825,000</u> <u>\$ 16,840,000</u>

The bonds are payable from and are equally and ratably secured by a lien on the Pledged Revenues which includes the contract tax investment, money on deposit in the Pledged Revenue Fund, the Debt Service Fund, the Project Fund and, the Debt Service Reserve Fund and interest earned on money deposited therein.

As of September 30, 2011, the debt service requirements on the bonds outstanding were as follows:

September 30,	Principal	Interest	Total
2012	\$ 735,000	\$ 805,238	\$ 1,540,238
2013	765,000	777,338	1,542,338
2014	795,000	745,813	1,540,813
2015	830,000	711,050	1,541,050
2016	870,000	674,737	1,544,737
2017-2021	4,980,000	2,746,750	7,726,750
2022-2026	5,605,000	1,401,330	7,006,330
2027-2030	2,260,000	240,344	2,500,344
Total	<u>\$ 16,840,000</u>	<u>\$ 8,102,600</u>	<u>\$ 24,942,600</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

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 projects account within the State Highway Trust Fund 927. The project is to be managed and supervised by TXDOT. 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.

\$ 2,527,774

The following is a summary of changes in long-term debt obligations for the MRA for the year ended September 30, 2011:

	Balance at September 30, 2010	Additional Obligations and Net Increases	Retirement and Net Decreases	Balance at September 30, 2011	Amounts Due within One Year
Loan Payable	2,691,165	-	163,391	2,527,774	169,682
	<u>\$ 2,691,165</u>	<u>\$ -</u>	<u>\$ 163,391</u>	<u>\$ 2,527,774</u>	<u>\$ 169,682</u>

NOTE 11 – INTERFUND ADVANCES

The Utility Fund has advanced funds to the Golf Course Fund over the years for operations of the Golf Course Fund. After significant Course and Club House facility improvements management has increased revenue; therefore, they were able to begin repayment of the advance during the current year. The Advance payable decreased by \$87,759 compared to prior year’s balance. At September 30, 2011, the balance of the Advance in the amount of \$1,119,176 is reflected as a long-term Advance Receivable in the Utility Fund and a long term Advance Payable in the Golf Course Fund.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 12 – DEFERRED REVENUE

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

	Unavailable	Unearned	Total Deferred Revenue
Delinquent property taxes	\$ 1,525,613	\$ -	\$ 1,525,613
Park dedication fees	-	440,338	440,338
Grants	-	26,364	26,364
Loan receivable - HOME	-	138,631	138,631
	<u>\$ 1,525,613</u>	<u>\$ 605,333</u>	<u>\$ 2,130,946</u>

Unearned revenues of \$63,369 in the Golf Course Fund, an enterprise fund, represent collections of annual membership dues that will be recognized as revenue in the next fiscal year.

NOTE 13 – LONG-TERM RECEIVABLE

Long-Term Notes Receivables at September 30, 2011 for the City of Mission are comprised of the following:

Governmental Activities:

Balance at September 30, 2011

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 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.

\$ 34,400

Total Long-Term Notes Receivables

34,400

Less:

Current Portion

(2,400)

\$ 32,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 14 – RESTRICTED ASSETS

A. Primary Government

Business-Type Activities:

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

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

Restricted assets included in the Utility Fund as of September 30, 2011 consist of:

	Cash and Cash Equivalents	Investments	Total
Revenue Bond Reserve Fund	\$ 1,006,108	\$ 633,367	\$ 1,639,475
Bond Interest and Sinking	607,213	350,485	957,698
Cash with Fiscal Agent	357,395	-	357,395
Revenue Bond Extension and Improvement Fund	252,133	53,660	305,793
Subdividers Deposits	639,486	752,666	1,392,152
Capital Recovery Fund	834,052	224,555	1,058,607
Water and Sewer Plan Improvements	219,624	623,179	842,803
Contractor Retainage	143,409	-	143,409
	<u>\$ 4,059,420</u>	<u>\$ 2,637,912</u>	<u>\$ 6,697,332</u>

Mission Economic Development Corporation

Restricted assets held by Mission Economic Development Corporation at September 30, 2011 consist of the following:

	Cash and Cash Equivalents	Investments	Total
Debt Service Fund	<u>\$ 408,263</u>	<u>\$ 116,532</u>	<u>\$ 524,795</u>

Mission Redevelopment Authority

Restricted assets held by Mission Redevelopment Authority at September 30, 2011 consisted of Debt Service Reserves required by the Series 2005 and Series 2009 Tax Increment Contract Bonds in the amount of \$712,156 and \$835,381 respectively. At September 30, 2011, these reserves were fully invested in a money market mutual fund.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 15 – PENSION PLAN

Plan Description:

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

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

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

	Plan Year 2010	Plan Year 2011
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	0% of CPI Repeating

Contributions:

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 15 – PENSION PLAN (Continued)

1. Annual Required Contribution (ARC)	\$ 2,389,046
2. Interest on Net Pension Obligation	56,967
3. Adjustment to the ARC	<u>(47,134)</u>
4. Annual Pension Cost (APC)	2,398,879
5. Contributions Made	<u>(2,298,879)</u>
6. Increase (decrease) in net position obligation	100,000
7. Net Pension Obligation/(Asset), beginning of year	<u>759,557</u>
8. Net Pension Obligation/(Asset), end of year	<u><u>\$ 859,557</u></u>

Three Year Trend Information				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2009	2,456,599	2,089,030	85.04%	367,569
2010	2,915,119	2,523,130	86.55%	759,557
2011	2,398,879	2,298,879	95.83%	859,557

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29 years; closed period	28.1 years; closed period	26.9 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized	10 year smoothed market	10 year smoothed market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.5%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	0.00%

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 15 – PENSION PLAN (*Continued*)

Funded Status and Funding Progress – In June, 2011 SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, 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
12/31/2010	\$ 42,277,894	\$ 47,734,098	88.6%	\$ 5,456,204	\$ 21,431,600	25.5%

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

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

**NOTE 16 – PENSION PLAN – EMERGENCY SERVICES PERSONNEL RETIREMENT
FUND**

Plan Description

The City of Mission contributes to the Texas Emergency Services Retirement System (TESRS), a cost – sharing multiple – employer pension system established and administered by the State of Texas to provide pension, disability and death benefits for emergency services personnel who serve without significant monetary remuneration. The pension system was created by the S.B. 411, 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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

**NOTE 16 – PENSION PLAN – EMERGENCY SERVICES PERSONNEL RETIREMENT
FUND (Continued)**

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.

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

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

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

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.

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

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

The City's total contributions to TESRS (including the deposit for TLFFRA) for the years ending September 30, 2011, 2010, and 2009 were \$8,240, \$7,472, and \$10,368, respectively, equal to the contributions required under both S.B. 411 and H.B. 258 for each year.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS

A. Post Retirement Health Care Benefits

Plan Description

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

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums and health claims for fiscal year 2011 were \$7,287 for retirees, of which the City contributed \$6,895 to the plan and the retirees contributed \$392 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	\$ 121,876
Interest on net OPEB obligation	11,057
Adjustment to annual required contribution	<u>(15,989)</u>
Annual OPEB cost (expense)	116,944
Contributions made	<u>(6,895)</u>
Increase in net OPEB Obligation	110,049
Net OPEB obligation - beginning of year	<u>276,436</u>
Net OPEB obligation - end of year	<u><u>\$ 386,485</u></u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

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, 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 151,562	11.29%	\$ 134,458
9/30/2010	149,163	4.82%	276,436
9/30/2011	116,944	5.90%	386,485

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$868,410, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$868,410. The covered payroll (annual payroll of active employees covered by the plan) was \$21,444,146 and the ratio of the UAAL to the covered payroll was 4.05%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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 July 1, 2010, 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 2015.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

B. Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 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 2010</u>	<u>Plan Year 2011</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance.

The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree life insurance during employees' entire careers.

The City's contributions to the TMRS SBDF for the years ended 2011, 2010 and 2009 were \$35,438, \$32,734, and \$33,648 respectively, which equaled the required contributions each year.

NOTE 18 – CONTINGENT LIABILITIES

A. Litigation

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

B. Federally Assisted Grant Programs

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 19 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2011, the City had several active construction projects. The projects include renovation of parks, construction of infrastructure, and wastewater treatment facilities.

A. Primary Government

Project	Spent to Date	Remaining Commitment	Financing Sources
CWV Park Improv./Pool Projects	1,305,580	387,435	Operating Funds
Bannworth Park Improvements	1,816,228	790,757	Operating Funds
Water Treatment Plant#2 Expansion	6,803,596	785,184	2006A Revenue Bond
	<u>\$ 9,925,404</u>	<u>\$ 1,963,376</u>	

NOTE 20 – OPERATING LEASE COMMITMENTS

The City leases office equipment under operating leases. Total costs for such leases were \$40,055 for the year ended September 30, 2011. The future minimum lease payments for these leases are as follows:

<u>September 30,</u>	
2012	\$ 46,421
2013	29,178
2014	14,081
2015	<u>3,410</u>
Total	<u>\$ 93,090</u>

NOTE 21 – 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, 2011 as stated below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets:		
Machinery & Equipment	\$ 268,569	\$ 367,088
Less: Accumulated Depreciation	<u>(75,742)</u>	<u>(174,216)</u>
Total	<u>\$ 192,827</u>	<u>\$ 192,872</u>
<u>September 30,</u>		
2012	\$ 46,868	\$ 102,267
2013	<u>24,930</u>	<u>15,053</u>
Total minimum lease payments	\$ 71,798	\$ 117,320
Less: amount representing interest	<u>(1,315)</u>	<u>(4,069)</u>
Present value of minimum lease payments	<u>\$ 70,483</u>	<u>\$ 113,251</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 22 – RISK MANAGEMENT

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

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.

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:

	2011	2010
Unpaid claims, beginning of fiscal year	\$ 181,626	\$ 325,218
Incurred claims (including IBNRs) and adjustments	2,099,308	2,219,728
Claims payments	<u>(2,162,639)</u>	<u>(2,363,320)</u>
Unpaid claims, end of fiscal year	<u>\$ 118,295</u>	<u>\$ 181,626</u>

NOTE 23 – 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.

NOTE 24 – CONDUIT DEBT OBLIGATIONS

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 24 – CONDUIT DEBT OBLIGATIONS (Continued)

	Balance at <u>September 30, 2011</u>
\$41,750,000 Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2006 dated December 1, 2006.	\$ 41,750,000
\$67,000,000 Solid Waste Disposal Revenue Bond (Waste Management Inc, Project) Series 2008 dated August 1, 2008.	67,000,000
\$24,000,000 Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI Texas Corporation Project) Series 2007 dated March 1, 2007.	24,000,000
\$56,800,000 Solid Waste Disposal Revenue Bonds (Allied Waste North America, Inc. Project) Series 2007A 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	5,440,000
\$56,200,000 Solid Waste Disposal Variable Rate Demand Revenue Bond (Allied Waste North America, Inc. Project) Series 2008A dated May 1, 2008.	56,200,000
\$10,000,000 Industrial Development Revenue Bond (AmeriTex Pipe & Products LLC) Series 2008 dated August 1, 2008.	7,107,924
\$1,341,250 Industrial Development Revenue Bond (4 Over, Inc. Project) Series 2009A dated February 1, 2009	916,248
\$1,702,000 Industrial Development Revenue Bonds (4 over, Inc. Project) Series 2009B dated March 10, 2009.	1,181,626
\$40,200,000 Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff, LLC Project) Series 2011 dated January 1, 2011.	40,200,000 <u>\$ 300,595,798</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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 24 – CONDUIT DEBT OBLIGATIONS *(Continued)*

guaranteed under either Guaranty Agreements or Irrevocable Letters of Credit issued in favor of the Trustee under the Trust Indenture.

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

In connection with the process which ultimately may lead to the issuance of the conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2011, MEDC did not receive any 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, 2011, MEDC received a net \$162,119 in annual fees (net of \$162,119 in advisor and local access fees).

NOTE 25 – COMPLIANCE WITH REVENUE BOND COVENANTS

A. Certain Required Annual Disclosure

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

B. Revenue Bond Coverage

Per the Revenue Bond debt covenants the City's Utility Fund is required to maintain a 125% coverage over the succeeding fiscal year's debt service requirement (first lien bonds); or 125% over the greater of the average annual debt service requirements or the succeeding fiscal year's debt service requirements (junior lien bonds). For the fiscal year ended September 30, 2011 the City's Utility Fund met these coverage requirements.

NOTE 26 – TAX INCREMENT REINVESTMENT ZONE

On September 24, 2001, the City established a Tax Increment Reinvestment Zone Number One (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The zone was formed to facilitate the provision of public works or improvements. A portion of the real property ad valorem 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, 2010, the City of Mission and Hidalgo County are the

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 26 – TAX INCREMENT REINVESTMENT ZONE (*Continued*)

only taxing entities participating in the Increment Zone. The City accounts for TIRZ as a Special Revenue Fund.

Effective October 1, 2008 the City elected to transfer only the amounts of the tax increment which has been collected for the Tax Increment Reinvestment Zone 1. Hidalgo County also elected, to transfer to the Zone only the amount of the tax increment actually collected each year. For the current year the amounts transferred were \$1,716,679 and \$1,824,070 from the County and City respectively.

NOTE 27 – TRANSACTIONS WITH MISSION REDEVELOPMENT AUTHORITY

During the year ended September 30, 2011 completed projects (San Mateo Crossing drainage improvements and the police and fire substation) totaling \$2,271,622 were transferred to the City of Mission, 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 \$4,374,677. They consist of the engineering and design of the Anzalduas Bridge Phase 2 project, FM 396 and Right-of-Way Projects, U.S. 83 overpass and Military Parkway. At September 30, 2011, the MRA owed the City \$186,683 in reimbursements for project costs incurred by the City.

NOTE 28 – INTEREST IN INTERNATIONAL TOLL BRIDGE

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

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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

In order to finance the construction of the Anzalduas Bridge, the City of McAllen issued \$39,160,000 in revenue bonds during fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007A and \$13,160,000 Series B. The Bonds are secured by a pledge of net revenues of the McAllen International Toll Bridge (“Hidalgo Bridge”), located in Hidalgo, Texas and the Anzalduas Bridge. According to the 2003 Agreement, both the City of McAllen and the City of Hidalgo are responsible for the Series 2007A bonds from each city’s respective share of net revenues of the Hidalgo Bridge. The City of McAllen is responsible for Series 2007B bonds from its share of net revenues of the Hidalgo Bridge as well as the City of Mission from its share of net revenues of the Anzalduas Bridge. Commencement of operations was December 15, 2009.

Per the agreement, the City of Mission was not required to make any capital contributions to obtain its ownership interest; therefore no dollar amount is reflected in these financial statements as representing its ownership interest.

However, until sufficient excess revenues as defined in the Interlocal Agreement are available, the debt service costs related to Series 2007B Bonds as noted above are being advanced to Anzalduas Bridge Fund from the City of McAllen’s General Fund, including an allocated amount being advanced on behalf of the City of Mission by the City of McAllen. As of September 30, 2011, the amount advanced since the inception for the City of Mission is \$1,014,863 and is reflected as part of Non-current liabilities due in more than one year in the Statement of Net Assets. See also Note 9.

NOTE 29 – COMPLIANCE AND ACCOUNTABILITY

A. Finance – Related Legal and Contractual Provision

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

Expenditures Exceeding Appropriations

During the year ended September 30, 2011 the City complied with the budgetary requirements for the General Fund.

Deficit Fund Balance or Fund Net Assets of Individual Funds:

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 30 – FUND BALANCES

At September 30, 2011 the City of Mission has classified its fund balances with the following hierarchy:

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

Assigned – The City Council has assigned resources for the purpose of carrying out various recreation programs to benefit its citizens.

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balance:				
Nonspendable				
Long term receivable	\$ 34,400	\$ -	\$ -	\$ 34,400
Inventory	713	-	-	713
Prepaid	9,079	-	-	9,079
Restricted				
Capital improvements	-	-	3,265,269	3,265,269
Debt service	-	1,114,955	-	1,114,955
Aquatics programs	-	-	10,000	10,000
Municipal Court				
Technology	-	-	158,295	158,295
Building security	-	-	184,684	184,684
Juvenile case manager	-	-	71,518	71,518
PD Asset Sharing	-	-	935,693	935,693
Drainage improvements	-	-	533,047	533,047
Scholarships and books	-	-	25,453	25,453
Tourism	-	-	437,435	437,435
Perpetual care	-	-	33,839	33,839
Records preservation	-	-	9,929	9,929
Tax increment	-	-	4,402	4,402
Committed				
Significant encumbrance	707,546	-	-	707,546
Capital asset replacement	95,006	-	-	95,006
Boys and Girls Club	267,196	-	-	267,196
Assigned				
Recreation programs	32,829	-	-	32,829
Unassigned	9,179,554	-	-	9,179,554
Total Fund Balances	<u>\$ 10,326,323</u>	<u>\$ 1,114,955</u>	<u>\$ 5,669,564</u>	<u>\$ 17,110,842</u>

*REQUIRED
SUPPLEMENTARY
INFORMATION*

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CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 13,250,000	\$ 13,250,000	\$ 13,791,665	\$ 541,665
Delinquent ad valorem taxes	600,000	600,000	554,485	(45,515)
Interest and penalties on taxes	400,000	400,000	381,751	(18,249)
Net Ad valorem tax revenue	14,250,000	14,250,000	14,727,901	477,901
Sales tax	6,350,000	6,350,000	6,822,990	472,990
Sales tax-tax abatement	3,175,000	3,175,000	3,411,495	236,495
Franchise business tax	2,000,000	2,000,000	2,184,833	184,833
Telecommunication access fee	215,000	215,000	212,161	(2,839)
Mixed drink tax	86,000	86,000	78,066	(7,934)
Total Taxes	26,076,000	26,076,000	27,437,446	1,361,446
Licenses and permits:				
Occupational licenses	46,300	46,300	49,497	3,197
Moving and building permits	230,000	230,000	310,501	80,501
Health permits	24,000	24,000	26,620	2,620
Electrical permits	73,000	73,000	98,163	25,163
Mechanical permits	34,000	34,000	46,789	12,789
Plumbing permits	70,000	70,000	80,375	10,375
Alarm permits	9,000	9,000	7,281	(1,719)
Miscellaneous	19,000	19,000	24,601	5,601
Total Licenses and Permits	505,300	505,300	643,827	138,527
Intergovernmental:				
MCISD and SISD Dare Program	720,000	720,000	654,829	(65,171)
G.R.E.A.T Program	200,000	200,000	179,477	(20,523)
Reimb. - TXDOT/ROW	-	6,160	6,160	-
Reimb-MEDC-Employees	-	200,000	129,267	(70,733)
County contribution-rural fires	50,000	50,000	53,050	3,050
County restitution reimbursement	1,000	1,000	383	(617)
Overhead-MRA	170,000	170,000	177,038	7,038
TIRZ Reimbursement	-	1,628,369	1,218,304	(410,065)
FEMA reimbursement	-	77,765	102,043	24,278
LEOSE Peace Officer	8,625	8,625	8,681	56
State Highway Revenues	-	111,155	111,155	-
FBI overtime	32,000	32,000	12,953	(19,047)
Task Force	17,000	17,000	41,697	24,697
Peace Officers Fire Prev.	871	871	790	(81)
DEA Overtime Task Force	32,000	32,000	34,404	2,404
Total Intergovernmental	1,231,496	3,254,945	2,730,231	(524,714)
Charges for Services:				
Birth certificate service	1,100	1,100	1,106	6
Inspection fee-2%	22,000	22,000	19,311	(2,689)

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

Page 102 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Construction material testing fee	15,000	15,000	42,501	27,501
Fire inspection fee	20,000	20,000	30,172	10,172
Judicial Fee-City	4,000	4,000	2,978	(1,022)
Corporation court fines tax	43,400	43,400	29,114	(14,286)
Library Reservations Fee	-	-	75	75
Lot cleaning	35,000	35,000	5,544	(29,456)
Lot cleaning-admin. Fee	30,000	30,000	(6,693)	(36,693)
Lease-service center complex	6,000	6,000	6,002	2
Library copies	22,000	22,000	27,664	5,664
Rent-City buildings	3,000	3,000	6,008	3,008
Library rentals	150	150	115	(35)
Cemetery charges	25,000	25,000	26,540	1,540
Vital statistics	100,000	100,000	125,521	25,521
Burial transit permit	1,000	1,000	1,113	113
Animal Control & Shelter Fee	-	400	300	(100)
Zoning and subdivision fees	27,000	27,000	32,047	5,047
Plans and specifications	200	200	-	(200)
5% Credit Card Fee	3,500	3,500	3,320	(180)
Food manager/handler ID fee	5,000	5,000	8,090	3,090
Restitution Fee-Local	-	7,200	7,174	(26)
Arrest fees-M.P.D.	35,000	35,000	26,768	(8,232)
Police Dept. service charges	10,000	10,000	7,864	(2,136)
Total Charges for Services	408,350	415,950	402,634	(13,316)
Fines:				
Corporation court fines	640,000	640,000	503,150	(136,850)
Warrant execution fee	115,000	115,000	92,975	(22,025)
Library fines	16,000	16,000	17,049	1,049
Total Fines	771,000	771,000	613,174	(157,826)
Interest:				
Interest earned on investments	25,000	25,000	13,729	(11,271)
Interest earned on demand deposits	2,500	2,500	15,920	13,420
Total Interest	27,500	27,500	29,649	2,149
Miscellaneous:				
Reimb.-TX Citrus Fiesta	45,500	45,500	43,622	(1,878)
Child safety fees	14,000	14,000	14,638	638
Library donations/memorial	-	-	151	151
Insurance settlement	50,000	50,000	44,829	(5,171)
Miscellaneous income	125,000	125,000	185,528	60,528
Coke machine & vending machines	3,500	3,500	3,874	374
Street signs reimbursement	-	525	1,400	875
Subdividers reimb.-streets	10,000	10,000	14,204	4,204
Universal service fund rebate	-	29,338	29,338	-
Reimbursement-MEDA	-	500,000	500,000	-

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1
Page 103 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Oil lease	5,000	5,000	5,719	719
Reimbursement-MEDC	750,000	750,000	750,000	-
Total Miscellaneous	1,003,000	1,532,863	1,593,303	60,440
 Total Revenues	 30,022,646	 32,583,558	 33,450,264	 866,706
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,600	2,600	2,400	200
Employee benefits	1,600	1,600	1,475	125
Other purchased services	21,295	21,095	20,843	252
Supplies	1,479	1,479	1,397	82
Miscellaneous	550	750	650	100
	27,524	27,524	26,765	759
Executive Administration:				
Personal services	454,904	454,904	456,270	(1,366)
Employee benefits	174,446	174,446	162,745	11,701
Other purchased services	16,375	16,375	12,838	3,537
Supplies	2,750	2,750	1,455	1,295
Miscellaneous	3,050	3,050	1,242	1,808
	651,525	651,525	634,550	16,975
Finance Department:				
Personal services	387,623	387,623	388,347	(724)
Employee benefits	116,794	116,794	108,571	8,223
Purchased property services	4,600	5,563	2,776	2,787
Other purchased services	7,100	8,988	5,531	3,457
Capital outlays	-	11,518	6,687	4,831
Supplies	6,100	6,450	5,139	1,311
Miscellaneous	1,300	1,300	774	526
	523,517	538,236	517,825	20,411
Municipal Court:				
Personal services	416,919	416,919	402,608	14,311
Employee benefits	139,952	139,952	129,057	10,895
Professional & technical services	15,000	15,000	8,500	6,500
Other purchased services	3,900	3,900	3,006	894
Supplies	6,250	6,250	5,660	590
Miscellaneous	18,750	18,750	11,718	7,032
	600,771	600,771	560,549	40,222
Planning:				
Personal services	533,270	533,270	524,189	9,081
Employee benefits	167,553	167,553	153,736	13,817

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

Page 104 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Purchased property services	6,500	6,500	6,369	131
Other purchased services	24,600	24,600	16,417	8,183
Supplies	19,600	19,600	19,403	197
Capital outlays	-	6,255	5,942	313
Miscellaneous	16,500	16,500	12,832	3,668
	<u>768,023</u>	<u>774,278</u>	<u>738,888</u>	<u>35,390</u>
Facilities Maintenance:				
Personal services	318,393	318,393	310,277	8,116
Employee benefits	120,541	120,541	108,676	11,865
Purchased property services	66,000	55,247	49,003	6,244
Other purchased services	4,000	4,000	3,476	524
Supplies	143,400	163,400	145,235	18,165
Capital outlays	-	46,131	46,031	100
Miscellaneous	-	2,656	-	2,656
	<u>652,334</u>	<u>710,368</u>	<u>662,698</u>	<u>47,670</u>
Fleet Maintenance:				
Professional & technical services	740,250	740,250	719,314	20,936
Miscellaneous	30,000	35,000	42,270	(7,270)
	<u>770,250</u>	<u>775,250</u>	<u>761,584</u>	<u>13,666</u>
Organizational Expense:				
Professional & technical services	870,000	945,899	897,029	48,870
Purchased property services	152,850	152,850	148,361	4,489
Other purchased services	95,600	95,600	74,402	21,198
Supplies	10,780	10,780	8,424	2,356
Miscellaneous	455,420	273,286	243,820	29,466
	<u>1,584,650</u>	<u>1,478,415</u>	<u>1,372,036</u>	<u>106,379</u>
Purchasing:				
Personal services	115,157	115,157	109,375	5,782
Employee benefits	33,657	33,657	30,137	3,520
Purchased property services	2,750	2,750	2,236	514
Other purchased services	20,800	20,800	13,169	7,631
Supplies	1,400	1,400	1,042	358
Miscellaneous	850	850	847	3
	<u>174,614</u>	<u>174,614</u>	<u>156,806</u>	<u>17,808</u>
City Secretary:				
Personal services	199,329	199,329	188,930	10,399
Employee benefits	64,292	64,292	58,355	5,937
Professional & technical services	10,800	10,800	10,200	600
Purchased property services	1,315	1,355	1,352	3
Other purchased services	8,850	8,810	9,171	(361)
Supplies	1,200	1,200	952	248
Miscellaneous	2,360	2,360	1,282	1,078
	<u>288,146</u>	<u>288,146</u>	<u>270,242</u>	<u>17,904</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget Basis	Final Budget Positive (Negative)
Risk Management:				
Personal services	80,420	80,420	76,301	4,119
Employee benefits	28,206	28,206	25,391	2,815
Professional & technical services	3,000	9,817	9,629	188
Purchased property services	1,725	1,925	1,795	130
Other purchased services	258,750	200,150	190,989	9,161
Supplies	14,000	14,000	6,956	7,044
Miscellaneous	400	400	324	76
	<u>386,501</u>	<u>334,918</u>	<u>311,385</u>	<u>23,533</u>
Civil Service:				
Personal services	79,433	79,433	79,739	(306)
Employee benefits	24,636	24,636	23,371	1,265
Professional & technical services	60,000	60,000	55,941	4,059
Other purchased services	200	200	139	61
Supplies	12,000	27,000	20,745	6,255
	<u>176,269</u>	<u>191,269</u>	<u>179,935</u>	<u>11,334</u>
Human Resources:				
Personal services	175,586	175,586	165,588	9,998
Employee benefits	49,391	49,391	44,365	5,026
Professional & technical services	17,000	16,900	11,732	5,168
Purchased property services	1,500	1,600	1,429	171
Other purchased services	3,800	3,800	3,248	552
Supplies	2,800	2,800	1,633	1,167
Capital outlays	-	3,972	-	3,972
Miscellaneous	1,935	1,935	1,421	514
	<u>252,012</u>	<u>255,984</u>	<u>229,416</u>	<u>26,568</u>
Information Technology:				
Personal services	145,400	145,400	145,934	(534)
Employee benefits	50,406	50,406	47,523	2,883
Purchased property services	80,000	79,424	49,520	29,904
Other purchased services	1,200	1,776	1,754	22
Supplies	3,050	3,050	686	2,364
Capital outlay	-	7,500	7,346	154
Miscellaneous	300	300	74	226
	<u>280,356</u>	<u>287,856</u>	<u>252,837</u>	<u>35,019</u>
Economic Development:				
Personal services	-	154,480	101,126	53,354
Employee benefits	-	45,520	28,141	17,379
	<u>-</u>	<u>200,000</u>	<u>129,267</u>	<u>70,733</u>
Total General Government	<u>7,136,492</u>	<u>7,289,154</u>	<u>6,804,783</u>	<u>484,371</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget	Final Budget
			Basis	Positive
				(Negative)
Public Safety:				
Police Department:				
Personal services	8,311,533	8,456,671	8,299,865	156,806
Employee benefits	2,585,760	2,536,670	2,326,110	210,560
Professional & technical services	72,800	95,300	92,121	3,179
Purchased property services	366,540	374,540	386,572	(12,032)
Other purchased services	191,300	207,631	198,917	8,714
Supplies	390,600	482,100	460,628	21,472
Capital outlays	-	564	564	-
Miscellaneous	15,200	15,200	9,545	5,655
	<u>11,933,733</u>	<u>12,168,676</u>	<u>11,774,322</u>	<u>394,354</u>
Fire Department:				
Personal services	3,570,017	3,639,617	3,504,313	135,304
Employee benefits	1,087,220	1,066,720	984,558	82,162
Professional & technical services	2,000	2,000	-	2,000
Purchased property services	175,000	175,000	155,924	19,076
Other purchased services	80,000	80,000	65,158	14,842
Supplies	184,000	209,000	198,855	10,145
Capital outlays	-	3,881	3,880	1
Miscellaneous	25,500	25,500	15,519	9,981
	<u>5,123,737</u>	<u>5,201,718</u>	<u>4,928,207</u>	<u>273,511</u>
Fire Prevention Bureau:				
Personal services	372,653	372,653	335,487	37,166
Employee benefits	109,981	109,981	95,008	14,973
Professional & technical services	500	500	-	500
Purchased property services	4,855	4,855	4,713	142
Other purchased services	21,950	21,350	12,483	8,867
Supplies	14,950	15,550	15,329	221
Miscellaneous	950	950	164	786
	<u>525,839</u>	<u>525,839</u>	<u>463,184</u>	<u>62,655</u>
Total Public Safety	<u>17,583,309</u>	<u>17,896,233</u>	<u>17,165,713</u>	<u>730,520</u>
Highways and Streets:				
Street Department:				
Personal services	763,574	778,574	746,694	31,880
Employee benefits	344,468	325,468	305,626	19,842
Professional & technical services	75,000	67,201	57,134	10,067
Purchased property services	1,104,500	1,113,500	1,118,545	(5,045)
Other purchased services	10,500	10,500	9,802	698
Supplies	363,050	400,050	383,371	16,679
Capital outlays	60,000	2,355,783	1,170,284	1,185,499
Miscellaneous	2,202	11,509	10,570	939
	<u>2,723,294</u>	<u>5,062,585</u>	<u>3,802,026</u>	<u>1,260,559</u>
Total Highways and Streets	<u>2,723,294</u>	<u>5,062,585</u>	<u>3,802,026</u>	<u>1,260,559</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

Page 107 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget	Final Budget
			Basis	Positive
				(Negative)
Health and Welfare:				
Health Regulations and Inspections:				
Personal services	199,000	202,000	202,447	(447)
Employee benefits	67,061	67,061	61,985	5,076
Purchased property services	1,500	1,200	600	600
Other purchased services	5,600	6,700	5,841	859
Supplies	26,500	32,200	30,698	1,502
Miscellaneous	1,357	1,857	1,779	78
	<u>301,018</u>	<u>311,018</u>	<u>303,350</u>	<u>7,668</u>
Total Health and Welfare	<u>301,018</u>	<u>311,018</u>	<u>303,350</u>	<u>7,668</u>
Culture and Recreation:				
Mission Historical Museum:				
Personal services	118,716	158,716	149,752	8,964
Employee benefits	35,329	50,925	44,630	6,295
Purchased property services	3,500	4,100	4,300	(200)
Other purchased services	11,700	7,485	4,220	3,265
Supplies	4,550	8,165	5,085	3,080
Miscellaneous	750	750	564	186
	<u>174,545</u>	<u>230,141</u>	<u>208,551</u>	<u>21,590</u>
Parks and Recreation Administration:				
Personal services	186,705	188,905	193,165	(4,260)
Employee benefits	58,082	58,082	54,955	3,127
Purchased property services	32,100	32,100	26,702	5,398
Other purchased services	2,625	2,605	2,148	457
Supplies	2,900	2,900	2,718	182
Miscellaneous	100	120	105	15
	<u>282,512</u>	<u>284,712</u>	<u>279,793</u>	<u>4,919</u>
Parks:				
Personal services	846,947	846,947	792,309	54,638
Employee benefits	328,513	328,513	291,824	36,689
Purchased property services	463,600	453,600	459,336	(5,736)
Other purchased services	13,000	13,000	10,829	2,171
Supplies	131,700	147,774	149,695	(1,921)
Miscellaneous	12,000	6,000	1,829	4,171
	<u>1,795,760</u>	<u>1,795,834</u>	<u>1,705,822</u>	<u>90,012</u>
Recreation:				
Personal services	219,507	224,507	225,898	(1,391)
Employee benefits	52,520	52,520	51,483	1,037
Supplies	5,500	5,500	5,399	101
Miscellaneous	6,000	6,000	5,645	355
	<u>283,527</u>	<u>288,527</u>	<u>288,425</u>	<u>102</u>

CITY OF MISSION, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1
Page 108 of 8

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget	Budget	Final Budget
			Basis	Positive
				(Negative)
Library:				
Personal services	824,821	824,821	766,275	58,546
Employee benefits	229,330	229,330	202,147	27,183
Purchased property services	116,900	118,120	109,067	9,053
Other purchased services	68,500	68,500	58,186	10,314
Supplies	41,900	57,900	36,009	21,891
Miscellaneous	62,300	74,418	70,993	3,425
	<u>1,343,751</u>	<u>1,373,089</u>	<u>1,242,677</u>	<u>130,412</u>
 Total Culture and Recreation	 <u>3,880,095</u>	 <u>3,972,303</u>	 <u>3,725,268</u>	 <u>247,035</u>
 Debt Service:				
Principal retirement	72,800	72,800	72,748	52
Interest	3,500	3,500	3,492	8
	<u>76,300</u>	<u>76,300</u>	<u>76,240</u>	<u>60</u>
 Total Debt Service	 <u>76,300</u>	 <u>76,300</u>	 <u>76,240</u>	 <u>60</u>
 Total Expenditures	 <u>31,700,508</u>	 <u>34,607,593</u>	 <u>31,877,380</u>	 <u>2,730,213</u>
 Excess (Deficiency) of Revenue Over (Under) Expenditures	 <u>(1,677,862)</u>	 <u>(2,024,035)</u>	 <u>1,572,884</u>	 <u>3,596,919</u>
 Other Financing Sources (Uses):				
Sale of capital assets	-	33,367	37,567	4,200
Transfers in	2,374,931	2,374,931	2,374,931	-
Transfers out	(2,094,992)	(2,219,992)	(2,104,869)	115,123
Total Other Financing Sources (Uses)	<u>279,939</u>	<u>188,306</u>	<u>307,629</u>	<u>119,323</u>
 Net Change in Fund Balance	 (1,397,923)	 (1,835,729)	 1,880,513	 3,716,242
 Fund Balance at Beginning of Year	 <u>8,050,779</u>	 <u>8,050,779</u>	 <u>8,050,779</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 6,652,856</u>	 <u>\$ 6,215,050</u>	 <u>\$ 9,931,292</u>	 <u>\$ 3,716,242</u>

CITY OF MISSION, TEXAS**EXHIBIT B-2****RECONCILIATION OF THE GENERAL FUND BUDGETARY SCHEDULE TO
TO THE STATEMENT OF REVENUES AND EXPENDITURES
SEPTEMBER 30, 2011**

Net Changes in the General Fund Fund Balance	\$	1,880,513
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Amounts included in the Statement of Revenues and Expenditures for funds which didn't meet the requirements for GASB 54 and were merged into the General Fund. Budgets were approved for these funds.

Revenues:

Recreation Fund revenues and transfers in	82,211
Capital Assets revenues and transfers in	80,176
Mission Jr. Golf Fund revenues	5,133
Boys and Girls Club revenues and transfers in	585,006

Expenditures:

Payables for notes which are not due in the current period are not reported in the funds.	-
Recreation Fund expenditures	(127,739)
Capital Assets expenditures	(196)
Mission Jr. Golf Fund expenditures	(6,578)
Boys and Girls Club expenditures	(495,614)

Net Change in Fund Balances	\$	<u><u>2,002,912</u></u>
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The accompanying notes are an integral part of this statement.

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

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (c)	Percentage Covered Payroll ((b-a)/c)
2008	25,957,903	40,934,040	63.4%	14,976,137	19,468,044	76.9%
2009	30,080,949	39,085,085	77.0%	9,004,136	20,809,760	43.3%
2010	42,277,894	47,734,098	88.6%	5,456,204	21,431,600	25.5%

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued (AAL) Liability (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
2008	\$ -	\$ 989,421	0.00%	\$ 989,421	\$ 19,624,191	5.04%
2010	\$ -	\$ 868,410	0.00%	\$ 868,410	\$ 21,444,146	4.05%

NOTE: An Actuarial is performed every two years.

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2011

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	\$ 3,636,101
*Capital Project Funds	\$ 9,496,447

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

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

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2011

During the year ended September 30, 2011, no General Fund Department expenditures exceeded appropriations.

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)	\$ 33,450,264
Adjustments due to GASB Statement 54:	
Recreation Fund revenues	\$ 82,210
Capital Asset Replacement Fund revenues	176
Mission Jr. Golf Fund revenues	5,132
Boys and Girls Club revenues	<u>255,006</u>
 Total adjustments necessary	 <u>342,524</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	 <u>\$ 33,792,788</u>

Note: Does not include other financing resources.

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2011

Budget to GAAP Reconciliation (Continued)

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$31,877,380
Adjustments due to GASB Statement 54:	
Recreation Fund expenditures: \$127,739	
Capital Asset Replacement Fund expenditures 195	
Mission Jr. Golf Fund expenditures 6,578	
Boys and Girls Club expenditures <u>495,614</u>	
Total adjustments necessary	<u>630,126</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$32,507,506</u>

*OTHER
SUPPLEMENTARY
INFORMATION*

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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.

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

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.

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.

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.

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

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

EXHIBIT C-1

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Cash and cash equivalents	\$ 1,221,958	\$ 1,135,034	\$ 2,356,992
Investments	1,788,546	2,494,785	4,283,331
Receivables:			
Accounts	237,334	-	237,334
Special assessments	82,779	-	82,779
Less: allowance for uncollectible	(3,382)	-	(3,382)
Accrued interest receivable	2,682	-	2,682
Due from other governments	318,746	-	318,746
Due from other funds	179,419	165,000	344,419
Total Assets	<u>\$ 3,828,082</u>	<u>\$ 3,794,819</u>	<u>\$ 7,622,901</u>
LIABILITIES			
Accounts payable	\$ 190,021	\$ 372,461	\$ 562,482
Other liabilities	4,817	-	4,817
Retainage payable	-	157,090	157,090
Accrued payroll	9,977	-	9,977
Due to other funds	434,258	-	434,258
Due to component unit	179,381	-	179,381
Deferred revenues	605,333	-	605,333
Total Liabilities	<u>1,423,787</u>	<u>529,551</u>	<u>1,953,338</u>
FUND BALANCES			
Restricted	2,404,295	3,265,268	5,669,563
Total Fund Balances	<u>2,404,295</u>	<u>3,265,268</u>	<u>5,669,563</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,828,082</u>	 <u>\$ 3,794,819</u>	 <u>\$ 7,622,901</u>

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CITY OF MISSION, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-2

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES			
Taxes and special assessments	\$ 1,029,903	\$ -	\$ 1,029,903
Intergovernmental	4,356,534	-	4,356,534
Charges for services	149,261	-	149,261
Interest	6,577	11,192	17,769
Miscellaneous	18,052	-	18,052
Total Revenues	5,560,327	11,192	5,571,519
EXPENDITURES			
Current:			
General government	663,413	-	663,413
Public safety	1,409,306	-	1,409,306
Highways and streets	554,117	-	554,117
Culture and recreation	737,418	-	737,418
Health and welfare	569,275	-	569,275
Economic development	3,541,001	-	3,541,001
Capital projects	-	6,274,155	6,274,155
Total Expenditures	7,474,530	6,274,155	13,748,685
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,914,203)	(6,262,963)	(8,177,166)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	2,930,000	2,930,000
Bond premium	-	84,236	84,236
Sale of capital assets	76,638	-	76,638
Transfers in	1,948,018	265,000	2,213,018
Transfers out	(342,888)	-	(342,888)
Total Other Financing Sources (Uses)	1,681,768	3,279,236	4,961,004
Net Change in Fund Balances	(232,435)	(2,983,727)	(3,216,162)
Fund Balance at Beginning of Year	2,636,732	6,248,995	8,885,727
Fund Balances at End of Year	\$ 2,404,297	\$ 3,265,268	\$ 5,669,565

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011

	CDBG	Aquatics Fund	Police Department Special Fund
ASSETS			
Cash and cash equivalents	\$ 3,498	\$ -	\$ 149,960
Investments	-	-	322,024
Receivables:			
Accounts	138,631	503	-
Special assessments	-	-	-
Less: allowance for uncollectible	-	-	-
Accrued interest receivable	-	-	-
Due from other governments	5,513	120,990	-
Due from other funds	38	-	-
Total Assets	<u>\$ 147,680</u>	<u>\$ 121,493</u>	<u>\$ 471,984</u>
LIABILITIES			
Accounts payable	\$ 1,594	\$ 6,846	\$ -
Other liabilities	2,134	1,963	-
Accrued payroll	4,433	4,319	-
Due to other funds	888	98,365	-
Due to component unit	-	-	-
Deferred revenues	138,631	-	-
Total Liabilities	<u>147,680</u>	<u>111,493</u>	<u>-</u>
FUND BALANCES			
Restricted	-	10,000	471,984
Total Fund Balances	<u>-</u>	<u>10,000</u>	<u>471,984</u>
 Total Liabilities and Fund Balances	 <u>\$ 147,680</u>	 <u>\$ 121,493</u>	 <u>\$ 471,984</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Records Preservation Fund
\$ 82,810	\$ 33,001	\$ -	\$ 310,931	\$ -
400,953	125,020	-	225,060	15,000
-	-	-	-	-
-	-	-	82,779	-
-	-	-	(3,382)	-
216	319	-	490	33
-	-	192,243	-	-
-	-	-	-	-
<u>\$ 483,979</u>	<u>\$ 158,340</u>	<u>\$ 192,243</u>	<u>\$ 615,878</u>	<u>\$ 15,033</u>
\$ 19,808	\$ 46	\$ 146	\$ 82,830	\$ -
230	-	490	-	-
231	-	995	-	-
-	-	164,247	-	5,104
-	-	-	-	-
-	-	26,364	-	-
<u>20,269</u>	<u>46</u>	<u>192,242</u>	<u>82,830</u>	<u>5,104</u>
463,709	158,294	-	533,047	9,929
<u>463,709</u>	<u>158,294</u>	<u>-</u>	<u>533,047</u>	<u>9,929</u>
<u>\$ 483,978</u>	<u>\$ 158,340</u>	<u>\$ 192,242</u>	<u>\$ 615,877</u>	<u>\$ 15,033</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
ASSETS			
Cash and cash equivalents	\$ -	\$ 307,279	\$ 109,518
Investments	25,351	275,060	75,000
Receivables:			
Accounts	-	98,200	-
Special assessments	-	-	-
Less: allowance for uncollectible	-	-	-
Accrued interest receivable	102	646	166
Due from other governments	-	-	-
Due from other funds	-	-	-
Total Assets	<u>\$ 25,453</u>	<u>\$ 681,185</u>	<u>\$ 184,684</u>
LIABILITIES			
Accounts payable	\$ -	\$ 78,750	\$ -
Other liabilities	-	-	-
Accrued payroll	-	-	-
Due to other funds	-	165,000	-
Due to component unit	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>243,750</u>	<u>-</u>
FUND BALANCES			
Restricted	25,453	437,435	184,684
Total Fund Balances	<u>25,453</u>	<u>437,435</u>	<u>184,684</u>
 Total Liabilities and Fund Balances	 <u>\$ 25,453</u>	 <u>\$ 681,185</u>	 <u>\$ 184,684</u>

EXHIBIT C-3

Page 2 of 2

Park Dedication Fund	Juvenile Case Manager Fund	Cemetery Fund	Tax Increment Reinvestment Zone Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 140,259	\$ 46,463	\$ 33,839	\$ 4,401	\$ 1,221,959
300,079	25,000	-	-	1,788,547
-	-	-	-	237,334
-	-	-	-	82,779
-	-	-	-	(3,382)
653	55	-	-	2,680
-	-	-	-	318,746
-	-	-	179,381	179,419
<u>\$ 440,991</u>	<u>\$ 71,518</u>	<u>\$ 33,839</u>	<u>\$ 183,782</u>	<u>\$ 3,828,082</u>
\$ -	\$ -	\$ -	\$ -	\$ 190,020
-	-	-	-	4,817
-	-	-	-	9,978
653	-	-	-	434,257
-	-	-	179,381	179,381
440,338	-	-	-	605,333
<u>440,991</u>	<u>-</u>	<u>-</u>	<u>179,381</u>	<u>1,423,786</u>
-	71,518	33,839	4,401	2,404,295
-	71,518	33,839	4,401	2,404,295
<u>\$ 440,991</u>	<u>\$ 71,518</u>	<u>\$ 33,839</u>	<u>\$ 183,782</u>	<u>\$ 3,828,081</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, 2011

	CDBG	Aquatics Fund	Police Department Special Fund
REVENUES			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	984,569	120,990	101,425
Charges for services	-	39,234	-
Interest	-	-	815
Miscellaneous	-	720	-
Total Revenues	<u>984,569</u>	<u>160,944</u>	<u>102,240</u>
EXPENDITURES			
Current:			
General government	623,049	-	-
Public safety	-	-	17,507
Highways and streets	-	-	-
Culture and recreation	-	281,934	-
Health and welfare	361,520	-	-
Economic development	-	-	-
Total Expenditures	<u>984,569</u>	<u>281,934</u>	<u>17,507</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>-</u>	<u>(120,990)</u>	<u>84,733</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	76,638
Transfers in	-	120,990	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>120,990</u>	<u>76,638</u>
Net Change in Fund Balances	-	-	161,371
Fund Balance at Beginning of Year	<u>-</u>	<u>10,000</u>	<u>310,612</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 471,983</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 533,143	\$ -
404,566	-	1,028,306	-	-
-	21,770	-	-	7,370
1,368	526	-	1,464	44
8,628	-	1,000	7,704	-
<u>414,562</u>	<u>22,296</u>	<u>1,029,306</u>	<u>542,311</u>	<u>7,414</u>
-	9,580	-	-	13,460
920,931	-	470,872	-	-
-	-	318,080	236,037	-
-	-	35,558	-	-
-	-	207,754	-	-
-	-	-	-	-
<u>920,931</u>	<u>9,580</u>	<u>1,032,264</u>	<u>236,037</u>	<u>13,460</u>
<u>(506,369)</u>	<u>12,716</u>	<u>(2,958)</u>	<u>306,274</u>	<u>(6,046)</u>
-	-	-	-	-
-	-	2,958	-	-
(2,958)	(24,931)	-	(150,000)	-
<u>(2,958)</u>	<u>(24,931)</u>	<u>2,958</u>	<u>(150,000)</u>	<u>-</u>
(509,327)	(12,215)	-	156,274	(6,046)
<u>973,036</u>	<u>170,509</u>	<u>-</u>	<u>376,774</u>	<u>15,976</u>
<u>\$ 463,709</u>	<u>\$ 158,294</u>	<u>\$ -</u>	<u>\$ 533,048</u>	<u>\$ 9,930</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, 2011

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
REVENUES			
Taxes and special assessments	\$ -	\$ 496,759	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	16,113
Interest	110	1,456	518
Miscellaneous	-	-	-
Total Revenues	<u>110</u>	<u>498,215</u>	<u>16,631</u>
EXPENDITURES			
Current:			
General government	-	-	8,293
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	381,204	-
Health and welfare	-	-	-
Economic development	-	-	-
Total Expenditures	<u>-</u>	<u>381,204</u>	<u>8,293</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>110</u>	<u>117,011</u>	<u>8,338</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	(165,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(165,000)</u>	<u>-</u>
Net Change in Fund Balances	110	(47,989)	8,338
Fund Balance at Beginning of Year	<u>25,343</u>	<u>485,424</u>	<u>176,345</u>
Fund Balances at End of Year	<u>\$ 25,453</u>	<u>\$ 437,435</u>	<u>\$ 184,683</u>

Park Dedication Fund	Juvenile Case Manager Fund	Cemetery Fund	Tax Increment Reinvestment Zone Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ 1,029,902
-	-	-	1,716,679	4,356,535
38,723	24,012	2,039	-	149,261
-	176	89	12	6,578
-	-	-	-	18,052
<u>38,723</u>	<u>24,188</u>	<u>2,128</u>	<u>1,716,691</u>	<u>5,560,328</u>
-	7,360	1,671	-	663,413
-	-	-	-	1,409,310
-	-	-	-	554,117
38,723	-	-	-	737,419
-	-	-	-	569,274
-	-	-	3,541,001	3,541,001
<u>38,723</u>	<u>7,360</u>	<u>1,671</u>	<u>3,541,001</u>	<u>7,474,534</u>
-	16,828	457	(1,824,310)	(1,914,206)
-	-	-	-	76,638
-	-	-	1,824,070	1,948,018
-	-	-	-	(342,889)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,824,070</u>	<u>1,681,767</u>
-	16,828	457	(240)	(232,439)
-	54,690	33,382	4,640	2,636,731
<u>\$ -</u>	<u>\$ 71,518</u>	<u>\$ 33,839</u>	<u>\$ 4,400</u>	<u>\$ 2,404,292</u>

CITY OF MISSION, TEXAS
COMMUNITY DEVELOPMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-5

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,475,298	\$ 984,569	\$ (490,729)
Total Intergovernmental	<u>1,475,298</u>	<u>984,569</u>	<u>(490,729)</u>
 Total Revenues	<u>1,475,298</u>	<u>984,569</u>	<u>(490,729)</u>
 Expenditures:			
Current:			
General Government:			
General administration	297,189	216,037	81,152
Housing rehabilitation	<u>1,178,109</u>	<u>768,532</u>	<u>409,577</u>
Total General Government	<u>1,475,298</u>	<u>984,569</u>	<u>490,729</u>
 Total Expenditures	<u>1,475,298</u>	<u>984,569</u>	<u>490,729</u>
 Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	-	-	-
 Fund Balance at Beginning of Year	-	-	-
 Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MISSION, TEXAS

AQUATICS FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-6

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
MCISD contribution	\$ 184,992	\$ 120,990	\$ (64,002)
Miscellaneous	-	720	720
Total Intergovernmental	<u>184,992</u>	<u>121,710</u>	<u>(63,282)</u>
Charges for Service:			
Aquatics	<u>50,000</u>	<u>39,234</u>	<u>(10,766)</u>
Total Charges for Services	<u>50,000</u>	<u>39,234</u>	<u>(10,766)</u>
Total Revenues	<u>234,992</u>	<u>160,944</u>	<u>(74,048)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	217,481	174,692	42,789
Employee benefits	47,953	38,633	9,320
Purchased property services	70,000	39,161	30,839
Other purchased services	14,500	3,600	10,900
Supplies	59,400	25,583	33,817
Miscellaneous	650	265	385
Total Culture and Recreation	<u>409,984</u>	<u>281,934</u>	<u>128,050</u>
Total Expenditures	<u>409,984</u>	<u>281,934</u>	<u>128,050</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(174,992)</u>	<u>(120,990)</u>	<u>54,002</u>
Other Financing Sources (Uses):			
Transfers in	<u>184,992</u>	<u>120,990</u>	<u>(64,002)</u>
Total Other Financing Sources (Uses)	<u>184,992</u>	<u>120,990</u>	<u>(64,002)</u>
Net Change in Fund Balance	10,000	-	(10,000)
Fund Balance at Beginning of Year	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 20,000</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>

CITY OF MISSION, TEXAS
POLICE DEPARTMENT SPECIAL FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-7

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State Seizures:			
State seizures	\$ -	\$ 101,425	\$ 101,425
Total State Seizures	-	101,425	101,425
Interest:			
Interest earned on investments	500	411	(89)
Interest earned on demand deposits	200	404	204
Total Interest	700	815	115
Total Revenues	700	102,240	101,540
Expenditures:			
Current:			
Public Safety:			
State Seizures:			
Personal services	-	15,054	(15,054)
Employee benefits	-	1,152	(1,152)
Capital outlays	850	800	50
Miscellaneous	-	501	(501)
Total Public Safety	850	17,507	(16,657)
Total Expenditures	850	17,507	(16,657)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(150)	84,733	84,883
Other Financing Sources (Uses):			
Sale of capital assets	-	76,638	76,638
Total Other Financing Sources (Uses)	-	76,638	76,638
Net Change in Fund Balance	(150)	161,371	161,521
Fund Balance at Beginning of Year	310,612	310,612	-
Fund Balance at End of Year	\$ 310,462	\$ 471,983	\$ 161,521

CITY OF MISSION, TEXAS
POLICE FEDERAL SHARING FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-8

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ -	\$ 404,566	\$ 404,566
Miscellaneous revenue	-	8,628	8,628
Total Intergovernmental	-	413,194	413,194
Interest:			
Interest earned on investments	600	1,086	486
Interest earned on demand deposits	350	282	(68)
Total Interest	950	1,368	418
Total Revenues	950	414,562	413,612
Expenditures:			
Current:			
Public Safety:			
Personal services	4,700	131,237	(126,537)
Employee benefits	900	23,714	(22,814)
Professional & technical services	50,000	8,738	41,262
Purchased property services	1,500	34,881	(33,381)
Other purchased services	46,000	1,741	44,259
Supplies	53,000	34,577	18,423
Capital outlays	823,912	679,328	144,584
Miscellaneous	15,000	6,715	8,285
Total Public Safety	995,012	920,931	74,081
Total Expenditures	995,012	920,931	74,081
Excess (Deficiency) of Revenue Over (Under) Expenditures	(994,062)	(506,369)	487,693
Other Financing Sources (Uses):			
Transfers out	(11,398)	(2,958)	8,440
Total Other Financing Sources (Uses)	(11,398)	(2,958)	8,440
Net Change in Fund Balance	(1,005,460)	(509,327)	496,133
Fund Balance at Beginning of Year	973,036	973,036	-
Fund Balance at End of Year	\$ (32,424)	\$ 463,709	\$ 496,133

CITY OF MISSION, TEXAS*MUNICIPAL COURT TECHNOLOGY FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2011***EXHIBIT C-9**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Court technology fees	\$ 29,000	\$ 21,770	\$ (7,230)
Total Charges for Services	<u>29,000</u>	<u>21,770</u>	<u>(7,230)</u>
Interest:			
Interest earned on investments	300	339	39
Interest earned on demand deposits	<u>300</u>	<u>187</u>	<u>(113)</u>
Total Interest	<u>600</u>	<u>526</u>	<u>(74)</u>
Total Revenues	<u>29,600</u>	<u>22,296</u>	<u>(7,304)</u>
Expenditures:			
Current:			
General Government:			
Purchased property services	3,500	2,383	1,117
Supplies	500	-	500
Capital outlays	30,000	3,763	26,237
Miscellaneous	<u>10,000</u>	<u>3,434</u>	<u>6,566</u>
Total General Government	<u>44,000</u>	<u>9,580</u>	<u>34,420</u>
Total Expenditures	<u>44,000</u>	<u>9,580</u>	<u>34,420</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(14,400)</u>	<u>12,716</u>	<u>27,116</u>
Other Financing Sources (Uses):			
Transfer out	<u>(24,931)</u>	<u>(24,931)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(24,931)</u>	<u>(24,931)</u>	<u>-</u>
Net Change in Fund Balance	(39,331)	(12,215)	27,116
Fund Balance at Beginning of Year	<u>170,509</u>	<u>170,509</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 131,178</u>	<u>\$ 158,294</u>	<u>\$ 27,116</u>

CITY OF MISSION, TEXAS
DESIGNATED PURPOSE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-10
Page 1 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
DHS-Stonegarden Grant	\$ 164,295	\$ 124,684	\$ (39,611)
Bullet Proof Vest Grant	11,398	2,958	(8,440)
Urban County Grant-B&G Club	37,000	18,389	(18,611)
SAFER EMW-2005-FF-01316	36,000	23,881	(12,119)
TDRA Disaster Recovery Grant	917,658	157,613	(760,045)
Tobacco Compliance Grant	5,000	5,000	-
OVAG Grant# 0802439	44,771	45,647	876
Lone Star Library Grant	15,669	15,669	-
Energy Efficiency Grant	297,486	160,467	(137,019)
State CDBG Disaster Recovery	159,370	133,278	(26,092)
2008 SHSP/SHSP-LEAP	58,547	58,472	(75)
U.S. Marshals Task Force	3,619	3,000	(619)
ARRA-Border Initiative Grant	74,577	74,468	(109)
2010 SHSP Grant	103,270	103,250	(20)
EUDL-TABC Grant	10,000	14,294	4,294
Homeless Prevention-HPRP Grant	127,500	74,476	(53,024)
Texas Parks and Wildlife Grant	100,000	1,500	(98,500)
Edward Byrne Memorial Justice Grant	10,260	10,260	-
Homeless Prevention-Rapid Housing	75,000	-	(75,000)
Total Intergovernmental	2,251,420	1,027,306	(1,224,114)
Miscellaneous:			
Wal-Mart Child ID Program	1,000	1,000	-
Target Grant	1,000	1,000	-
Total Miscellaneous	2,000	2,000	-
Total Revenues	2,253,420	1,029,306	(1,224,114)
Expenditures:			
Current:			
Public Safety:			
Tobacco Compliance Grant:			
Personal services	5,000	5,000	-
	5,000	5,000	-
SAFER EMW-2005-FF-013:			
Personal services	36,000	23,881	12,119
	36,000	23,881	12,119
Wal-mart Child ID Program:			
Supplies	1,000	1,000	-
	1,000	1,000	-
Bullet Proof Vest Grant:			
Capital outlays	22,796	5,915	16,881
	22,796	5,915	16,881

CITY OF MISSION, TEXAS
DESIGNATED PURPOSE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-10
Page 2 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
OVAG Grant:			
Personal services	32,739	32,739	-
Employee benefits	9,702	12,078	(2,376)
Other purchased services	830	830	-
Supplies	1,500	-	1,500
	<u>44,771</u>	<u>45,647</u>	<u>(876)</u>
2008 SHSP/SHSP-LEAP Grant:			
Capital outlay	<u>58,547</u>	<u>58,472</u>	<u>75</u>
	<u>58,547</u>	<u>58,472</u>	<u>75</u>
U.S. Marshals-Task Force:			
Motor vehicle fuel	3,004	3,000	4
Capital outlays	<u>615</u>	<u>-</u>	<u>615</u>
	<u>3,619</u>	<u>3,000</u>	<u>619</u>
ARRA-Border Initiative Grant:			
Personal services	18,517	21,447	(2,930)
Employee benefits	5,269	5,501	(232)
Supplies	4,214	-	4,214
Capital outlays	<u>46,577</u>	<u>47,520</u>	<u>(943)</u>
	<u>74,577</u>	<u>74,468</u>	<u>109</u>
2010 SHSP Grant:			
Capital outlays	<u>103,270</u>	<u>103,250</u>	<u>20</u>
	<u>103,270</u>	<u>103,250</u>	<u>20</u>
EUDL-TABC Grant:			
Personal services	9,000	12,833	(3,833)
Other purchased services	-	490	(490)
Supplies	-	527	(527)
Capital outlays	<u>1,000</u>	<u>445</u>	<u>555</u>
	<u>10,000</u>	<u>14,295</u>	<u>(4,295)</u>
Target Grant-PD:			
Supplies	<u>1,000</u>	<u>1,000</u>	<u>-</u>
	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Edward Byrne Memorial Grant:			
Capital outlays	<u>10,260</u>	<u>10,260</u>	<u>-</u>
	<u>10,260</u>	<u>10,260</u>	<u>-</u>
DHS-Stonegarden Grant:			
Capital outlays	<u>164,295</u>	<u>124,684</u>	<u>39,611</u>
	<u>164,295</u>	<u>124,684</u>	<u>39,611</u>
Total Public Safety	<u>535,135</u>	<u>470,872</u>	<u>64,263</u>

CITY OF MISSION, TEXAS
DESIGNATED PURPOSE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-10
Page 3 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Health and Welfare:			
State CDBG Disaster Recovery Grant:			
Assistance to others	159,370	133,278	26,092
	159,370	133,278	26,092
Homeless Prevention:			
Miscellaneous	127,500	74,476	53,024
	127,500	74,476	53,024
Total Health and Welfare	286,870	207,754	79,116
Highways and Streets:			
Energy Efficiency Grant:			
Supplies	254	-	254
Capital outlays	297,232	160,467	136,765
	297,486	160,467	137,019
TDRA Disaster Recovery Grant:			
Professional and technical services	247,513	-	247,513
Capital outlays	670,145	157,613	512,532
	917,658	157,613	760,045
Total Highways and Streets	1,215,144	318,080	897,064
Culture and Recreation:			
Loan Star Libraries Grant:			
Office equipment	5,813	5,813	-
Capital outlay	9,856	9,856	-
	15,669	15,669	-
Urban County Grant-Boys & Girls Club:			
Personal services	30,800	13,803	16,997
Employee benefits	2,200	1,056	1,144
Supplies	4,000	3,530	470
	37,000	18,389	18,611
Texas Parks and Wildlife Grant:			
Capital outlays	125,000	1,500	123,500
	125,000	1,500	123,500
Total Culture and Recreation	177,669	35,558	142,111
Total Expenditures	2,214,818	1,032,264	1,182,554
Excess (Deficiency) of Revenue Over (Under) Expenditures	38,602	(2,958)	(41,560)

CITY OF MISSION, TEXAS*DESIGNATED PURPOSE FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2011***EXHIBIT C-10**

Page 4 of 4

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Transfers in	36,398	2,958	(33,440)
Total Other Financing Sources (Uses)	36,398	2,958	(33,440)
Net Change in Fund Balance	75,000	-	(75,000)
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ 75,000	\$ -	\$ (75,000)

CITY OF MISSION, TEXAS

DRAINAGE ASSESSMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-11

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments:			
Drainage assessments	\$ 540,000	\$ 533,143	\$ (6,857)
Total Assessments	540,000	533,143	(6,857)
Interest:			
Interest earned on investments	500	550	50
Interest earned on demand deposits	200	914	714
Total Interest	700	1,464	764
Miscellaneous:			
Drainage reimb.-subdividers	3,270	7,457	4,187
Miscellaneous income	-	247	247
Total Miscellaneous	3,270	7,704	4,434
Total Revenues	543,970	542,311	(1,659)
Expenditures:			
Current:			
Highways and Streets:			
Professional and technical services	77,500	77,500	-
Other purchased services	-	(93)	93
Capital outlays	450,000	156,550	293,450
Supplies	3,000	1,000	2,000
Miscellaneous	-	1,080	(1,080)
Total Highways and Streets	530,500	236,037	294,463
Total Expenditures	530,500	236,037	294,463
Excess (Deficiency) of Revenue Over (Under) Expenditures	13,470	306,274	292,804
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-
Net Change in Fund Balance	(136,530)	156,274	292,804
Fund Balance at Beginning of Year	376,774	376,774	-
Fund Balance at End of Year	\$ 240,244	\$ 533,048	\$ 292,804

CITY OF MISSION, TEXAS

RECORDS PRESERVATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-12

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 8,000	\$ 7,370	\$ (630)
Total Charges for Service	<u>8,000</u>	<u>7,370</u>	<u>(630)</u>
Interest:			
Interest earned on demand deposits	-	10	10
Interest earned on Investments	-	34	34
Total Interest	<u>-</u>	<u>44</u>	<u>44</u>
Total Revenues	<u>8,000</u>	<u>7,414</u>	<u>(586)</u>
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,000	1,250	(250)
Supplies	7,000	5,352	1,648
Capital outlays	5,000	6,852	(1,852)
Miscellaneous	-	6	(6)
Total Record Preservation	<u>13,000</u>	<u>13,460</u>	<u>(460)</u>
Total Expenditures	<u>13,000</u>	<u>13,460</u>	<u>(460)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(5,000)	(6,046)	(1,046)
Fund Balance at Beginning of Year	<u>15,976</u>	<u>15,976</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 10,976</u>	<u>\$ 9,930</u>	<u>\$ (1,046)</u>

CITY OF MISSION, TEXAS*SPEER MEMORIAL LIBRARY**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2011***EXHIBIT C-13**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	\$ 75	\$ 103	\$ 28
Interest earned on demand deposits	20	7	(13)
Total Interest	<u>95</u>	<u>110</u>	<u>15</u>
Total Revenues	<u>95</u>	<u>110</u>	<u>15</u>
Expenditures:			
Current:			
Culture and Recreation:			
Miscellaneous	-	-	-
Capital outlays	<u>-</u>	<u>-</u>	<u>-</u>
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	95	110	15
Fund Balance at Beginning of Year	<u>25,343</u>	<u>25,343</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 25,438</u>	<u>\$ 25,453</u>	<u>\$ 15</u>

CITY OF MISSION, TEXAS

HOTEL/MOTEL TAX FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-14

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 435,000	\$ 491,208	\$ 56,208
Penalties and interest-hotel occupancy tax	-	5,551	5,551
Total Taxes	435,000	496,759	61,759
Interest:			
Interest earned on demand deposits	100	561	461
Interest earned on investments	200	895	695
Total Interest	300	1,456	1,156
Total Revenues	435,300	498,215	62,915
Expenditures:			
Current:			
General Government:			
Tourist Promotion & Advertising:			
Miscellaneous	315,000	315,486	(486)
Other purchased services	60,000	30,718	29,282
Capital outlay	15,000	15,000	-
	390,000	361,204	28,796
Historical Org. and Site:			
Miscellaneous	20,000	20,000	-
	20,000	20,000	-
Total Culture and Recreation	410,000	381,204	28,796
Total Expenditures	410,000	381,204	28,796
Excess (Deficiency) of Revenue Over (Under) Expenditures	25,300	117,011	91,711
Other Financing Sources (Uses):			
Transfer out	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	(165,000)	(165,000)	-
Net Change in Fund Balance	(139,700)	(47,989)	91,711
Fund Balance at Beginning of Year	485,424	485,424	-
Fund Balance at End of Year	\$ 345,724	\$ 437,435	\$ 91,711

CITY OF MISSION, TEXAS
MUNICIPAL COURT BLDG SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-15

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 23,000	\$ 16,113	\$ (6,887)
Total Charges for Services	<u>23,000</u>	<u>16,113</u>	<u>(6,887)</u>
Interest:			
Interest earned on investments	400	166	(234)
Interest earned on demand deposits	<u>100</u>	<u>352</u>	<u>252</u>
Total Interest	<u>500</u>	<u>518</u>	<u>18</u>
Total Revenues	<u>23,500</u>	<u>16,631</u>	<u>(6,869)</u>
Expenditures:			
Current:			
Purchased property services	5,000	3,555	1,445
Other purchased services	5,131	4,348	783
Supplies	500	-	500
Capital outlay	10,000	-	10,000
Miscellaneous	<u>-</u>	<u>390</u>	<u>(390)</u>
Total Expenditures	<u>20,631</u>	<u>8,293</u>	<u>12,338</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	2,869	8,338	5,469
Fund Balance at Beginning of Year	<u>176,345</u>	<u>176,345</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 179,214</u>	<u>\$ 184,683</u>	<u>\$ 5,469</u>

CITY OF MISSION, TEXAS*PARK DEDICATION FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2011***EXHIBIT C-16**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Park dedication fee	\$ 95,442	\$ 38,723	\$ (56,719)
Total Charges for Services	95,442	38,723	(56,719)
Total Revenues	95,442	38,723	(56,719)
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	-	-	-
Zone 2-Northeast:			
Capital outlays	44,516	2,014	42,502
Zone 3-Southwest:			
Capital outlays	33,000	20,400	12,600
Zone 4-Southeast:			
Capital outlays	-	-	-
Zone 5 -Central:			
Capital outlays	17,926	16,309	1,617
Total Culture and Recreation	95,442	38,723	56,719
Total Expenditures	95,442	38,723	56,719
Excess (Deficiency) of Revenue 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, 2011***EXHIBIT C-17**

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 32,000	\$ 24,012	\$ (7,988)
Total Charges for Services	<u>32,000</u>	<u>24,012</u>	<u>(7,988)</u>
Interest:			
Interest earned on investments	75	56	(19)
Interest earned on demand deposits	<u>50</u>	<u>120</u>	<u>70</u>
Total Interest	<u>125</u>	<u>176</u>	<u>51</u>
Total Revenues	<u>32,125</u>	<u>24,188</u>	<u>(7,937)</u>
Expenditures:			
Current:			
Personal services	21,500	6,026	15,474
Employee benefits	7,577	1,196	6,381
Miscellaneous	<u>-</u>	<u>138</u>	<u>(138)</u>
Total Expenditures	<u>29,077</u>	<u>7,360</u>	<u>21,717</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	3,048	16,828	13,780
Fund Balance at Beginning of Year	<u>54,690</u>	<u>54,690</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 57,738</u>	<u>\$ 71,518</u>	<u>\$ 13,780</u>

CITY OF MISSION, TEXAS

CEMETERY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-18

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest:			
Interest earned on investments	\$ 75	\$ -	\$ (75)
Interest earned on demand deposits	75	89	14
Perpetual care	-	2,039	2,039
Total Interest	<u>150</u>	<u>2,128</u>	<u>1,978</u>
Total Revenues	<u>150</u>	<u>2,128</u>	<u>1,978</u>
Expenditures:			
Current:			
Supplies	2,700	1,388	1,312
Miscellaneous	300	283	17
	<u>3,000</u>	<u>1,671</u>	<u>1,329</u>
Total Expenditures	<u>3,000</u>	<u>1,671</u>	<u>1,329</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(2,850)	457	3,307
Fund Balance at Beginning of Year	<u>33,382</u>	<u>33,382</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 30,532</u>	<u>\$ 33,839</u>	<u>\$ 3,307</u>

CITY OF MISSION, TEXAS
TAX INCREMENT REINVESTMENT ZONE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-19

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 1,700,000	\$ 1,716,679	\$ 16,679
Total Intergovernmental:	<u>1,700,000</u>	<u>1,716,679</u>	<u>16,679</u>
Interest:			
Interest earned on demand deposits	<u>10</u>	<u>12</u>	<u>2</u>
Total Interest	<u>10</u>	<u>12</u>	<u>2</u>
Total Revenues	<u>1,700,010</u>	<u>1,716,691</u>	<u>16,681</u>
Expenditures:			
Current:			
Economic Development	<u>3,700,000</u>	<u>3,541,001</u>	<u>158,999</u>
Total Expenditures	<u>3,700,000</u>	<u>3,541,001</u>	<u>158,999</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(1,999,990)</u>	<u>(1,824,310)</u>	<u>175,680</u>
Other Financing Sources (Uses):			
Transfers in	<u>2,000,000</u>	<u>1,824,070</u>	<u>(175,930)</u>
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>1,824,070</u>	<u>(175,930)</u>
Net Change in Fund Balance	10	(240)	(250)
Fund Balance at Beginning of Year	<u>4,640</u>	<u>4,640</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,650</u>	<u>\$ 4,400</u>	<u>\$ (250)</u>

CITY OF MISSION, TEXAS

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-20

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 3,400,000	\$ 3,274,676	\$ (125,324)
Delinquent ad valorem taxes	134,000	140,226	6,226
Interest & penalties on taxes	100,000	93,781	(6,219)
Total Taxes	<u>3,634,000</u>	<u>3,508,683</u>	<u>(125,317)</u>
Interest:			
Interest earned on investments	1,000	477	(523)
Interest earned on demand deposits	900	4,601	3,701
Total Interest	<u>1,900</u>	<u>5,078</u>	<u>3,178</u>
Total Revenues	<u>3,635,900</u>	<u>3,513,761</u>	<u>(122,139)</u>
Expenditures:			
Current:			
Debt Service:			
Principal retirement	2,182,000	2,227,000	(45,000)
Interest and fiscal agent charges	1,352,644	1,294,430	58,214
Total Debt Service	<u>3,534,644</u>	<u>3,521,430</u>	<u>13,214</u>
Total Expenditures	<u>3,534,644</u>	<u>3,521,430</u>	<u>13,214</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>101,256</u>	<u>(7,669)</u>	<u>(108,925)</u>
Other Financing Sources (Uses):			
Transfers out	(500,000)	(350,191)	149,809
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(350,191)</u>	<u>149,809</u>
Net Change in Fund Balance	(398,744)	(357,860)	40,884
Fund Balance at Beginning of Year	<u>1,472,815</u>	<u>1,472,815</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,074,071</u>	<u>\$ 1,114,955</u>	<u>\$ 40,884</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2011

EXHIBIT C-21

	Capital Projects Fund	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS						
Cash and cash equivalents	\$ 89,390	\$ -	\$ 106,640	\$ 88,145	\$ 850,859	\$ 1,135,034
Investments	-	-	307,268	2,187,517	-	2,494,785
Due from other funds	165,000	-	-	-	-	165,000
Total Assets	<u>\$ 254,390</u>	<u>\$ -</u>	<u>\$ 413,908</u>	<u>\$ 2,275,662</u>	<u>\$ 850,859</u>	<u>\$ 3,794,819</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 4,387	\$ 114,026	\$ 254,048	\$ 372,461
Retainage payable	-	-	-	157,090	-	157,090
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,387</u>	<u>271,116</u>	<u>254,048</u>	<u>529,551</u>
FUND BALANCES						
Restricted for capital projects	254,390	-	409,521	2,004,546	596,811	3,265,268
Total Fund Balances	<u>254,390</u>	<u>-</u>	<u>409,521</u>	<u>2,004,546</u>	<u>596,811</u>	<u>3,265,268</u>
Total Liabilities and Fund Balances	<u>\$ 254,390</u>	<u>\$ -</u>	<u>\$ 413,908</u>	<u>\$ 2,275,662</u>	<u>\$ 850,859</u>	<u>\$ 3,794,819</u>

CITY OF MISSION, TEXAS
EXHIBIT C-22

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Capital Projects Fund	2005-A Certificates of Obligation	2007 Certificates of Obligation	2009 Certificates of Obligation	2010 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:						
Interest	\$ -	\$ 1	\$ 830	\$ 5,831	\$ 4,530	\$ 11,192
Total Revenues	<u>-</u>	<u>1</u>	<u>830</u>	<u>5,831</u>	<u>4,530</u>	<u>11,192</u>
Expenditures:						
Current:						
Capital projects	577,883	1,154	226,725	3,046,437	2,421,955	6,274,155
Total Expenditures	<u>577,883</u>	<u>1,154</u>	<u>226,725</u>	<u>3,046,437</u>	<u>2,421,955</u>	<u>6,274,155</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(577,883)</u>	<u>(1,153)</u>	<u>(225,895)</u>	<u>(3,040,606)</u>	<u>(2,417,425)</u>	<u>(6,262,963)</u>
Other Financing Sources (Uses):						
Issuance of debt	-	-	-	-	2,930,000	2,930,000
Bond premium	-	-	-	-	84,236	84,236
Transfers in	265,000	-	-	-	-	265,000
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,014,236</u>	<u>3,279,236</u>
Net Change in Fund Balance	(312,883)	(1,153)	(225,895)	(3,040,606)	596,811	(2,983,727)
Fund Balance at Beginning of Year	<u>567,273</u>	<u>1,154</u>	<u>635,417</u>	<u>5,045,152</u>	<u>-</u>	<u>6,248,995</u>
Fund Balance at End of Year	<u>\$ 254,390</u>	<u>\$ 1</u>	<u>\$ 409,522</u>	<u>\$ 2,004,546</u>	<u>\$ 596,811</u>	<u>\$ 3,265,268</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

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

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

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

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CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-23

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	Budgeted	Actual	Variance Positive (Negative)
Operating Revenues:			
Water sales, net of adjustment	\$ 10,250,000	\$ 11,303,450	\$ 1,053,450
Connection fee	110,000	174,776	64,776
Reconnect fee	100,000	93,680	(6,320)
W/W system cap. recovery fee	-	28,697	28,697
Sewage service	5,500,000	5,621,044	121,044
Wastewater assessment	50,000	71,090	21,090
Service charge	70,000	63,511	(6,489)
Industrial sewer surcharge	40,000	41,690	1,690
Waterline and sewer line	1,000	3,041	2,041
5% credit card fee	12,000	14,121	2,121
Miscellaneous income	20,000	103,143	83,143
Operating Revenues	16,153,000	17,518,243	1,365,243
Nonoperating Revenues:			
Interest earned	104,000	33,027	(70,973)
Gain (loss) on disposal of capital assets	-	4,955	4,955
Insurance settlement	-	4,247	4,247
Nonoperating Revenues	104,000	42,229	(61,771)
Total Revenues	16,257,000	17,560,472	1,303,472
Operating Expenses:			
Utility Administration:			
Personal services	425,986	337,101	88,885
Employee benefits	136,836	109,953	26,883
Purchased property services	24,200	17,486	6,714
Other purchased services	21,250	15,866	5,384
Supplies	14,500	5,973	8,527
Miscellaneous	2,500	600	1,900
	625,272	486,979	138,293
Water Distribution:			
Personal services	922,927	924,413	(1,486)
Employee benefits	355,880	337,290	18,590
Professional & technical services	5,100	(24,201)	29,301
Purchased property services	576,500	441,798	134,702
Other purchased services	31,000	22,724	8,276
Supplies	1,013,359	767,944	245,415
Capital outlays	692,700	664,984	27,716
Miscellaneous	24,650	17,641	7,009
	3,622,116	3,152,593	469,523
Water Treatment:			
Personal services	366,615	343,730	22,885
Employee benefits	134,946	126,457	8,489
Professional & technical services	95,000	70,071	24,929
Purchased property services	366,500	367,035	(535)

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-23

Page 154 of 4

	Budgeted	Actual	Variance Positive (Negative)
Other purchased services	18,800	17,354	1,446
Supplies	779,516	761,852	17,664
Capital outlays	366,440	145,947	220,493
Miscellaneous	122,800	51,145	71,655
	<u>2,250,617</u>	<u>1,883,591</u>	<u>367,026</u>
Wastewater Treatment and Collection:			
Personal services	364,680	349,214	15,466
Employee benefits	125,881	122,575	3,306
Professional & technical services	50,000	43,377	6,623
Purchased property services	848,000	866,034	(18,034)
Other purchased services	8,850	6,830	2,020
Supplies	193,343	149,751	43,592
Capital outlays	81,352	262	81,090
Miscellaneous	289,488	256,636	32,852
	<u>1,961,594</u>	<u>1,794,679</u>	<u>166,915</u>
Industrial Pretreatment:			
Personal services	41,440	41,325	115
Employee benefits	13,223	13,050	173
Professional & technical services	3,000	2,000	1,000
Purchased property services	135,000	126,238	8,762
Other purchased services	1,000	-	1,000
Supplies	14,100	11,056	3,044
Capital outlays	14,100	13,064	1,036
Miscellaneous	126,000	74,725	51,275
	<u>347,863</u>	<u>281,458</u>	<u>66,405</u>
Utility Billing and Collection:			
Personal services	227,233	219,264	7,969
Employee benefits	73,835	70,405	3,430
Purchased property services	22,400	17,416	4,984
Other purchased services	112,880	105,402	7,478
Supplies	16,361	14,723	1,638
Capital outlays	4,050	3,214	836
Miscellaneous	3,000	2,248	752
	<u>459,759</u>	<u>432,672</u>	<u>27,087</u>
Organizational Expense:			
Professional & technical services	130,000	42,483	87,517
Other purchased services	69,833	61,832	8,001
Miscellaneous	147,927	111,449	36,478
	<u>347,760</u>	<u>215,764</u>	<u>131,996</u>
Meter Readers:			
Personal services	240,885	246,092	(5,207)
Employee benefits	93,590	89,860	3,730
Purchased property services	10,046	9,883	163

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-23

Page 155 of 4

	Budgeted	Actual	Variance Positive (Negative)
Other purchased services	8,100	3,119	4,981
Supplies	86,895	72,442	14,453
	<u>439,516</u>	<u>421,396</u>	<u>18,120</u>
Northside Water Treatment Plant:			
Personal services	163,511	158,860	4,651
Employee benefits	67,649	64,791	2,858
Professional & technical services	35,000	11,796	23,204
Purchased property services	496,200	451,607	44,593
Other purchased services	4,220	2,763	1,457
Supplies	921,290	878,958	42,332
Capital outlays	48,000	24,291	23,709
Miscellaneous	52,459	12,537	39,922
	<u>1,788,329</u>	<u>1,605,603</u>	<u>182,726</u>
2006 Refunding Issue			
Capital outlays	34,930	-	34,930
	<u>34,930</u>	<u>-</u>	<u>34,930</u>
2006 A Revenue Bond			
Professional & technical services	200,000	165,335	34,665
Capital outlays	627,000	31,730	595,270
	<u>827,000</u>	<u>197,065</u>	<u>629,935</u>
2009 Jr Lien Revenue Bond:			
Professional & technical services	19,795	16,731	3,064
Capital outlays	5,483,060	4,543,305	939,755
	<u>5,502,855</u>	<u>4,560,036</u>	<u>942,819</u>
2001 Bonds-Sewer Projects:			
Capital outlays	210,000	37,640	172,360
	<u>210,000</u>	<u>37,640</u>	<u>172,360</u>
Total Operating Expenses	<u>18,417,611</u>	<u>15,069,476</u>	<u>3,348,135</u>
Nonoperating Expenses:			
Bond interest expense	1,339,718	1,321,402	18,316
Bond fiscal charges	8,000	6,050	1,950
Bond principal	2,056,000	2,056,000	-
Total Nonoperating Expenses	<u>3,403,718</u>	<u>3,383,452</u>	<u>20,266</u>
Transfers:			
Transfers In (Out)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>323,222</u>	<u>323,222</u>

CITY OF MISSION, TEXAS*UTILITY FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2011***EXHIBIT C-23**

Page 156 of 4

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>23,821,329</u>	<u>20,129,706</u>	<u>3,691,623</u>
Net Income (Budgetary Basis)	<u><u>\$ (7,564,329)</u></u>	<u>(2,569,234)</u>	<u><u>\$ 4,995,095</u></u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(4,620,345)	
Bond principal		2,056,000	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>5,646,503</u>	
		<u>3,082,158</u>	
Net Income (GAAP Basis)		<u><u>\$ 512,924</u></u>	

CITY OF MISSION, TEXAS

GOLF COURSE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-24

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	Budgeted	Actual	Variance Positive (Negative)
Operating Revenues:			
Pro shop sales	\$ 80,000	\$ 98,218	\$ 18,218
Cart and club rental	155,000	181,454	26,454
Pull carts and club rentals	2,000	2,596	596
Food and beverage sales	95,000	103,966	8,966
Daily green fees	350,000	377,708	27,708
Summer rates-green fees	-	8	8
Trail fees	65,000	63,188	(1,812)
Juniors' fees	27,000	35,135	8,135
Prepaid members	210,000	234,320	24,320
Driving range	40,000	40,909	909
Miscellaneous income	2,000	7,585	5,585
Operating Revenues	1,026,000	1,145,087	119,087
Nonoperating Revenues:			
Interest earned	-	16	16
MEDC	100,000	100,000	-
Gain (loss) on disposal of capital assets	5,000	(119,702)	(124,702)
Nonoperating Revenues	105,000	(19,686)	(124,686)
Total Revenues	1,131,000	1,125,401	(5,599)
Operating Expenses:			
Cost of sales-pro shop	75,776	72,716	3,060
Cost of sales-restaurant	55,000	51,829	3,171
Total Cost of Sales	130,776	124,545	6,231
Golf Course Operation:			
Club House:			
Personal services	247,922	257,201	(9,279)
Employee benefits	76,631	66,792	9,839
Professional & technical services	1,500	1,500	-
Purchased property services	51,120	46,780	4,340
Other purchased services	5,751	5,532	219
Supplies	22,149	14,371	7,778
Capital outlays	1,000	-	1,000
Miscellaneous	6,500	3,099	3,401
	412,573	395,275	17,298
Grounds:			
Personal services	292,607	284,591	8,016
Employee benefits	113,407	106,034	7,373
Purchased property services	44,500	27,785	16,715
Other purchased services	1,500	618	882
Supplies	143,982	102,636	41,346
Capital outlays	5,500	5,461	39
Miscellaneous	1,100	190	910
	602,596	527,315	75,281

CITY OF MISSION, TEXAS
GOLF COURSE FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-24
Page 158 of 2

	Budgeted	Actual	Variance Positive (Negative)
Restaurant:			
Personal services	54,569	34,977	19,592
Employee benefits	9,820	4,970	4,850
Supplies	500	3	497
Miscellaneous	500	310	190
	<u>65,389</u>	<u>40,260</u>	<u>25,129</u>
Organizational Expense:			
Other purchased services	5,000	2,882	2,118
Miscellaneous	19,700	16,174	3,526
	<u>24,700</u>	<u>19,056</u>	<u>5,644</u>
Total Golf Course Operation	<u>1,236,034</u>	<u>1,106,451</u>	<u>129,583</u>
Depreciation	-	263,069	(263,069)
Total Operating Expenses	<u>1,236,034</u>	<u>1,369,520</u>	<u>(133,486)</u>
Nonoperating Expenses:			
Capital lease interest expense	9,187	9,356	(169)
Bond and capital lease principal	93,081	93,081	-
Nonoperating Expenses	<u>102,268</u>	<u>102,437</u>	<u>(169)</u>
Transfers:			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>2,834,173</u>	<u>2,834,173</u>
Operating and Nonoperation Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>1,338,302</u>	<u>(1,362,216)</u>	<u>2,700,518</u>
Net Income (Budgetary Basis)	<u>\$ (207,302)</u>	2,487,617	<u>\$ 2,694,919</u>
Adjustments:			
Bond and capital lease principal		93,081	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>5,461</u>	
		<u>98,542</u>	
Net Income (GAAP Basis)		<u>\$ 2,586,159</u>	

CITY OF MISSION, TEXAS

EXHIBIT C-25

SOLID WASTE

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted	Actual	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 4,800,000	\$ 5,086,093	\$ 286,093
Brush fees	510,000	612,116	102,116
Roll-off fees	5,500	5,143	(357)
Franchise fees	110,000	109,746	(254)
Miscellaneous income	1,500	3,796	2,296
Operating Revenues	<u>5,427,000</u>	<u>5,816,894</u>	<u>389,894</u>
Nonoperating Revenues:			
Interest earned	-	1,135	1,135
Nonoperating Revenues	<u>-</u>	<u>1,135</u>	<u>1,135</u>
Total Revenues	<u>5,427,000</u>	<u>5,818,029</u>	<u>391,029</u>
Operating Expenses:			
Solid waste disposal	5,150,000	5,168,990	(18,990)
Miscellaneous	-	1,457	(1,457)
Rental-machinery & equipment	5,000	10,032	(5,032)
Supplies	-	7,601	(7,601)
Total Operating Expenses	<u>5,155,000</u>	<u>5,188,080</u>	<u>(33,080)</u>
Transfers:			
Transfers in (out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Operating and Nonoperating Expenses, Transfers and Capital Contributions (Budgetary Basis)	<u>5,355,000</u>	<u>5,388,080</u>	<u>(33,080)</u>
Net Income (GAAP Basis)	<u>\$ 72,000</u>	<u>\$ 429,949</u>	<u>\$ 357,949</u>

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*CAPITAL ASSETS
USED IN THE
OPERATION OF
GOVERNMENTAL
FUNDS*

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CITY OF MISSION, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE
 As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Governmental Funds Capital Assets:		
Land	\$ 33,195,035	\$ 32,283,658
Buildings and structures	20,678,474	18,496,412
Improvements other than buildings	10,234,018	10,243,956
Furniture and equipment	22,441,461	20,286,042
Construction in progress	4,621,745	7,403,622
Infrastructure	<u>78,519,433</u>	<u>71,523,732</u>
Total Governmental Funds Capital Assets	<u><u>\$ 169,690,166</u></u>	<u><u>\$ 160,237,422</u></u>
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 89,909,269	\$ 88,042,930
Grants	2,880,926	2,880,926
Bond funds	29,169,970	24,251,442
Enterprise funds	1,264	1,264
Special funds	10,651,850	8,770,220
Donations	10,377,148	10,229,775
Developers	<u>26,699,739</u>	<u>26,060,865</u>
Total Governmental Funds Capital Assets	<u><u>\$ 169,690,166</u></u>	<u><u>\$ 160,237,422</u></u>

CITY OF MISSION, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY
 For the fiscal year ended September 30, 2011

Function and Activity:	Governmental Funds Capital Assets September 30, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
General Government	\$ 8,306,303	\$ 241,052	\$ 87,032	\$ 8,460,323
Public Safety	25,674,220	2,555,268	551,707	27,677,781
Highways and Streets	105,833,941	4,126,455	227,563	109,732,833
Health and Welfare	141,481	48,420	354	189,547
Cultural and Recreational	<u>20,281,477</u>	<u>3,420,288</u>	<u>72,083</u>	<u>23,629,682</u>
Total Governmental Funds Capital Assets	<u>\$ 160,237,422</u>	<u>\$10,391,483</u>	<u>\$ 938,739</u>	<u>\$ 169,690,166</u>

CITY OF MISSION, TEXAS
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2011

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 3,119,202	\$ 3,134,387	\$ 542,810	\$ 1,626,994	\$ 36,930	\$ -	\$ 8,460,322
Public Safety	702,867	11,066,713	182,169	15,724,407	1,625	-	27,677,781
Highways and Streets	27,851,469	-	354,917	2,568,013	78,251,891	706,543	109,732,833
Health and Welfare	-	-	-	189,547	-	-	189,547
Cultural and Recreational	1,521,497	6,477,374	9,154,122	2,332,500	228,987	3,915,202	23,629,682
Total Governmental Funds Capital Assets	<u>\$ 33,195,035</u>	<u>\$ 20,678,474</u>	<u>\$ 10,234,018</u>	<u>\$ 22,441,461</u>	<u>\$ 78,519,433</u>	<u>\$ 4,621,745</u>	<u>\$ 169,690,166</u>

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SUPPLEMENTARY SCHEDULES

CITY OF MISSION, TEXAS
UTILITY FUND
SCHEDULE OF REVENUE BOND COVERAGE
Year Ended September 30, 2011

Operating Revenues	\$ 17,518,243	
Interest Earned by funds Created by the Bond Indenture	<u>12,261</u>	
Gross Revenues Per Bond Ordinance		<u>\$ 17,530,504</u>
Operating Expenses	14,043,314	
Less: Depreciation Expense	<u>(4,620,345)</u>	
Operating Expenses Per Bond Ordinance		<u>9,422,969</u>
Net Revenue Per Bond Ordinance		<u>\$ 8,107,535</u>
Average Annual Debt Service Requirements		<u>\$ 2,700,581</u>
Succeeding Fiscal Year Debt Service Requirement		<u>\$ 3,121,272</u>
Required Coverage Ratio		<u>125%</u>
Calculated Coverage Ratio		
A) Based upon Average Annual Debt Service Requirements		<u>300%</u>
B) Based upon Succeeding Fiscal Year Debt Service Requirements		<u>260%</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, 2011

	Revenue Bond Series 1995, 2004, 2006 and 2009				
	Interest and Sinking Cash	Waterworks and Sewer Construction Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 799,276	\$ 415,059	\$ 503,169	\$ 936	\$ 1,718,440
Investments	1,125,339	672,394	1,129,594	303,591	3,230,918
Cash and Investments September 30, 2010	<u>\$ 1,924,615</u>	<u>\$ 1,087,453</u>	<u>\$ 1,632,763</u>	<u>\$ 304,527</u>	<u>\$ 4,949,358</u>
Cash Receipts:					
Transfer from operating cash	2,805,104	-	-	-	2,805,104
Transfer from construction accts	-	-	-	-	-
Transfer from other I&S accounts	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Interest received	2,963	1,084	6,840	1,374	12,261
Total Cash Receipts	<u>2,808,067</u>	<u>1,084</u>	<u>6,840</u>	<u>1,374</u>	<u>2,817,365</u>
Total Cash And Investments Available	<u>4,732,682</u>	<u>1,088,537</u>	<u>1,639,603</u>	<u>305,901</u>	<u>7,766,723</u>
Cash Disbursements:					
Principal payments	2,056,000	-	-	-	2,056,000
Interest and fiscal charges	1,361,385	-	-	-	1,361,385
Bank Charges	202	219	128	108	657
Transfer to other I&S accounts	-	-	-	-	-
Construction costs	-	245,515	-	-	245,515
Total Cash Disbursements	<u>3,417,587</u>	<u>245,734</u>	<u>128</u>	<u>108</u>	<u>3,663,557</u>
Cash and Investments, September 30, 2011	<u>\$ 1,315,095</u>	<u>\$ 842,803</u>	<u>\$ 1,639,475</u>	<u>\$ 305,793</u>	<u>\$ 4,103,166</u>
Total Cash and Investments Restricted at September 30, 2011 is Composed of the Following:					
Cash and cash equivalents	\$ 964,609	\$ 219,624	\$ 1,006,108	\$ 252,133	\$ 2,442,474
Investments	350,486	623,179	633,367	53,660	1,660,692
Total	<u>\$ 1,315,095</u>	<u>\$ 842,803</u>	<u>\$ 1,639,475</u>	<u>\$ 305,793</u>	<u>\$ 4,103,166</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	173
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	
Revenue Capacity	180
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	184
Schedules presented in this section provide information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	189
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	191
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

	2002	2003 ⁽¹⁾	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 83,887,342	\$ 84,133,258
Restricted	-	651,534	800,978	802,534	1,288,945	2,061,067	3,366,072	3,176,789	3,438,023	3,774,562
Unrestricted	-	3,886,176	3,140,122	9,351,081	4,758,744	6,276,658	8,107,109	7,831,393	7,082,454	7,201,682
Total governmental activities net assets	\$ -	\$ 13,692,384	\$ 63,088,706	\$ 66,270,818	\$ 73,282,969	\$ 79,256,841	\$ 91,627,689	\$ 92,804,550	\$ 94,407,819	\$ 95,109,502
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	\$ 58,268,682	\$ 59,964,330
Restricted	-	4,035,643	3,827,894	3,634,865	1,993,403	3,673,491	4,611,532	5,054,584	4,891,629	4,324,052
Unrestricted	-	4,660,990	3,683,488	2,852,339	6,319,627	6,735,489	6,311,881	6,694,247	6,126,919	8,521,237
Total business-type activities net assets	\$ -	\$ 34,484,618	\$ 38,286,207	\$ 50,302,851	\$ 59,227,516	\$ 64,290,998	\$ 70,705,183	\$ 70,621,362	\$ 69,287,230	\$ 72,809,619
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	\$ 142,156,024	\$ 144,097,588
Restricted	-	4,687,177	4,628,872	4,437,399	3,282,348	5,734,558	7,977,604	8,231,373	8,329,652	8,098,614
Unrestricted	-	8,547,166	6,823,610	12,203,420	11,078,371	13,012,147	14,418,990	14,525,640	13,209,373	15,722,919
	\$ -	\$ 48,177,002	\$ 101,374,913	\$ 116,573,669	\$ 132,510,485	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049	\$ 167,919,121

(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									
	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 14,511,545	\$ 7,570,043
Public Safety	-	9,831,094	10,633,900	12,438,467	13,451,482	14,890,373	16,907,573	20,240,072	19,309,796	19,387,472
Highways and streets	-	1,980,187	3,968,401	4,430,985	5,466,843	5,479,786	5,654,237	4,223,462	6,427,413	6,255,895
Sanitation	-	97,899	-	-	-	-	-	-	-	-
Health and welfare	-	105,738	511,520	522,734	526,449	359,073	334,726	374,867	570,197	903,935
Economic development	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268
Culture and recreation	-	3,593,377	3,200,156	3,494,941	4,619,038	4,320,014	4,905,126	5,125,473	5,661,309	6,044,088
Interest on long-term debt	-	744,599	837,851	930,755	1,096,972	1,027,984	1,512,067	1,730,135	1,525,661	1,582,058
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	51,472,503	45,413,759
Business-type Activities										
Utility system	-	9,602,954	11,056,182	11,434,910	11,362,995	12,225,436	14,665,301	15,343,467	15,305,547	15,376,432
Golf course operations	-	1,381,360	1,276,211	1,282,405	1,285,326	1,319,407	1,276,139	1,388,041	1,288,879	1,374,400
Solid waste operations	-	2,752,986	2,868,909	3,250,388	3,552,159	3,970,782	4,372,005	4,780,337	4,931,714	5,188,079
Total business-type activities expenses	-	13,737,300	15,201,302	15,967,703	16,200,480	17,515,625	20,313,445	21,511,845	21,526,140	21,938,911
Total primary government expenses	\$ -	\$ 37,350,796	\$ 41,573,774	\$ 45,497,738	\$ 50,370,665	\$ 52,482,232	\$ 60,029,710	\$ 64,032,391	\$ 72,998,643	\$ 67,352,670
Program Revenues										
Governmental Activities										
Charges for services	\$ -	\$ 931,665	\$ 1,093,022	\$ 1,217,942	\$ 2,676,159	\$ 2,494,543	\$ 2,038,016	\$ 1,658,320	\$ 1,625,962	\$ 1,647,709
General government	-	756,900	976,726	1,048,893	1,066,521	94,884	98,736	121,003	110,007	105,723
Public Safety	-	517,402	601,073	607,249	536,943	571,890	593,759	565,910	630,054	644,298
Highways and streets	-	83,112	-	-	-	-	-	-	-	-
Sanitation	-	68,837	213,159	174,673	165,112	308,457	284,437	256,293	274,502	134,981
Health and welfare	-	503,797	439,014	272,120	148,885	283,201	350,394	351,378	279,180	306,294
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Other activities	-	2,364,963	3,872,830	3,529,449	3,146,796	4,659,478	6,453,451	6,389,650	7,271,889	6,152,917
Operating grants and contributions	-	3,886,256	5,650,496	5,627,239	8,801,715	5,251,523	11,098,136	1,962,259	7,701,238	1,170,433
Capital grants and contributions	-	9,112,932	12,846,320	12,477,565	15,582,131	13,663,976	20,916,929	11,304,813	17,892,832	10,162,355
Total governmental activities program revenues	-	-	-	-	-	-	-	-	-	-
Business-type activities										
Charges for services	-	9,649,391	9,905,636	11,798,496	14,852,124	14,184,351	15,716,066	16,114,327	15,140,398	17,412,060
Utility system	-	1,229,252	1,020,308	1,028,222	1,036,110	1,056,872	1,077,578	1,047,543	905,113	1,137,503
Golf course operation	-	2,804,414	3,017,843	3,253,240	3,569,570	3,951,204	4,505,551	4,777,898	5,187,400	5,813,098
Solid waste operation	-	221,327	236,991	210,701	214,527	778,236	518,466	172,971	26,525	17,397
Operating grants and contributions	-	2,859,407	5,327,926	11,635,606	5,739,699	2,866,803	5,629,521	684,120	677,685	3,157,395
Capital grants and contributions	-	16,763,791	19,508,704	27,926,265	25,412,030	22,837,466	27,447,182	22,796,859	21,937,121	27,537,453
Total business-type activities program revenues	-	\$ 25,876,723	\$ 32,355,024	\$ 40,403,830	\$ 40,994,161	\$ 36,501,442	\$ 48,364,111	\$ 34,101,672	\$ 39,829,953	37,699,808

FISCAL YEAR

	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense)/revenue										
Governmental activities	\$ -	\$ (14,500,564)	\$ (13,526,152)	\$ (17,052,470)	\$ (18,588,054)	\$ (21,302,634)	\$ (18,799,336)	\$ (31,215,733)	\$ (33,579,671)	\$ (35,251,404)
Business-type activities	-	3,026,491	4,307,402	11,958,562	9,211,550	5,321,841	7,133,738	1,285,014	410,981	5,598,542
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)	\$ (33,168,690)	\$ (29,652,862)
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	\$ 17,795,460	\$ 18,143,896
Sales taxes	-	5,655,619	6,006,568	6,787,566	7,961,019	8,859,345	9,784,575	9,552,728	9,814,665	10,234,485
Franchise taxes	-	1,560,472	1,692,582	2,013,665	2,028,000	2,069,904	2,248,558	2,265,859	2,326,751	2,396,994
Hotel/motel taxes	-	222,384	249,137	283,886	309,496	358,276	479,950	400,690	490,446	496,759
Alcoholic beverage taxes	-	25,639	27,189	33,608	51,914	59,529	79,084	86,136	79,864	78,066
Shared revenue-tax increment zone	-	-	-	-	1,409,272	421,603	113,975	137,427	2,013,239	1,395,342
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	29,131	41,545
Miscellaneous	-	180,973	95,027	495,068	370,546	678,123	718,583	636,427	533,384	965,999
Special item	-	-	-	-	-	-	-	(196,470)	-	-
Transfers	-	118,359	1,564,172	150,000	550,000	680,000	1,000,000	1,600,000	2,100,000	2,200,000
Total governmental activities	-	15,935,474	18,834,848	20,234,582	25,600,199	27,276,505	31,170,184	32,392,594	35,182,940	35,953,087
Business-type activities										
Investment earnings	-	155,387	157,423	108,774	152,995	317,265	179,189	71,342	17,060	16,782
Miscellaneous	-	21,319	14,435	99,307	110,121	104,376	101,258	159,822	221,302	107,065
Transfers	-	(118,359)	(1,564,172)	(150,000)	(550,000)	(680,000)	(1,000,000)	(1,600,000)	(2,100,000)	(2,200,000)
Total business-type activities	-	58,347	(1,392,314)	58,081	(286,884)	(258,359)	(719,553)	(1,368,836)	(1,861,638)	(2,076,153)
Total primary government	\$ -	\$ 15,993,821	\$ 17,442,534	\$ 20,292,663	\$ 25,313,315	\$ 27,018,146	\$ 30,450,631	\$ 31,023,758	\$ 33,321,302	\$ 33,876,934
Change in Net Assets										
Governmental activities	\$ -	\$ 1,434,910	\$ 5,308,696	\$ 3,182,112	\$ 7,012,145	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861	\$ 1,603,269	\$ 701,683
Business-type activities	-	3,084,838	2,915,088	12,016,643	8,924,666	5,063,483	6,414,185	(83,822)	(1,450,657)	3,522,389
Total primary government	\$ -	\$ 4,519,748	\$ 8,223,784	\$ 15,198,755	\$ 15,936,811	\$ 11,037,354	\$ 18,785,033	\$ 1,093,039	\$ 152,612	\$ 4,224,072

(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
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
2010	17,795,460	9,814,665	2,326,751	490,446	79,864	30,507,186
2011	18,143,897	10,234,485	2,396,994	496,759	78,066	31,350,202

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND										
Pre GASB 54										
Reserved	\$ 662,909	\$ 318,453	\$ 298,568	\$ 232,659	\$ 107,877	\$ 252,164	\$ 1,643,102	\$ 194,874	\$ 189,606	\$ -
Unreserved	5,145,120	3,028,383	2,617,788	2,987,048	4,341,125	5,121,470	4,206,593	7,083,203	7,861,173	-
Total Pre GASB 54	<u>\$ 5,808,029</u>	<u>\$ 3,346,836</u>	<u>\$ 2,916,356</u>	<u>\$ 3,219,707</u>	<u>\$ 4,449,002</u>	<u>\$ 5,373,634</u>	<u>\$ 5,849,695</u>	<u>\$ 7,278,077</u>	<u>\$ 8,050,779</u>	<u>\$ -</u>
Post GASB 54										
Nonspendable										
Long term receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,400
Inventory	-	-	-	-	-	-	-	-	-	713
Prepaid	-	-	-	-	-	-	-	-	-	9,079
Committed										
Significant encumbrance	-	-	-	-	-	-	-	-	-	707,546
Funds committed for asset replacement	-	-	-	-	-	-	-	-	-	95,006
Funds committed for Boys & Girls Club	-	-	-	-	-	-	-	-	-	267,196
Assigned										
Funds assigned for recreation programs	-	-	-	-	-	-	-	-	-	32,829
Unassigned	-	-	-	-	-	-	-	-	-	9,179,554
Total Post GASB 54	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,326,323</u>
ALL OTHER GOVERNMENTAL FUNDS										
Pre GASB 54										
Reserved	\$ 1,512,169	\$ 5,058,264	\$ 3,087,189	\$ 3,254,271	\$ 4,572,792	\$ 4,322,710	\$ 8,976,608	\$ 10,796,738	\$ 9,412,486	\$ -
Unreserved, reported in										
Special revenue funds	850,878	322,100	178,636	324,931	501,387	768,423	936,206	1,161,627	1,218,688	-
Total Pre GASB 54	<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>	<u>\$ 10,631,174</u>	<u>\$ -</u>
Post GASB 54										
Restricted										
Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,265,269
Debt Service	-	-	-	-	-	-	-	-	-	1,114,955
Aquatics Programs	-	-	-	-	-	-	-	-	-	10,000
Municipal Court	-	-	-	-	-	-	-	-	-	414,497
PD Asset Sharing	-	-	-	-	-	-	-	-	-	935,693
Drainage Improvements	-	-	-	-	-	-	-	-	-	533,047
Scholarships and Books	-	-	-	-	-	-	-	-	-	25,453
Tourism	-	-	-	-	-	-	-	-	-	437,435
Perpetual Care	-	-	-	-	-	-	-	-	-	33,839
Records Preservation	-	-	-	-	-	-	-	-	-	9,929
Tax Increment	-	-	-	-	-	-	-	-	-	4,402
Total Post GASB 54	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,784,519</u>

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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 14,743,891	\$ 15,730,176	\$ 17,447,440	\$ 19,450,112	\$ 22,683,237	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749	\$ 30,541,631	\$ 31,976,033
Licenses and permits	656,295	662,923	867,612	999,942	1,176,810	1,048,873	696,135	515,229	552,496	643,827
Intergovernmental	3,216,051	3,503,489	3,180,900	4,855,473	4,525,130	4,593,260	5,624,673	5,002,401	15,305,799	7,161,137
Charges for services	363,753	437,158	486,941	516,484	785,816	1,126,575	1,131,486	954,560	853,506	718,021
Fines	551,659	723,591	908,040	946,280	1,008,935	928,498	845,877	820,359	775,992	613,174
Investment earnings	296,821	208,349	197,213	224,856	462,951	519,103	570,477	132,095	41,819	54,112
Special assessments	358,786	382,484	437,495	426,252	400,179	472,710	494,579	506,520	523,299	-
Miscellaneous	1,840,859	1,423,424	2,305,501	1,860,804	966,855	1,397,770	1,896,000	2,636,184	1,639,861	1,711,765
Total Revenues	22,028,115	23,071,594	25,831,142	29,280,203	32,009,913	35,207,411	39,949,342	40,380,098	50,234,403	42,878,069
Expenditures										
General government	7,646,116	7,285,978	7,535,033	7,658,126	7,543,408	7,509,552	7,906,361	7,708,433	14,177,581	7,338,930
Public safety	7,420,386	8,900,690	10,160,519	12,804,066	12,739,371	15,400,283	16,849,849	17,265,004	18,642,783	18,575,214
Highways and streets	3,763,183	3,198,793	4,354,478	4,031,056	2,495,682	2,689,557	3,547,259	3,598,796	5,327,032	4,356,144
Sanitation	127,451	98,726	-	-	-	-	-	-	-	-
Health and Welfare	85,802	105,738	465,285	497,496	551,362	357,778	343,248	373,037	566,753	872,624
Economic and physical development	-	217,581	315,013	602,633	897,118	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268
Culture and recreation	2,963,292	3,817,905	3,407,854	3,357,198	3,809,523	4,625,680	4,759,234	4,778,975	4,883,052	5,092,616
Capital projects	2,848,892	2,364,827	3,198,994	1,851,950	3,326,307	951,640	4,174,716	4,388,605	2,664,844	6,274,155
Debt service										
Principal	1,045,000	1,085,000	1,065,000	1,340,000	1,640,000	1,479,385	1,803,502	1,723,765	2,010,834	2,299,748
Interest	688,471	697,608	797,036	795,997	944,053	1,160,599	1,230,572	1,253,891	1,297,107	1,291,973
Other charges	2,515	2,512	6,565	8,280	8,930	8,503	8,630	8,630	7,450	5,950
Total expenditures	26,591,108	27,775,358	31,305,777	32,946,802	33,955,754	35,330,168	42,925,365	44,183,600	53,044,018	49,777,622
Excess of revenues over (under) expenditures	(4,562,993)	(4,703,764)	(5,474,635)	(3,666,599)	(1,945,841)	(122,757)	(2,976,023)	(3,803,503)	(2,809,615)	(6,899,553)

FISCAL YEAR

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)										
Transfers in	2,307,824	2,625,956	4,006,959	3,174,927	4,517,001	4,580,409	2,867,662	5,593,315	6,267,545	4,997,949
Transfers out	(2,153,570)	(2,507,597)	(2,442,787)	(3,024,927)	(3,967,001)	(3,900,410)	(1,867,662)	(3,993,315)	(4,167,545)	(2,797,949)
Refunding bond issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	-	5,140,000	1,285,000	4,115,000	4,100,000	-	7,000,000	5,804,678	-	2,930,000
Premium on bonds issued	-	-	-	-	-	-	168,426	168,441	-	84,236
Capital leases	-	-	-	-	-	384,344	-	-	108,326	-
Sale of capital assets	59,912	1,529	80,448	18,323	20,114	-	105,340	-	46,800	114,205
Total other financing sources (uses)	214,166	5,259,888	2,929,620	4,283,323	4,670,114	1,064,343	8,273,766	7,573,120	2,255,126	5,328,441
Special and extraordinary items:										
Special item	-	-	-	-	-	-	-	(295,683)	-	-
Total special and extraordinary items	-	-	-	-	-	-	-	(295,683)	-	-
Net change in fund balances	\$ (4,348,827)	\$ 556,124	\$ (2,545,015)	\$ 616,724	\$ 2,724,273	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)	\$ (1,571,112)

Debt service as a percentage of noncapital expenditures⁽¹⁾

7.31% 7.63% 7.60% 7.78% 8.32% 8.15% 8.16% 7.91% 7.15% 8.90%

⁽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
2002	7,664,308	5,309,647	1,584,095	163,033	22,808	14,743,891
2003	8,057,603	5,706,252	1,560,472	222,383	25,639	15,572,349
2004	8,988,424	6,390,956	1,692,582	249,137	27,189	17,348,288
2005	10,331,387	6,787,566	2,013,665	283,886	33,608	19,450,112
2006	12,332,808	7,961,019	2,028,000	309,496	51,914	22,683,237
2007	13,773,567	8,859,345	2,069,905	358,276	59,529	25,120,622
2008	16,097,946	9,784,577	2,248,558	479,950	79,084	28,690,115
2009	17,507,334	9,552,728	2,265,859	400,690	86,136	29,812,747
2010	17,829,903	9,814,665	2,326,751	490,446	79,864	30,541,629
2011	18,236,586	10,234,485	2,396,994	496,759	78,066	31,442,891

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

Fiscal Year Ended September 30,	Real Property		Non-Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate ¹	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property						
2002	489,937,634	827,275,941	159,793,997		260,593,116	1,216,414,456	0.6200	1,477,007,572	0.82%
2003	572,280,747	933,981,279	193,622,647		304,326,707	1,395,557,966	0.5500	1,699,884,673	0.82%
2004	665,902,711	1,024,129,078	205,978,259		303,814,908	1,592,195,140	0.5500	1,896,010,048	0.84%
2005	805,549,768	1,141,385,750	245,449,393		347,471,060	1,844,913,851	0.5398	2,192,384,911	0.84%
2006	915,768,153	1,321,705,696	266,242,149		364,403,708	2,139,312,290	0.5589	2,503,715,998	0.85%
2007	997,313,190	1,512,771,351	277,201,924		434,731,656	2,352,554,809	0.5566	2,787,286,465	0.84%
2008	1,201,607,606	1,738,634,339	318,353,327		529,477,247	2,729,118,025	0.5566	3,258,595,272	0.84%
2009	1,308,104,315	1,737,671,626	287,384,742		420,102,009	2,913,058,674	0.5666	3,333,160,683	0.87%
2010	1,401,660,290	1,937,539,558	274,072,218		486,901,384	3,126,370,682	0.5566	3,613,272,066	0.87%
2011	1,463,644,082	2,032,661,499	268,558,129		532,302,145	3,232,561,565	0.5566	3,764,863,710	0.86%

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

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

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

Fiscal Year	City of Mission			Overlapping Rates ¹								Total Direct & Overlapping Rates ²
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	School District				South Texas ISD Tax Rate	Drainage Dist. No. 1 Tax Rate	South Texas College Tax Rate		
				Hidalgo County Tax Rate	Mission ISD Tax Rate	Sharyland ISD Tax Rate	La Joya ISD Tax Rate					
2002-03	0.4247	0.1253	0.5500	0.5900	1.5841	1.5400	1.5699	0.0392	0.0456	0.1776	6.10	
2003-04	0.4358	0.1142	0.5500	0.5900	1.5841	1.5550	1.5699	0.0392	0.0435	0.1738	6.11	
2004-05	0.4222	0.1176	0.5398	0.5900	1.5691	1.5650	1.6420	0.0392	0.0435	0.1647	6.15	
2005-06	0.4344	0.1245	0.5589	0.5900	1.5632	1.5650	1.6420	0.0392	0.0435	0.1589	6.16	
2006-07	0.4455	0.1111	0.5566	0.5900	1.4574	1.5451	1.5800	0.0392	0.0413	0.1548	5.96	
2007-08	0.4455	0.1111	0.5566	0.5900	1.1800	1.1850	1.2520	0.0492	0.0492	0.1540	5.02	
2008-09	0.4609	0.1057	0.5666	0.5900	1.1240	1.1850	1.3216	0.0492	0.0700	0.1498	5.06	
2009-10	0.4413	0.1153	0.5566	0.5900	1.2800	1.2000	1.3110	0.0492	0.0725	0.1491	5.21	
2010-11	0.4498	0.1068	0.5566	0.5900	1.3000	1.2000	1.3110	0.0492	0.0725	0.1497	5.23	
2011-12	0.4221	0.1167	0.5388	0.5900	1.3000	1.2000	1.3110	0.0492	0.0733	0.1507	5.21	

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

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

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

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

**City of Mission
Principal Property Tax Payers
September 30, 2011**

Taxpayer	Tax Year 2011			Tax Year 2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Frontera Generation LTD	70,561,190	1	2.13%	-	-	-
Sharyland Utilities LP	35,324,260	2	1.06%	-	-	-
Shary Retail LTD	33,940,911	3	1.02%	-	-	-
AEP Texas Central Co	12,018,590	4	0.36%	10,087,980	6	0.73%
Wal-Mart Real Estate Business	11,658,417	5	0.35%	14,582,042	2	1.05%
Bert Ogden Chevrolet	11,448,981	6	0.34%	11,872,618	5	0.85%
VRS Sharyland LLP	10,622,698	7	0.32%	-	-	-
Halliburton Energy Serv	10,602,620	8	0.32%	17,567,320	1	1.26%
H E Butt Grocery Company	9,921,039	9	0.30%	7,954,305	8	0.57%
CNMK Texas Properties LTD	9,903,229	10	0.30%	8,379,783	7	0.60%
Rio Grande Snack Co.	-	-	-	12,986,401	3	0.93%
Southwestern Bell Telephone	-	-	-	11,989,816	4	0.86%
Spikes Motor Company, Inc.	-	-	-	7,773,614	9	0.56%
Vanity Fair Intimates, Inc.	-	-	-	5,603,953	10	0.40%
Total	<u>\$ 216,001,935</u>		<u>6.51%</u>	<u>\$ 108,797,832</u>		<u>7.82%</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
2002	7,543,728	6,939,238	92.0%	572,103	7,511,341	99.6%
2003	7,687,882	7,206,507	93.7%	449,256	7,655,763	99.6%
2004	8,774,242	8,227,346	93.8%	513,005	8,740,351	99.6%
2005	9,928,090	9,342,725	94.1%	532,051	9,874,776	99.5%
2006	12,045,882	11,347,253	94.2%	629,015	11,976,268	99.4%
2007	13,241,161	12,684,294	95.8%	462,697	13,146,991	99.3%
2008	15,893,072	15,035,133	94.6%	686,561	15,721,694	98.9%
2009	17,305,109	16,251,424	93.9%	766,741	17,018,165	98.3%
2010	17,361,554	16,529,835	95.2%	409,278	16,939,113	97.6%
2011	17,803,116	16,989,023	95.4%	-	16,989,023	95.4%

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			
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	7.33%	1,056
2008	26,750,000	-	186,457	39,870,811	430,000	46,603	67,283,871	7.39%	1,030
2009	31,220,000	272,001	81,739	37,813,939	220,000	300,706	69,908,385	7.43%	1,019
2010	29,360,000	168,000	143,232	30,490,000	-	206,332	60,367,564	6.21%	838
2011	30,135,000	96,000	70,484	32,589,000	-	113,252	63,003,736	6.27%	818

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⁾
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
2010	29,360,000	1,472,816	-	27,887,184	0.89%	387.30
2011	30,135,000	1,114,955	-	29,020,045	0.90%	376.60

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, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 185,405,000	12.55%	\$ 23,268,328
Hidalgo County Drainage District #1	93,740,000	12.41%	11,633,134
Hidalgo Independent School District	46,360,000	0.28%	129,808
La Joya Independent School District	321,686,962 ⁽¹⁾	10.45%	33,616,288
Mission Consolidated Independent School District	154,050,222 ⁽¹⁾	70.35%	108,374,331
Sharyland Independent School District	76,389,993 ⁽¹⁾	57.88%	44,214,528
South Texas College District	58,729,287	10.35%	6,078,481
Subtotal Overlapping Debt			<u>\$ 227,314,897</u>
City of Mission	\$ 30,135,000	100.00%	<u>\$ 30,135,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 257,449,897</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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 60,820,723	\$ 69,777,898	\$ 79,609,757	\$ 92,245,693	\$ 106,965,615	\$ 117,604,999	\$ 136,482,301	\$ 145,652,934	\$ 156,318,534	\$ 161,628,078
Total net debt applicable to limit	12,940,665	16,876,570	16,843,912	19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045
Legal debt margin	\$ 47,880,058	\$ 52,901,328	\$ 62,765,845	\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033
Total net debt applicable to the limit as a percentage of debt limit	21.28%	24.19%	21.16%	21.29%	20.57%	17.50%	18.87%	20.65%	17.95%	17.95%

Legal Debt Margin Calculation for Fiscal Year

Assessed value	\$ 1,844,913,851	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682	\$ 3,232,561,565
Add back: exempt real property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total assessed value	\$ 1,844,913,851	\$ 2,139,312,290	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682	\$ 3,232,561,565
Debt limit (5% of total assessed value)	92,245,693	106,965,615	117,604,999	136,482,301	145,652,934	156,318,534	161,628,078
Debt applicable to limit:							
General obligation bonds	21,840,000	24,030,000	22,250,000	27,180,000	31,440,000	29,528,000	30,135,000
Less: Amount set aside for repayment of general obligation debt	(581,562)	(732,719)	(828,010)	(989,174)	(1,140,526)	(1,472,816)	(1,114,955)
Less: Business-type general obligations	(1,615,000)	(1,295,000)	(845,000)	(430,000)	(220,000)	-	-
Total net debt applicable to limit	19,643,438	22,002,281	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045
Legal debt margin	\$ 72,602,255	\$ 84,963,334	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033

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					
	Charges and Other ⁽¹⁾	Less:	Net	Debt Service ⁽³⁾		Coverage ⁽⁴⁾
		Operating	Available	Principal	Interest	
		Expenses ⁽²⁾	Revenue			
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%
2010	15,272,007	9,197,669	6,074,338	2,056,000	1,339,718	1.79%
2011	17,530,504	9,422,969	8,107,535	1,856,000	1,265,272	2.60%

(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⁾		Median Age ⁽¹⁾	Percentage High School Graduates ⁽³⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
		Personal Income	Capita Personal Income				
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%
2010	72,004	971,982,894	13,499	30.90	82.4	15,341	9.90%
2011	77,058	1,004,058,330	13,030	30.90	82.9	15,517	10.20%

- (1) Estimated (except for the FY 2000-information was received from the 2000 US Census).
(2) MSA-Metropolitan Statistical Area for Mission-McAllen-Edinburg-(Source: Tracer-Texas Labor Market).
(3) Source: Region One, Texas Education Agency & Mission Consolidated School District
(4) Source: Labor Market & Career Information, Texas Workforce Commission

**City of Mission
Principal Employers**

Employer	2011⁽¹⁾			2002⁽²⁾		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mission CISD	2,150	1	3.52%	-	-	0.00%
Sharyland ISD	1,175	2	1.93%	-	-	0.00%
Mission Regional Medical Center	1,168	3	1.91%	-	-	0.00%
T-Mobile	820	4	1.34%	-	-	0.00%
H.E.B. Grocery	663	5	1.09%	-	-	0.00%
City of Mission	610	6	1.00%	-	-	0.00%
Wal-Mart Super Center	332	7	0.54%	-	-	0.00%
Haliburton Energy Services	192	8	0.31%	-	-	0.00%
Home Depot	165	9	0.27%	-	-	0.00%
Target	156	10	0.26%	-	-	0.00%
Total	<u>7,431</u>		<u>12.18%</u>	<u>-</u>		<u>0.00%</u>

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

(2) Source: Information not available.

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

Function	Full-time Equivalent Employees as of September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	66	72	74	78	75	76	80	80	79	77
Public Safety										
Police										
Officers	99	100	113	114	116	116	120	126	130	140
Civilians	33	37	41	40	42	44	46	51	52	53
Fire										
Firefighters and Officers ⁽¹⁾	32	35	36	51	63	63	64	67	67	66
Civilians	6	6	3	3	2	6	6	6	7	8
Highways and Streets										
Engineering ⁽²⁾	2	2	-	-	-	-	-	-	-	0
Streets	26	26	27	27	26	27	30	33	33	33
Health and Welfare										
Health ⁽³⁾	-	-	9	10	7	7	7	7	7	7
Culture and recreation										
Aquatics	3	3	3	3	2	2	2	3	3	3
Museum	3	3	3	3	2	2	2	3	4	4
Parks and Recreation	27	29	32	34	35	35	38	47	44	45
Library	19	19	25	22	20	20	20	20	20	22
Golf Course	34	31	31	27	20	20	27	17	16	17
Sanitation										
Water distribution	62	65	79	77	78	78	78	79	83	87
Wastewater	11	11	13	12	12	13	13	13	12	12
Community Development	4	4	4	3	3	3	3	3	5	4
Total	427	443	493	504	503	512	536	555	562	578

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	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrests	2,303	2,977	3,779	3,892	3,943	4,592	4,081	4,002	4,373	3,000
Parking Violation	163	88	118	59	44	96	64	67	41	35
Traffic Violations	9,240	10,005	14,850	15,118	12,042	13,217	22,473	20,757	10,957	12,970
Fire										
Number of calls answered	1,914	1,934	2,118	1,938	1,977	2,159	2,270	1,967	2,450	2,738
Inspections	1,616	830	1,191	884	790	2,945	2,479	3,015	2,392	2,154
Highways and Streets										
Streets resurfacing (miles)	33	41	39	29	20	8,564	6,088	3,750	5,960	4,240
Potholes repaired	12,980	13,046	18,288	15,379	13,006	24,729	10,217	6,438	12,449	6,710
Sanitation										
Refuse collected (tons/day) ⁽¹⁾	140	143	145	150	159	193	146	150	173	176
Recyclables collected (tons/day)	0.02	0.03	0.03	0.07	0.03	0.05	0.08	0.21	0.16	0.26
Culture and recreation										
Golf Course										
Rounds ⁽²⁾	-	-	57,040	54,588	53,464	54,125	68,173	65,942	52,491	59,162
Recreation										
Programs	15	15	17	17	34	32	32	32	32	32
Parks Maintained	18	22	22	22	24	24	24	25	25	25
Water										
New connections (year)	1,300	1,320	1,321	1,122	1,237	1,202	650	1,748	463	512
Water mains breaks (year)	140	142	151	486	563	459	603	557	649	452
Average daily consumption (millions of gallons)	8.22	8.06	8.31	10.56	12.56	10.85	12.44	13.23	11.00	13.63
Wastewater										
Average daily sewage treatment	4.52	4.65	4.35	4.60	6.00	6.03	6.06	5.97	6.57	6.32

Sources: Various City departments.

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

(1) Information for 2006 estimated.

(2) Golf Course did not have the information for years 2002-2003.

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

Function	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	2
Patrol Units	60	74	71	80	85	88	94	96	87	100
Fire Protection										
Fire Stations	3	3	4	4	4	4	4	4	4	5
Highways and Streets										
Streets (miles)	280	289	298	306	535	539.52	543.46	548.67	549.02	554.20
Number of Streetlights	4,395	4,483	4,583	4,673	4,767	2,636	2,679	2,726	4,856	4,945
Culture and recreation										
Parks acreage	215	226	226	226	310	310	419	419	419	419
Parks	18	22	22	22	24	24	24	25	25	25
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	3	4	4	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water Plants	2	2	2	2	2	2	2	2	2	2
Water mains (miles)	139	152	270	270	410	415.86	422.56	425.36	429.07	436.35
Fire hydrants	1,870	1,890	1,990	3,000	2,254	2,408	2,444	2,457	2,481	2,496
Number of Service connections	18,905	19,245	19,931	20,763	21,995	22,902	23,308	23,785	24,248	24,734
Number of Gallons Sold (in millions)	2,736.02	2,614.00	2,647.40	3,387.70	4,172.14	3,425.39	3,906.65	4,228,779	3,613,761	4,513,884
Daily Average Consumption (gallons) ⁽¹⁾	8.20	8.00	8.20	10.60	12.56	10.85	12.44	11.59	9.90	12.37
Sewer										
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	133	140	200	200	315	319.45	323.16	325.11	325.93	328.70
Number of Service connections	12,085	15,812	16,682	17,683	18,606	18,632	20,510	21,285	21,694	22,110
Storm sewers (miles)	75	75	75	75	110	112.17	114.95	115.91	116.83	118.99
Daily average treatment in gallons ⁽¹⁾	3.40	4.40	4.20	4.60	6.00	6.03	6.06	5.97	6.57	6.60
Maximum daily treatment capacity ⁽¹⁾	4.60	4.90	4.99	5.16	7.00	7.34	8.12	6.70	12.92	7.87

Source: City departments.

(1) Amount is in millions.

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



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*FEDERAL AWARDS
SECTION*



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mission, Texas, as of and for the year ended September 30, 2011, which collectively comprise City of Mission's basic financial statements and have issued our report thereon dated January 18, 2012. Our report includes 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 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

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

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

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

Compliance and Other Matters

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

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


LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
January 18, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited City of Mission, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Mission's major federal programs for the year ended September 30, 2011. City of Mission Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Mission's management. Our responsibility is to express an opinion on City of Mission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Mission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Mission's compliance with those requirements.

In our opinion, City of Mission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of City of Mission, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Mission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Mission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the City Council, others within the entity, 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
January 18, 2012

CITY OF MISSION, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2011

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? ☐ yes ☒ none reported

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? ☐ yes ☒ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.46	ARRA-Drinking Water State Revolving Fund
81.128	ARRA-Energy Efficiency and Conservation 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, 2011

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, 2011

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, 2011

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

CITY OF MISSION, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2011

(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:			
11TX-EMPG-0715	Emergency Management Assistance	97.042	\$ 24,279	\$ -
	Total Pass Through Programs		24,279	-
	Total Federal Emergency Management Agency		24,279	-
	<u>U.S. Department of Homeland Security</u>			
	Passed Through Texas Governor's Division			
	of Emergency Management:			
	Homeland Security Grant Program:			
2008-HGSP-48768	State Homeland Security Program	97.073	58,472	-
2009-SJ-T90011	Operation Stonegarden Grant	97.067	124,684	-
SU2325001	Edward Byrne Memorial Justice Assistance Grant	16.803	74,468	-
2010-HGSP-48768	State Homeland Security Program	97.073	103,251	-
	Total Pass Through TX Governor's Division			
	of Emergency Management		360,875	-
	Total Pass Through Programs		360,875	-
	Direct Programs:			
EMW-2005-FF-01316	Staffing Adequate Fire & Emergency Response	97.083	23,881	-
	(SAFER)			
	Total Direct Programs		23,881	-
	Total U.S. Department of Homeland Security		384,756	-
	<u>U.S. Department of Justice</u>			
	Direct Programs:			
	Equitable Sharing Program	16.000	923,887	-
2010-DJ-BX-0388	Justice Assistance Grant	16.738	10,260	-
	Bullet Proof Vest Program	16.607	2,958	-
80914	Juvenile and Delinquency Prevention	16.727	12,212	-
80018	Juvenile and Delinquency Prevention	16.727	2,083	-
	Total Direct Programs		951,400	-
	Total U.S. Department of Justice		951,400	-

CITY OF MISSION, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended September 30, 2011

(01)		(02)	(03)	(04)
Project Number	Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures, Indirect Costs and Refunds	Amount in (03) Relating to Pass Through to Subrecipients
	<u>U.S. Department of Housing and Urban Development</u>			
	Direct Programs:			
B-09-MC-48-0511	Community Development Block Grant	14.218	490,617	-
B-10-MC-48-0512	Community Development Block Grant	14.218	423,489	3,638
B-09-MY-48-0511	Community Development Block Grant-Recovery	14.253	70,463	-
	Total Direct Programs		984,569	3,638
	Total U.S. Department of Housing and Urban Development		984,569	3,638
	<u>U.S. Department of Housing and Urban Development</u>			
	Passed Through Texas Dept. of Housing and Community Affairs			
70090015	Community Development Block Grant-Disaster Recovery	14.228	133,278	-
	Passed Through Texas Department of Rural Affairs			
DRS010117	Texas Community Development Block Grant Program	14.228	157,613	-
	Total Passed Through Programs		290,891	-
	<u>U.S. Department of Energy</u>			
	Direct Programs:			
SC0003145	ARRA Energy Efficiency and Conservation Block Grant	81.128	160,467	-
	Total Direct Programs		160,467	-
61740	ARRA Water and Wastewater System Revenue Bonds, Series 2009 Drinking Water State Revolving Fund	66.468	4,560,036	-
	TOTAL FEDERAL AWARDS EXPENDED		\$ 7,356,398	\$ 3,638

CITY OF MISSION, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2011

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.