

City of Mission



Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2016

City of Mission, Texas

CITY OF MISSION, TEXAS

Comprehensive Annual Financial Report

*For Fiscal Year Ended
September 30, 2016*

*Prepared By:
Finance Department*

MISSION CITY COUNCIL



Norberto "Beto" Salinas
Mayor



Norie Gonzalez Garza
Mayor Pro Tem



Jessica Ortega-Ochoa
Council Member



Dr. Armando O'Cana
Council Member



Ruben Plata
Council Member

CITY OF MISSION, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2016

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*INTRODUCTORY
SECTION*



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CITY OF MISSION

"Home of the Grapefruit"

March 13, 2017

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, 2016, 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.

Burton McCumber & Cortez, LLP, has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2016. 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 35.36 square miles. The City's population has grown since the 2000 census from 45,408 to 77,058 as per the 2010 census, an increase of 70%. The City is empowered to levy a property tax on both real and personal property located within its boundaries and it is empowered by state statute to extend its corporate limits by annexation, when deemed appropriate by the City Council.

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

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

Budget

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

LOCAL ECONOMY

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

Because of the semi-tropical weather, culture, friendliness, and proximity to Mexico, Mission has become home to “Winter Texans” for four to six months out of the year. Winter Texans are mostly retired citizens from northern states who visit the Rio Grande Valley to escape the cold winter weather. Thousands of visitors from Mexico also contribute to the economy of the City. The City currently has eleven businesses that provide lodging to tourists.

Over the past eight years, the City of Mission has experienced significant economic growth and investment. The city was ranked 18th in a list of 2016’s fastest growing cities by WalletHub.com. Permits rose resulting in increased total revenue compared to prior year, and management is expecting a continued increase with the development in the Bentsen Palm area. Building permits increased 20% from prior fiscal year and overall license and permits increased 15%. The increase in commercial and residential development has contributed to the decline in the unemployment rate for the City of Mission. According to the Texas Labor Market Review website, the City’s unemployment rate decreased from 6.2% to 5.4% as of November 2016.

The City of Mission, Mission Regional Medical Center, Sharyland Independent School District, and Mission Consolidated Independent School District, also have a significant economic presence, employing more than 5,700 professionals, teachers, and support staff.

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

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

Fiscal Year 2015-2016 Accomplishments

- Maintained the Tax Freeze and the \$10,000 Tax Exemption for the elderly and disabled.
- The City was awarded \$2.2 million in state and federal grants for housing, public safety services and equipment, park improvements, homeless prevention programs, and education programs.
- Federal and state funding agreements were accepted from Texas Department of Transportation in the amount of \$20 million for two street widening projects, Inspiration Rd. and Mile 2 Rd., within City limits.
- Fifteen new homes were reconstructed and three homes were rehabilitated by the CDBG housing program during the year and eight were approved towards the end of the fiscal year to be constructed in FY 2017.
- Created an in-house legal department. The Department is housed in City Hall and two attorneys were hired.
- Completed the Melba Carter Drainage Project, the Bryan/Glasscock/Taylor Road waterline improvement project, and the Oleander sewer line improvement project.

- Completed a Mission Master Plan on future park development to identify needs that can be translated into grant applications.
- Installed decorative color streetlights under the overpass on Bryan Road and Expressway 83 Intersection.
- Commenced Phase II of the Taylor Road Expansion Project. This project will be funded through an inter-local agreement with City of Mission, City of McAllen, and Hidalgo County.
- Completed the Anzaldua Lift Station Project.
- Commenced the Bensten Palm Development Lift Station Project.
- Completed the park improvements as Arnulfo “Tatan” Rodriguez Jr. Park.
- Completed the Park Irrigation Projects at Bannworth Park and Jaycee Park.
- Commenced park improvements at various parks throughout the City.
- Closed on financing from the Texas Water Development Board for the Wastewater Plant Expansion Project. The estimated cost for the project is \$19 million.
- Finalized the design phase of the proposed event center.
- Finalized the installation of the new phone system City Wide to implement financial savings on telephone service.
- Purchased a bobcat mini excavator for the Parks Department to aid in cemetery operations and maintenance.
- Completed the CWV Park improvements, which included the renovation of the CWV Facility, now the City of Mission Social Events Center.
- Completed installation of butterfly sculptures from Upper Valley Art League at various locations throughout the city.
- Finalized the Water Loop Project.
- Completed the construction of a lab at Northside Water Plant.

The following list identifies the major initiatives that the City has proposed in Annual Budget Report.

Major Initiatives For Fiscal Year 2016-2017

- Complete the Mile 2 North expansion project from Conway Avenue to Inspiration Road.
- Complete the Mile 2 North expansion project from Inspiration Road to Moorfield Road.
- Continue the Mission Northwest EDAP Project.
- Continue the Inspiration North Road Project from Hwy 83 to Mile 3.
- Commence the construction of the Wastewater Treatment Plant Expansion Project.
- Commence the construction of a water tower on the southeast section of the City.
- Demolish the water tower on Lucksinger Road.
- Continue to work with the Mission Master Plan and grant applications for funding of park development projects.
- Commence the construction of the proposed event center.
- Commence Phase III of the Taylor Road Expansion Project. This project is funded through an inter-local agreement with City of Mission, City of McAllen, and Hidalgo County.

- Continue applying for federal and state grants that would enable the City to provide additional positions for the Police and Fire Departments.
- Commence the acquisition of right-of-ways for the Madero International Bridge.
- Commence the Park Irrigation Project at Nell Toll Park.
- Continue the practice in the CDBG program of focusing solely on providing for the reconstruction of homes and the funding of several public agencies. Ten homes are currently budgeted for reconstruction with CDBG and Habitat for Humanity Funds.
- Improve workplace safety and reduce the number of injury claims by implementing safety programs aimed at making employees aware of conditions around them and taking pro-active measures to correct problem areas and reduce general liability insurance and worker's compensation claims.

LONG-TERM FINANCIAL PLANNING

The City adopted a Fund Balance Policy on June 27, 2011 requiring the General Fund Unrestricted Fund Balance maintain a minimum of two (2) months of operating expenditures. Unrestricted Fund Balance is composed of unassigned, committed, and assigned net assets. The City met this requirement at year-end with an ending Unrestricted Fund Balance of \$7,310,862. 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 2017 Budget was prepared very conservatively based on current economic activity within our City. The City will continue to apply for federal and state grants and will continue to fund capital needs through the issuance of debt.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Mission, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This is the fifteenth 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, Burton McCumber & Cortez, LLP., for their efforts, not only in the performance of the City's annual audit, but for their professionalism and dedication in making it an effortless transition. They have been an excellent source of information for preparation of the report.

Respectfully submitted,



Martin Garza, Jr.
City Manager



Angie Vela
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mission
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF MISSION, TEXAS

List of Principal Officials Year Ended September 30, 2016

CITY OFFICIALS

<i>Mayor</i>	<i>Norberto "Beto" Salinas</i>
<i>Mayor Pro Tem</i>	<i>Norie Gonzalez Garza</i>
<i>Council Member</i>	<i>Dr. Armando O'cana</i>
<i>Council Member</i>	<i>Jessica Ortega-Ochoa</i>
<i>Council Member</i>	<i>Ruben Plata</i>

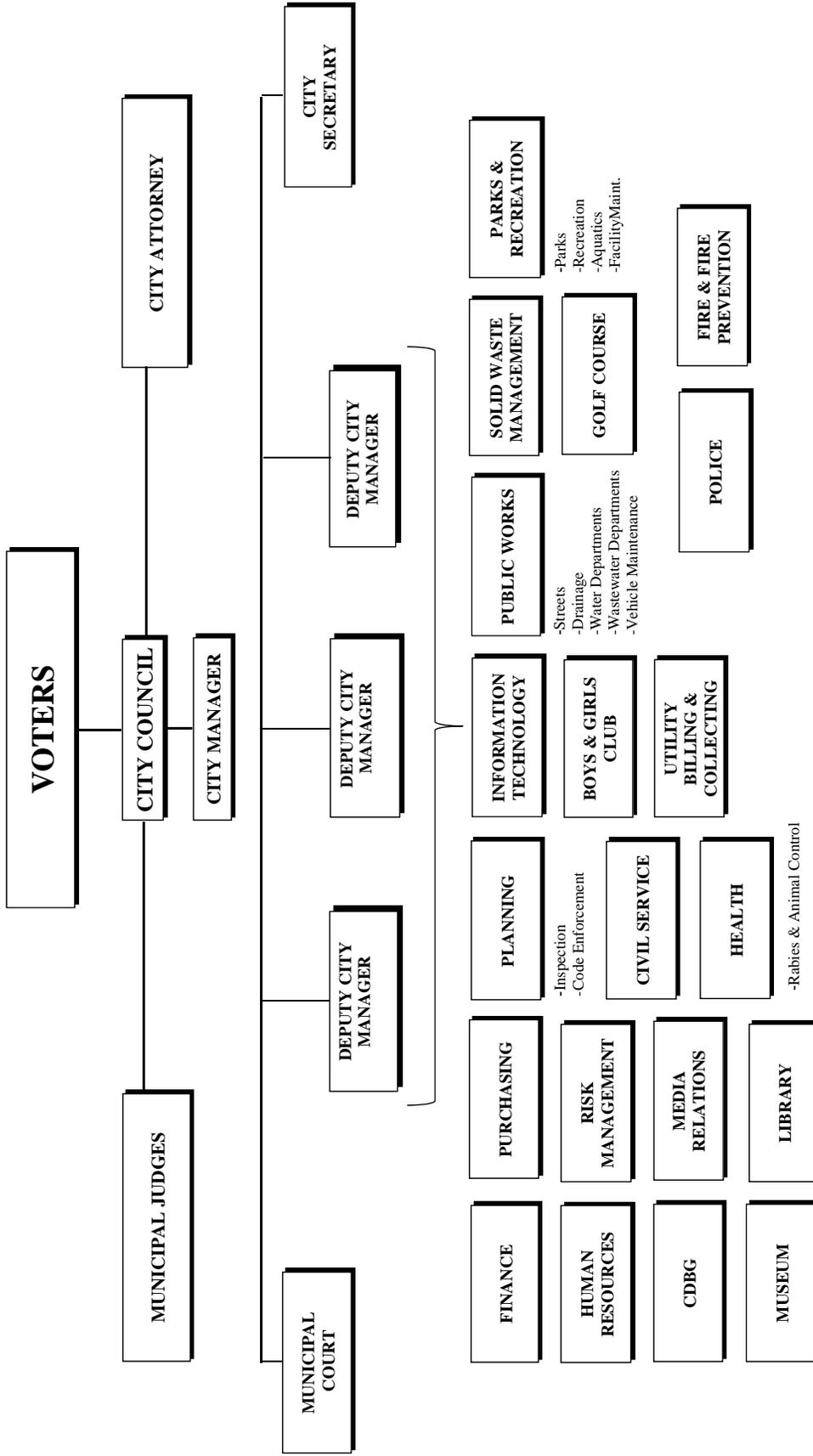
CITY ADMINISTRATION

<i>City Manager</i>	<i>Martin Garza, Jr.</i>
<i>Deputy City Manager</i>	<i>Aida Lerma</i>
<i>Deputy City Manager</i>	<i>Randy Perez</i>
<i>City Secretary</i>	<i>Anna Carrillo</i>
<i>Finance Director</i>	<i>Angie Vela</i>
<i>Assistant Finance Director</i>	<i>Ezeiza Garcia</i>
<i>City Attorney</i>	<i>Abiel Flores</i>
<i>Deputy City Attorney</i>	<i>Jaime Tijerina</i>
<i>Boys & Girls Club Director</i>	<i>Luduvico Martinez</i>
<i>CDBG Director</i>	<i>Joanne Longoria</i>
<i>Civil Service Director</i>	<i>Jesse Lerma</i>
<i>Interim Fire Chief</i>	<i>Gilbert Sanchez</i>
<i>Golf Course Director</i>	<i>Mario Flores</i>
<i>Health Director</i>	<i>Noel Barrera</i>
<i>Human Resources Director</i>	<i>Noemi Munguia</i>
<i>Information Technology Director</i>	<i>Roland Rodriguez</i>
<i>Library Director</i>	<i>Mayra Rocha</i>
<i>Media Relations Director</i>	<i>Humberto Garcia</i>
<i>Municipal Judge</i>	<i>Jonathan Wehrmeister</i>
<i>Museum Director</i>	<i>Cynthia Lopez</i>
<i>Parks and Recreation Director</i>	<i>Brad Bentsen</i>
<i>Planning and Zoning Director</i>	<i>Daniel Tijerina</i>
<i>Police Chief</i>	<i>Robert Dominguez</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>

OFFICIALS ISSUING REPORT

Angie Vela
Finance Director

CITY OF MISSION, TEXAS ORGANIZATIONAL CHART





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*FINANCIAL
SECTION*



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units (except for the Mission Redevelopment Authority), remaining fund information of the City of Mission, Texas (City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Mission Redevelopment Authority, which is a discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Mission Redevelopment Authority, which statements reflect total assets of \$13,825,908 as of September 30, 2016, and total revenues of \$4,819,203 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mission Redevelopment Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Mission, Texas, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule information, and required supplementary information schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the other supplementary information section, the capital assets used in the operation of governmental funds section, the supplemental schedules section and statistical section, 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 operation of governmental funds section, and the supplemental schedules section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Burton, McCumber, & Cortez, L.L.P.

McAllen, Texas
March 6, 2017

Management's Discussion and Analysis

As management of the City of Mission, we offer the readers of the City of Mission's financial statements this narrative overview and analysis of the financial activities of the City of Mission for the fiscal year ended September 30, 2016. 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 and deferred outflows of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$170,063,500 (net position). Of this amount, \$8,936,811 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,770,493. Governmental activities contributed a decrease of \$48,630 while the Business-type activities contributed an increase of \$1,819,123. Both total revenues and total expenses reflect increases compared to prior year with revenues by 6.61% and expenses by 6.69%.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$37,172,075 a \$19,475,757 increase in comparison with the prior year. Approximately 10.95% of this amount (\$4,073,075) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$4,073,075 or 10.72% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City of Mission itself (known as the primary government), but also legally separate component units for which the City of Mission is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 31-33 of this report.

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

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

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

The City of Mission maintains twenty-eight (28) 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, Debt

Service Fund and the 2016 CO Fund, which are considered major funds. Data of two additional funds is incorporated with the General Fund as a result of Governmental Accounting Standards Board (GASB) Statement No. 54. Data from the other twenty-three 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 135 of this report.

The City of Mission adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds - The City of Mission maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Mission uses enterprise funds to account for its water and sewer system, golf course operation, and solid waste operation.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Mission uses an internal service fund to account for health insurance premiums, medical claims, and health administrative fees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, golf course operations, and solid waste operations, all of which are considered to be major funds of the City of Mission. Conversely, the internal service fund is a single presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 41-45 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 46-47 of this report.

Notes to the financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48-110 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 113-130 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. The combining statements and individual fund schedules begin on page 135 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mission, assets and deferred outflows exceeded liabilities and deferred inflows by \$170,063,500 at the close of the most recent fiscal year.

The following table summarizes the City's net position at September 30, 2016.

	City of Mission Net Position September 30, 2016					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 45,706,190	\$ 25,834,931	\$ 35,770,024	\$ 18,189,889	\$ 81,476,214	\$ 44,024,820
Capital assets	114,049,467	113,282,929	86,085,478	87,014,658	200,134,945	200,297,587
Total assets	<u>159,755,657</u>	<u>139,117,860</u>	<u>121,855,502</u>	<u>105,204,547</u>	<u>281,611,159</u>	<u>244,322,407</u>
Total deferred outflows of resources	5,878,734	2,189,295	1,644,148	877,206	7,522,882	3,066,501
Long-term liabilities	59,944,839	36,451,857	47,192,690	32,939,584	107,137,529	69,391,441
Other liabilities	4,977,845	4,270,999	6,739,560	5,429,843	11,717,405	9,700,842
Total liabilities	<u>64,922,684</u>	<u>40,722,856</u>	<u>53,932,250</u>	<u>38,369,427</u>	<u>118,854,934</u>	<u>79,092,283</u>
Total deferred inflows of resources	179,656	3,618	35,950	-	215,606	3,618
Net position						
Net investment in capital assets	90,942,556	89,565,991	41,651,937	55,987,443	132,594,493	145,553,434
Restricted	9,418,977	8,551,701	18,219,378	3,394,903	27,638,355	11,946,604
Unrestricted (deficit)	170,518	2,462,989	9,660,134	8,329,980	9,830,652	10,792,969
Total net position	<u>\$ 100,532,051</u>	<u>\$ 100,580,681</u>	<u>\$ 69,531,449</u>	<u>\$ 67,712,326</u>	<u>\$ 170,063,500</u>	<u>\$ 168,293,007</u>

By far the largest portion of the City's net position (78 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Mission uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Mission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Mission is able to report positive balances in all three categories of net position; both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased \$1,770,493 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities - During the current fiscal year, net position for governmental activities decreased \$48,630 from the prior fiscal year for an ending balance of \$100,532,051.

Analysis of Changes in Net Position

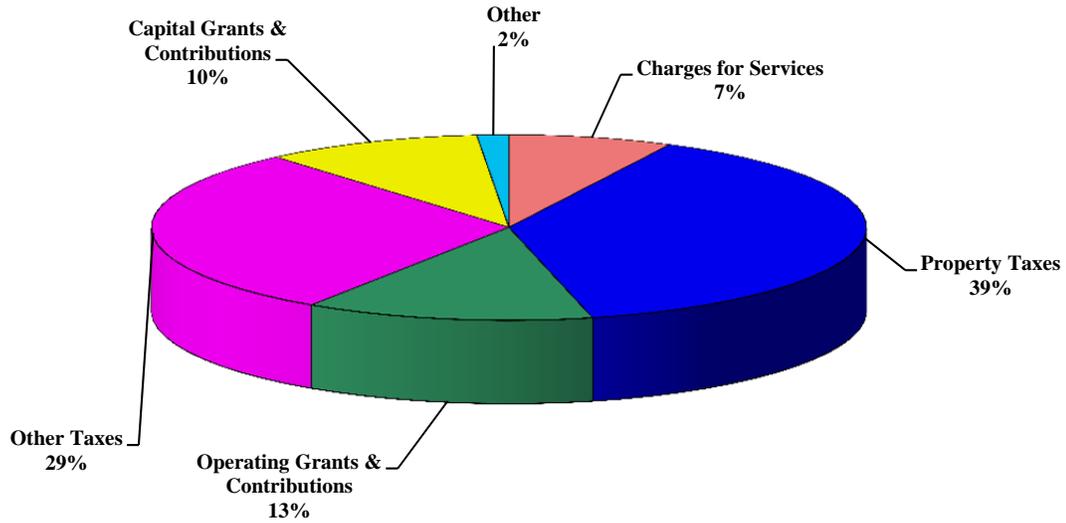
The following table summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2016.

City of Mission Changes in Net Position September 30, 2016						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,727,847	\$ 3,684,835	\$ 28,449,181	\$ 24,973,715	\$ 32,177,028	\$ 28,658,550
Operating grants and contributions	6,538,968	5,896,938	12,082	13,587	6,551,050	5,910,525
Capital grants and contributions	4,950,222	4,870,238	924,694	324,385	5,874,916	5,194,623
General revenues:						
Property taxes	19,481,719	19,020,437	-	-	19,481,719	19,020,437
Other taxes	14,761,464	14,914,564	-	-	14,761,464	14,914,564
Other	721,962	955,403	187,445	155,576	909,407	1,110,979
Total revenues	<u>50,182,182</u>	<u>49,342,415</u>	<u>29,573,402</u>	<u>25,467,263</u>	<u>79,755,584</u>	<u>74,809,678</u>
Expenses:						
General government	8,405,138	8,014,892	-	-	8,405,138	8,014,892
Public safety	23,957,241	21,729,071	-	-	23,957,241	21,729,071
Highways and streets	7,493,232	7,450,999	-	-	7,493,232	7,450,999
Economic development	4,933,314	4,544,891	-	-	4,933,314	4,544,891
Culture and recreation	7,220,861	6,499,768	-	-	7,220,861	6,499,768
Health and welfare	1,306,154	1,290,357	-	-	1,306,154	1,290,357
Interest on long-term debt	1,314,872	1,334,983	-	-	1,314,872	1,334,983
Utility system	-	-	17,110,233	16,226,988	17,110,233	16,226,988
Golf course operations	-	-	1,285,977	1,272,835	1,285,977	1,272,835
Solid waste operations	-	-	4,958,069	4,727,682	4,958,069	4,727,682
Total expenses	<u>54,630,812</u>	<u>50,864,961</u>	<u>23,354,279</u>	<u>22,227,505</u>	<u>77,985,091</u>	<u>73,092,466</u>
Increases in net position before transfers	(4,448,630)	(1,522,546)	6,219,123	3,239,758	1,770,493	1,717,212
Transfers	4,400,000	4,400,000	(4,400,000)	(4,400,000)	-	-
Changes in net position	(48,630)	2,877,454	1,819,123	(1,160,242)	1,770,493	1,717,212
Net position - 10/01/15	<u>100,580,681</u>	<u>97,703,227</u>	<u>67,712,326</u>	<u>68,872,568</u>	<u>168,293,007</u>	<u>166,575,795</u>
Net position - 09/30/16	<u>\$ 100,532,051</u>	<u>\$ 100,580,681</u>	<u>\$ 69,531,449</u>	<u>\$ 67,712,326</u>	<u>\$ 170,063,500</u>	<u>\$ 168,293,007</u>

Total revenues generated from governmental activities for this year were \$50,182,182 reflecting an increase of \$839,767 compared to last year.

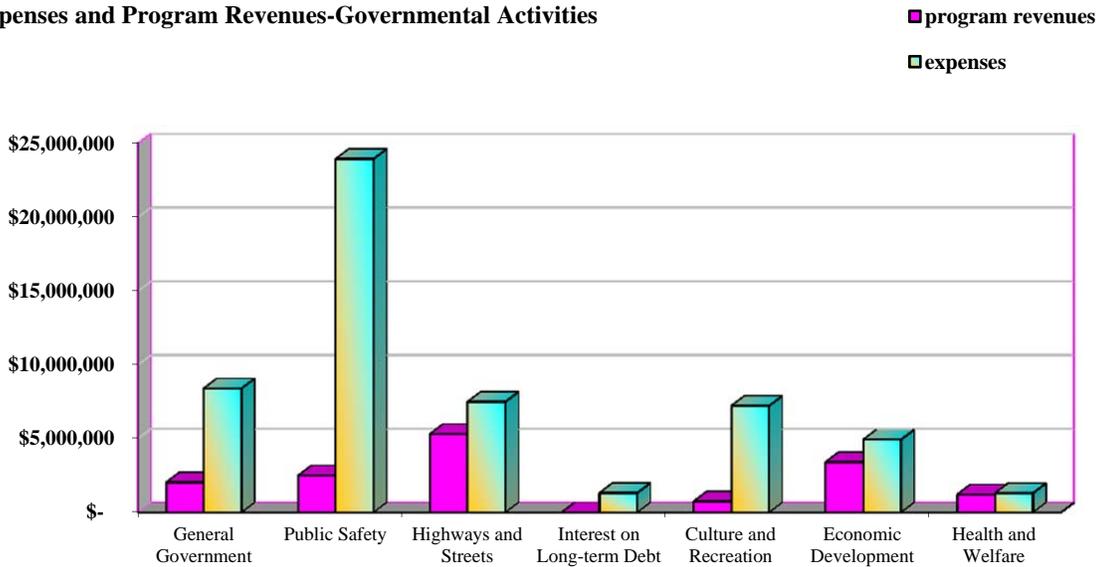
- Capital grants and contributions increased by \$79,984 from prior year while the operating grants and contributions increased by \$642,030 compared to prior year.
- Charges for services and general revenues increased by \$117,753 compared to prior year.

Revenues by Source-Governmental Activities



The following graph displays the portion of expenses funded by program revenues. Overall, general revenues funded approximately 64% of total expenses for fiscal year 2016.

Expenses and Program Revenues-Governmental Activities



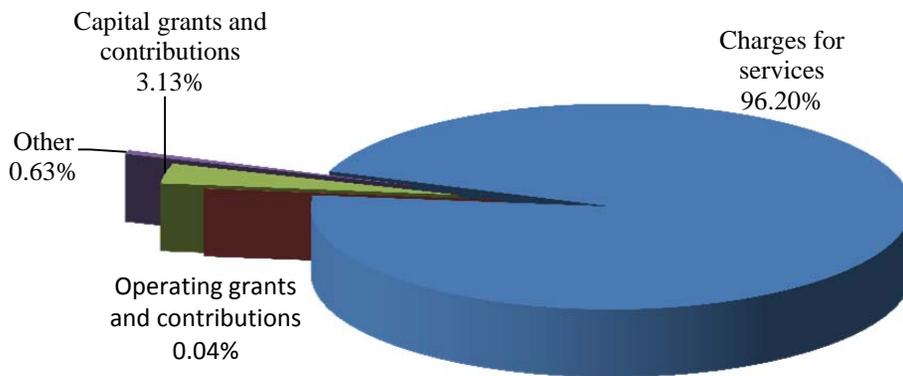
Expenses for governmental activities of the City totaled \$54,630,812 for the year ended September 30, 2016, an increase of 7.4% compared to fiscal year 2015. The most significant changes occurred in the following areas:

- Public Safety Activities increased by \$2,228,170.
- Culture and Recreation increased by \$721,093
- General Government Activities increased by \$390,246.

Business-type Activities - Results of Business-type activities increased the City of Mission's net position by \$1,819,123. Revenues increased by 16.12% and expenses increased by 5.07% in comparison with prior year.

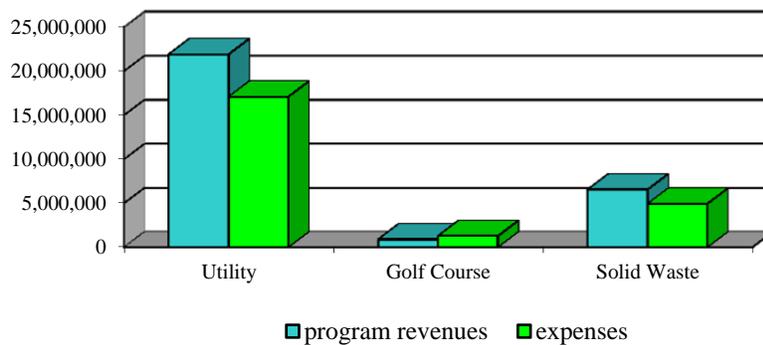
- Charges for Services increased 13.92% in comparison to the prior year due to an unusual wet season in the Rio Grande Valley.
- Charges for Service are 96.20% of the source of revenues for the business-type activities.

Revenues by Source-Busines-type Activities



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

Expenses and Program Revenues-Business-type Activities



- Expenses for business-type activities of the City totaled \$23,354,279 an increase of \$1,126,774 compared to prior year. The majority of the increase in the business-type

activities is from the Utility System. Utility System commenced expansion of the Waste Water Plant capacity in fiscal year 2015.

Financial Analysis of Government's Funds

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

Governmental Funds - The focus of the City of Mission governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mission's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to a particular purpose by either the City of Mission, an external party, a group or individual that has been delegated authority to assign resources to be used for particular purposes by the City of Mission City Council.

As of September 30, 2016, the City of Mission's governmental funds reported a combined fund balance of \$37,172,075, an increase of \$19,475,757 compared with the prior year. Approximately 10.95% of this amount (\$4,073,075) constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is categorized as either: non-spendable, restricted, or assigned to indicate that it is: a) not in spendable form (\$46,976), b) restricted for particular purposes (\$29,814,239), or c) assigned for particular purposes (\$3,237,787).

The General Fund is the main operating fund of the City of Mission. At the end of the current fiscal year, the total fund balance was \$7,357,838 a decrease of \$696,107 compared to prior year, with the unassigned portion of the fund balance being \$4,073,075. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 10.72% of total General Fund expenditures, while total fund balance represents approximately 19.36% of the same amount.

The Debt Service Fund, a major fund, had a \$390,001 increase in fund balance during the current fiscal year. The increase was attributed to a Refunding Bond that was issued in fiscal year 2015 which lowered principal and interest payments.

The 2016 CO Capital Projects Fund, a second major fund, had a \$19,925,721 increase in fund balance during the current fiscal year. This is the first time a Capital Project Fund qualifies as a major fund. The fund is restricted for the construction of the new City of Mission Events Center.

Other governmental funds decreased by \$143,858 in fund balance during the current fiscal year. The overall revenues for other governmental funds decreased by \$1,505,043 with the majority of the decrease in intergovernmental revenues, and the overall expenditures for other governmental funds decreased by \$1,824,452. The decrease in both revenues and expenditures is attributed to

completed capital projects undertaken by the City and reimbursable by Texas Department of Transportation and other government entities.

Revenues and Transfers-In

The following table presents a summary of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds revenues and transfers-in for the fiscal years ended September 30, 2016 and 2015.

- Licenses and permits revenue increased due to development growth.
- Intergovernmental revenues decrease is due to completed projects that were previously funded by Lower Rio Grande Valley Development Council.
- Miscellaneous revenues increase is attributed to a reimbursement from Mission Economic Development Corporation which was applied to General Fund in fiscal year 2016 and recognized as miscellaneous reimbursement rather than an intergovernmental revenue.
- A 2016 General Obligation bond was issued for the construction of the City of Mission Events Center.

Revenues & Transfers-In	2016 Amount	% of Total	2015 Amount	Amount of Increase (Decrease)	% Increase (Decrease)
Taxes	\$ 35,157,704	41.12%	\$ 34,854,148	\$ 303,556	0.87%
Licenses and permits	634,869	0.74%	550,463	84,406	15.33%
Intergovernmental	8,596,963	10.06%	10,068,205	(1,471,242)	-14.61%
Charges for services	1,191,107	1.39%	1,249,275	(58,168)	-4.66%
Fines and forfeitures	807,027	0.94%	848,264	(41,237)	-4.86%
Investment income	83,949	0.10%	90,628	(6,679)	-7.37%
Miscellaneous	1,935,702	2.26%	1,433,159	502,543	35.07%
Transfers-in	7,361,619	8.61%	7,706,335	(344,716)	-4.47%
Bond premium	4,028,801	4.71%	-	4,028,801	100.00%
Bond proceeds	25,695,000	30.06%	-	25,695,000	100.00%
Total	<u>\$ 85,492,741</u>	<u>100.00%</u>	<u>\$ 56,800,477</u>	<u>\$ 28,692,264</u>	<u>50.51%</u>

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, 2016 and 2015. Major differences are due to:

- Economic development increased due to property valuation growth resulting higher transfer to our component unit.
- A 2016 refunding bond was issued to capture interest savings.

Expenditures & Transfers-Out	2016 Amount	Percent of Total	2015 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
General government	\$ 8,878,525	13.45%	\$ 9,057,775	\$ (179,250)	-1.98%
Public safety	21,601,526	32.72%	21,544,529	56,997	0.26%
Highways and streets	5,304,862	8.04%	5,336,817	(31,955)	-0.60%
Health and welfare	459,716	0.70%	426,037	33,679	7.91%
Culture and recreation	5,668,890	8.59%	5,454,124	214,766	3.94%
Economic development	4,933,314	7.47%	4,544,891	388,423	8.55%
Capital projects	3,629,592	5.50%	3,862,838	(233,246)	-6.04%
Debt service:					
Principal	2,099,452	3.18%	2,088,321	11,131	0.53%
Interest and fiscal charges	1,094,456	1.66%	1,035,587	58,869	5.68%
Payment to refunded bond escrow agent	9,385,029	14.22%	-	9,385,029	100.00%
Transfers-out	2,961,619	4.49%	3,306,335	(344,716)	-10.43%
Total	\$ 66,016,981	100.00%	\$ 56,657,254	\$ 9,359,727	16.52%

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

At the end of the year, total unrestricted net position amounted to \$9,207,128. The Utility Fund and the Solid Waste Fund had unrestricted net position of \$6,901,200 and \$4,407,345 respectively. The Golf Course Fund ended the year with a deficit in unrestricted net position of \$2,101,417. The Utility Fund unrestricted net position increased by \$866,139. The increase was due to a buy in from AGUA SUD for a portion of our waste water plant expansion of \$3.5 million.

The Golf Course Fund borrowed working capital from the Utility Fund in order to meet its daily operational expenses during the current year. Golf Course operating revenues reflect a increase of \$27,216 or 3.11% from prior year. Expenses decreased by \$4,061 or 0.32% in comparison to prior year. Revenues increased due to marketing and promotional efforts. Management is closely monitoring expenses and continues to promote the Golf Course not only in the surrounding communities but also nationwide through various advertisement sources including Twitter, Facebook, and Google Plus.

The Solid Waste Fund commenced residential collections at the end of fiscal year 2014 and completed its second year of operations as of September 30, 2016. Total change in net position reflected a positive amount of \$1,643,402. Revenues increased by \$140,708 and expenses increased by \$227,519 compared to prior year. The commercial collection service is outsourced for the next three years at which time the City will also provide this service in-house.

General Fund Budgetary Highlights

During the year the City Council amends the budget as necessary. Generally, adjustments to the budget relate to requests not considered during the normal budgetary process. Original estimated

revenues were increased by \$39,660 while budgeted appropriations were increased by \$386,120 during the year.

- The most significant revenue variance (\$1,201,895) is reflected in reimbursements from Hidalgo County and City of McAllen for Taylor Road which have been deferred until the start of construction.
- Taxes revenues reflect a decrease of \$279,138 due to a shortfall in sales tax.
- Charges for Service revenues reflect a positive net variance of \$234,459 compared to the budgeted amount.
- Miscellaneous revenues also reflected a positive variance of \$206,435. Due to their very nature, miscellaneous revenues are budgeted at a conservative level, since most of the revenues are normally considered one-time revenues.
- Expenditures came in under budget largely due to departments closely monitoring expenditures and staying in line with the budget. The most significant savings are reflected in Highways and Streets with a total of \$1,654,600. Savings are due to various projects that carry over into subsequent year. Public Safety had a savings of \$1,083,437 due to various grants received throughout the year. General Government also had a savings of \$905,103 primarily in the Organization Department. This department is a catch-all department for expenditures which can't be accounted for in other departments. Expenditures include engineering fees not tied to specific projects, legal fees, right-of-way purchases, and assistance to other entities.

Capital Asset and Debt Administration

Capital assets. The City of Mission's capital assets for its governmental and business type activities as of September 30, 2016, amounts to \$200,134,949 (net of accumulated depreciation). Investment in capital assets includes: land, buildings and improvements, machinery and equipment, streets, storm drainage, sanitary sewer system, and water system. The total decrease in the City of Mission's investment in capital assets for the current fiscal year was \$162,648.

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

- Construction in progress in the governmental activities increased by \$4,087,699. Some of the projects were completed to include the Streetscape Project and various drainage improvements. Projects added include E.15th St./St. Marie Drain Improvement., CWV Center Building Improvements, Gerlach Subdivision/Doherty Dr. Project, Hike & Bike Trail Restroom and Jaycee/Bannworth Parks Irrigation.
- Construction in progress in the business-type activities decreased by \$2,530,660. Projects completed include the Anzalduas Lift Stations, Bryan, Glasscock & Taylor Rd. Waterline Improvement, Waterloop Project, and the Oleander Estates Sanitary Sewerline.

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

**City of Mission
Capital Assets
Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and water rights	\$ 34,155,340	\$ 33,704,031	\$ 7,510,545	\$ 7,479,120	\$ 41,665,885	\$ 41,183,151
Buildings and system	12,256,959	13,104,786	69,017,724	67,111,241	81,274,683	80,216,027
Improvements other than buildings	8,995,237	9,126,562	786,861	1,012,732	9,782,098	10,139,294
Machinery and equipment	5,867,832	6,608,505	5,178,227	5,288,788	11,046,059	11,897,293
Infrastructure	36,462,177	38,514,825	-	-	36,462,177	38,514,825
Construction in progress	16,311,920	12,224,221	3,592,117	6,122,777	19,904,037	18,346,998
Total	<u>\$ 114,049,465</u>	<u>\$ 113,282,930</u>	<u>\$ 86,085,474</u>	<u>\$ 87,014,658</u>	<u>\$ 200,134,939</u>	<u>\$ 200,297,587</u>

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

Long-term debt - At the end of the current fiscal year, the City of Mission had total outstanding long-term debt of \$107,137,529, an increase of \$37,746,088 compared to prior year. The primary reason for the increase is attributed to new issues of bonds closed during fiscal year 2016. Additional information on the City of Mission's long-term debt can be found in note 9 on pages 73-80 of this report.

Moody's Investors Service rated the City of Mission's outstanding bonds as "Aa3".

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation debt	\$ 44,118,902	\$ 25,758,810	\$ -	\$ -	\$ 44,118,902	\$ 25,758,810
Revenue bonds	-	-	44,649,199	31,536,210	44,649,199	31,536,210
Capital leases	-	-	198,500	15,644	198,500	15,644
Compensated absences	3,274,534	3,179,423	420,619	410,946	3,695,153	3,590,369
City of McAllen-Anzalduas bridge	2,592,342	2,254,349	-	-	2,592,342	2,254,349
Pension related debt	9,165,549	4,560,089	1,722,306	801,289	10,887,855	5,361,378
OPEB related debt	793,512	699,187	202,066	175,494	995,578	874,681
Total	<u>\$ 59,944,839</u>	<u>\$ 36,451,858</u>	<u>\$ 47,192,690</u>	<u>\$ 32,939,583</u>	<u>\$ 107,137,529</u>	<u>\$ 69,391,441</u>

Economic Factors and Next Year's Budgets and Rates

- According to the November 2016 issue of the Texas Labor Market Review, the unemployment rate for the City of Mission was 5.4 percent, slightly decreasing from 6.2 percent in prior year. The state and national average unemployment rates are 4.2 percent and 4.4 percent respectively.
- Appraised values provided by the Hidalgo County Appraisal District and used in preparing the 2016-2017 Budget were \$55.9 million higher than the prior year.
- The 2016-2017 Budget was prepared using an adopted tax rate of \$0.4962 per \$100 valuation. The tax rate decreased by 0.5% compared to prior year.
- Water and sewer rates remained unchanged in the 2016-2017 Budget.
- The 2016-2017 general fund operating budget was prepared using \$2,835,482 as the estimated unrestricted fund balance at September 30, 2016. The actual unrestricted fund balance for the general fund was \$7,310,862. For the upcoming 2016-2017 fiscal year, \$3,068,750 is the projected unrestricted fund balance at September 30, 2017. Projected revenues reflect an 15.12% increase and expenditures also reflect an 10.85% increase compared to FY 2016 original budget.
- The City is currently analyzing its current financial situation and will implement the necessary measures to maintain adequate levels of fund balance in the general fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies. The City's Fund Balance Policy requires that the general fund total unrestricted fund balance (includes unassigned, committed, and assigned) will be no less than two (2) months of operating expenditures. At the end of FY 2016, the general fund unrestricted fund balance did meet this requirement.

Requests for Information

This financial report is designed to provide a general overview of the City of Mission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 1201 East 8th Street, City of Mission, Texas, 78572.



Martin Garza Jr.
City Manager



Angie Vela
Finance Director



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BASIC FINANCIAL STATEMENTS



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CITY OF MISSION, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	MEDC	MRA
ASSETS					
Cash and cash equivalents	\$ 32,803,262	\$ 3,872,827	\$ 36,676,089	\$ 1,525,951	\$ 8,321,718
Investments	6,387,199	4,671,822	11,059,021	1,302,904	2,632,030
Receivables, net	5,775,641	3,444,548	9,220,189	643,431	540
Internal balances	(420,415)	420,415	-	-	-
Due from primary government	-	-	-	2,455	-
Due from component unit	36,332	440,337	476,669	-	125,737
Inventory	826	251,084	251,910	-	-
Land held for resale	764,338	-	764,338	-	-
Prepaid items	336,607	90,781	427,388	10,244	-
Redevelopment assets	-	-	-	110,666	2,745,883
Notes receivable current	2,400	-	2,400	-	-
Long-term receivable	20,000	-	20,000	-	-
Restricted assets	-	22,578,212	22,578,212	6,721,839	-
Capital assets:					
Land, water rights, and construction in progress	50,467,261	11,102,663	61,569,924	-	-
Other capital assets, net of accumulated depreciation	63,582,206	74,982,815	138,565,021	9,778,602	-
Total Assets	<u>159,755,657</u>	<u>121,855,504</u>	<u>281,611,161</u>	<u>20,096,092</u>	<u>13,825,908</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge related to loss of refundings	546,124	625,972	1,172,096	-	-
Deferred outflow related to pensions	5,332,610	1,018,175	6,350,785	-	-
Total Deferred Outflow of Resources	<u>5,878,734</u>	<u>1,644,147</u>	<u>7,522,881</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	1,745,298	1,953,335	3,698,633	44,745	10,487
Customer deposits	-	2,307,424	2,307,424	-	-
Accrued interest payable	214,570	123,602	338,172	31,376	80,437
Other liabilities	1,963,613	129,094	2,092,707	5,590	-
Subdividers deposits	-	2,033,707	2,033,707	-	-
Retainage payable	370,783	72,021	442,804	-	-
Accrued payroll	287,981	79,781	367,762	7,372	-
Due to primary government	-	-	-	17,774	-
Due to component unit	128,192	-	128,192	-	458,895
Unearned revenues	267,408	40,597	308,005	-	-
Non-current liabilities:					
Due in more than one year	55,213,421	43,290,065	98,503,486	18,786,483	19,220,876
Due within one year	4,731,418	3,902,625	8,634,043	1,093,048	1,474,959
Total Liabilities	<u>64,922,684</u>	<u>53,932,251</u>	<u>118,854,935</u>	<u>19,986,388</u>	<u>21,245,654</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pensions	179,656	35,950	215,606	-	-
Total Deferred Inflows of Resources	<u>179,656</u>	<u>35,950</u>	<u>215,606</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	90,942,556	41,651,937	132,594,493	9,778,602	-
Restricted for:					
Debt Service	2,950,228	2,101,193	5,051,421	221,089	2,552,133
Construction	-	15,388,698	15,388,698	-	-
Capital improvements	2,002,804	729,370	2,732,174	-	-
Federal and state awards	947,086	-	947,086	-	-
Tourism	1,068,442	-	1,068,442	-	-
Municipal court	415,524	-	415,524	-	-
MEDA	1,963,328	-	1,963,328	-	-
Other purposes	71,565	117	71,682	-	-
Unrestricted	170,518	9,660,134	9,830,652	(9,889,987)	(9,971,879)
Total Net Position	<u>\$ 100,532,051</u>	<u>\$ 69,531,449</u>	<u>\$ 170,063,500</u>	<u>\$ 109,704</u>	<u>\$ (7,419,746)</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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 8,405,138	\$ 2,025,367	\$ -	\$ 5,074
Public safety	23,957,241	106,985	1,696,900	683,723
Highways and streets	7,493,232	918,844	308,355	4,082,081
Health and welfare	1,306,154	263,320	964,738	-
Culture and recreation	7,220,861	413,331	153,533	179,344
Economic development	4,933,314	-	3,407,788	-
Interest and fiscal charges on long-term debt	1,314,872	-	7,654	-
Total Governmental Activities	<u>54,630,812</u>	<u>3,727,847</u>	<u>6,538,968</u>	<u>4,950,222</u>
Business-type activities:				
Utility	17,110,233	20,983,312	12,082	924,194
Golf Course	1,285,977	900,914	-	500
Solid Waste	4,958,069	6,564,955	-	-
Total Business-type Activities	<u>23,354,279</u>	<u>28,449,181</u>	<u>12,082</u>	<u>924,694</u>
Total Primary Government	<u>\$ 77,985,091</u>	<u>\$ 32,177,028</u>	<u>\$ 6,551,050</u>	<u>\$ 5,874,916</u>
COMPONENT UNITS:				
Mission Economic Development Corporation	4,341,676	-	523,852	-
Mission Redevelopment Authority	2,475,494	-	4,584	-
Total Component Units	<u>\$ 6,817,170</u>	<u>\$ -</u>	<u>\$ 528,436</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Franchise taxes
Hotel/motel taxes
Alcoholic beverage taxes
Shared revenue-tax increment zone
Contributions and donations
Interest earned
Miscellaneous
Transfers
Total General Revenues

Change in Net Position
Net Position - Beginning
Net Position - Ending

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

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	MEDC	MRA
\$ (6,374,697)	\$ -	\$ (6,374,697)	\$ -	\$ -
(21,469,633)	-	(21,469,633)	-	-
(2,183,952)	-	(2,183,952)	-	-
(78,096)	-	(78,096)	-	-
(6,474,653)	-	(6,474,653)	-	-
(1,525,526)	-	(1,525,526)	-	-
(1,307,218)	-	(1,307,218)	-	-
<u>(39,413,775)</u>	<u>-</u>	<u>(39,413,775)</u>	<u>-</u>	<u>-</u>
-	4,809,355	4,809,355	-	-
-	(384,563)	(384,563)	-	-
-	1,606,886	1,606,886	-	-
-	6,031,678	6,031,678	-	-
<u>\$ (39,413,775)</u>	<u>\$ 6,031,678</u>	<u>\$ (33,382,097)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(3,817,824)	-
-	-	-	-	(2,470,910)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,817,824)</u>	<u>\$ (2,470,910)</u>
19,481,719	-	19,481,719	-	-
11,376,026	-	11,376,026	3,792,009	-
2,668,473	-	2,668,473	-	-
685,834	-	685,834	-	-
31,131	-	31,131	-	-
239,545	-	239,545	-	4,790,896
-	-	-	-	-
97,218	77,203	174,421	13,170	19,977
385,199	110,242	495,441	54,705	8,330
4,400,000	(4,400,000)	-	-	-
<u>39,365,145</u>	<u>(4,212,555)</u>	<u>35,152,590</u>	<u>3,859,884</u>	<u>4,819,203</u>
(48,630)	1,819,124	1,770,494	42,060	2,348,293
100,580,681	67,712,325	168,293,006	67,644	(9,768,039)
<u>\$ 100,532,051</u>	<u>\$ 69,531,449</u>	<u>\$ 170,063,500</u>	<u>\$ 109,704</u>	<u>\$ (7,419,746)</u>

CITY OF MISSION, TEXAS

EXHIBIT A-3

BALANCE SHEET-GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	2016 CO Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,901,649	\$ 2,565,786	\$ 20,000,721	\$ 5,053,862	\$ 32,522,018
Investments	2,615,951	250,460	-	1,117,145	3,983,556
Prepaid items	23,750	-	-	1,261	25,011
Receivables:					
Taxes, including interest and penalties	1,701,928	508,979	-	-	2,210,907
Accounts	1,696,642	-	-	191,159	1,887,801
Special assessments	-	-	-	139,065	139,065
Less: allowance for uncollectibles	(1,734,497)	(160,514)	-	(3,271)	(1,898,282)
Due from other governments	2,353,326	-	-	1,084,528	3,437,854
Due from other funds	355,819	87	-	297,558	653,464
Due from component unit	16,441	-	-	12,271	28,712
Long-term receivable	20,000	-	-	-	20,000
Inventory	826	-	-	-	826
Land held for resale	-	-	-	764,338	764,338
Total Assets	<u>\$ 11,951,835</u>	<u>\$ 3,164,798</u>	<u>\$ 20,000,721</u>	<u>\$ 8,657,916</u>	<u>\$ 43,775,270</u>
LIABILITIES					
Accounts payable	\$ 817,833	\$ -	\$ -	\$ 615,839	\$ 1,433,672
Accrued interest payable	-	8,356	-	-	8,356
Other liabilities	1,955,839	-	-	7,774	1,963,613
Retainage payable	53,857	-	-	316,926	370,783
Accrued payroll	282,100	-	-	5,881	287,981
Due to other funds	475,732	-	75,000	249,335	800,067
Due to component unit	2,455	-	-	125,737	128,192
Unearned revenue	-	-	-	267,408	267,408
Total Liabilities	<u>3,587,816</u>	<u>8,356</u>	<u>75,000</u>	<u>1,588,900</u>	<u>5,260,072</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	1,006,181	336,942	-	-	1,343,123
Total deferred inflows of resources	<u>1,006,181</u>	<u>336,942</u>	<u>-</u>	<u>-</u>	<u>1,343,123</u>
FUND BALANCES:					
Nonspendable	46,976	-	-	764,338	811,314
Restricted	-	2,819,500	19,925,721	6,304,678	29,049,899
Assigned	3,237,787	-	-	-	3,237,787
Unassigned	4,073,075	-	-	-	4,073,075
Total Fund Balances	<u>7,357,838</u>	<u>2,819,500</u>	<u>19,925,721</u>	<u>7,069,016</u>	<u>37,172,075</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,951,835</u>	<u>\$ 3,164,798</u>	<u>\$ 20,000,721</u>	<u>\$ 8,657,916</u>	<u>\$ 43,775,270</u>

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016****EXHIBIT A-4**

Total fund balances - governmental funds balance sheet \$ 37,172,075

Amounts reported for governmental activities in the statement of net position

("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	114,049,467
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,343,124
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,107,762
Payables for bond principal which are not due in the current period are not reported in the funds.	(39,676,093)
Payable for bond interest which are not due in the current period are not reported in the funds.	(206,214)
Payables for long term liability not due in the current period and not reported in the funds.	(2,592,340)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,274,534)
Payables for post employment benefits which are not due in the current period are not reported in the funds.	(9,959,061)
Deferred inflows related to pensions are not reported in the funds.	(179,656)
Unamortized pension unavailable for current-period expenditures and are deferred in the SNP.	5,332,610
Unamortized pre-paid bond insurance unavailable for current-period expenditures and are in the SNP.	311,596
Unamortized bond deferred charges unavailable for current-period expenditures and are deferred in the SNP.	546,124
Unamortized premium unavailable for current-period expenditures and are in the SNP.	<u>(4,442,809)</u>

Net position of governmental activities - statement of net position \$ 100,532,051

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, 2016

	General Fund	Debt Service Fund	2016 CO Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	\$ 29,688,862	\$ 3,864,165	\$ -	\$ 1,604,678	\$ 35,157,705
Licenses and permits	634,871	-	-	-	634,871
Intergovernmental	1,444,204	-	-	7,152,759	8,596,963
Charges for services	939,223	-	-	251,884	1,191,107
Fines	807,026	-	-	-	807,026
Interest	55,154	7,655	721	20,419	83,949
Miscellaneous	1,443,830	-	-	505,187	1,949,017
Total revenues	<u>35,013,170</u>	<u>3,871,820</u>	<u>721</u>	<u>9,534,927</u>	<u>48,420,638</u>
EXPENDITURES					
Current:					
General government	7,894,703	-	-	983,822	8,878,525
Public safety	20,173,664	-	-	1,427,863	21,601,527
Highways and streets	4,685,511	-	-	619,351	5,304,862
Health and welfare	389,667	-	-	70,049	459,716
Culture and recreation	4,804,653	-	-	864,238	5,668,891
Economic development	-	-	-	4,933,314	4,933,314
Capital projects	-	-	288,628	3,340,965	3,629,593
Principal	49,452	2,050,000	-	-	2,099,452
Interest and fiscal charges	9,927	1,084,529	-	-	1,094,456
Total expenditures	<u>38,007,577</u>	<u>3,134,529</u>	<u>288,628</u>	<u>12,239,602</u>	<u>53,670,336</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,994,407)</u>	<u>737,291</u>	<u>(287,907)</u>	<u>(2,704,675)</u>	<u>(5,249,698)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	8,085,000	17,610,000	-	25,695,000
Bond premium	-	1,425,173	2,603,628	-	4,028,801
Payment to refunded bond escrow agent	-	(9,385,029)	-	-	(9,385,029)
Proceeds from sale of assets	1,575	-	-	(14,891)	(13,316)
Transfers in	4,780,000	-	-	2,581,618	7,361,618
Transfers out	(2,483,276)	(472,433)	-	(5,910)	(2,961,619)
Total Other Financing Sources (uses)	<u>2,298,299</u>	<u>(347,289)</u>	<u>20,213,628</u>	<u>2,560,817</u>	<u>24,725,455</u>
Net change in fund balances	(696,108)	390,002	19,925,721	(143,858)	19,475,757
Fund balances at beginning of year	<u>8,053,946</u>	<u>2,429,498</u>	<u>-</u>	<u>7,212,874</u>	<u>17,696,318</u>
Fund balances at end of year	<u>\$ 7,357,838</u>	<u>\$ 2,819,500</u>	<u>\$ 19,925,721</u>	<u>\$ 7,069,016</u>	<u>\$ 37,172,075</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, 2016*

Net change in fund balances - total governmental funds	\$ 19,475,757
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA	6,431,067
The depreciation of capital assets used in governmental activities is not reported in the funds.	(7,308,980)
The gain or loss on the sale of capital assets is not reported in the funds.	(179,161)
Donation of capital assets increase net assets in the SOA but not in the funds.	1,823,612
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	4,323
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,099,452
Pension expense for current period	(1,450,635)
Long term payable is not an expenditure in the funds but is an expense in the SOA.	(432,318)
Bond issuance costs and bond premiums are reflected in the funds but not in the SOA.	(3,663,870)
Bond proceeds are reflected in the funds but not in the SOA.	(25,695,000)
Payment to bond escrow not reported as expense in the SOA	9,385,029
Bond pre-paid insurance costs and similar items are amortized in the SOA but not in the funds.	43,990
(Increase) decrease in accrued interest from beginning of period to end of period.	(77,716)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	(409,073)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(95,108)
	<hr/>
Change in net position of governmental activities - statement of activities	<u><u>\$ (48,630)</u></u>

The accompanying notes are an integral part of this statement.



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CITY OF MISSION, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

EXHIBIT A-7

	Business-type Activities-Enterprise Fund			Total	Nonmajor
	Utility Fund	Golf Course Fund	Solid Waste Fund		Internal Service Fund
					Group Health Employee Plan Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 459,924	\$ 862	\$ 3,412,041	\$ 3,872,827	\$ 281,242
Investments	4,170,519	-	501,303	4,671,822	2,403,644
Restricted assets:					
Cash and cash equivalents	19,062,895	51,180	416,173	19,530,248	-
Investments	2,721,992	-	325,972	3,047,964	-
Prepaid items	82,375	8,406	-	90,781	-
Receivables	2,572,457	1,707	979,217	3,553,381	694
Less: allowance for uncollectibles	(82,179)	-	(26,654)	(108,833)	-
Due from other funds	270	-	-	270	181,332
Due from component unit	440,337	-	-	440,337	7,620
Inventories (at cost)	201,822	49,262	-	251,084	-
Total Current Assets	29,630,412	111,417	5,608,052	35,349,881	2,874,532
Noncurrent Assets:					
Advance of funds receivable	1,898,369	-	-	1,898,369	-
Capital assets:					
Land, water rights, and construction in progress	9,354,611	1,748,052	-	11,102,663	-
Other capital assets, net of accumulated depreciation	69,358,996	2,541,196	3,082,623	74,982,815	-
Total Noncurrent Assets	80,611,976	4,289,248	3,082,623	87,983,847	-
Total Assets	\$ 110,242,388	\$ 4,400,665	\$ 8,690,675	\$ 123,333,728	\$ 2,874,532
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge related to loss of refundings	625,972	-	-	625,972	-
Deferred outflow related to pensions	778,204	123,075	116,896	1,018,175	-
Total Deferred Outflow of Resources	1,404,176	123,075	116,896	1,644,147	-
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 1,637,888	\$ 17,990	\$ 297,457	\$ 1,953,335	\$ 69,208
Claims payable	-	-	-	-	242,417
Accrued payroll	58,953	7,354	13,474	79,781	-
Compensated absences payable	158,040	31,208	11,579	200,827	-
Due to other funds	26,085	3,445	3,332	32,862	2,139
Unearned revenue	-	40,597	-	40,597	-
Accrued interest	113,934	482	9,186	123,602	-
Other liabilities	29,526	24,808	74,760	129,094	-
Subdividers deposits	2,033,707	-	-	2,033,707	-
Retainage payable	72,021	-	-	72,021	-
Customer deposits	2,307,424	-	-	2,307,424	-
Current portion of long-term debt	2,892,394	49,403	760,000	3,701,797	-
Total Current Liabilities	9,329,972	175,287	1,169,788	10,675,047	313,764
Other Non-Current Liabilities:					
Long term compensated absences	149,874	69,917	-	219,791	-
Capital lease payable	-	149,097	-	149,097	-
Advance of funds payable	-	1,898,369	-	1,898,369	-
Other post employment benefit obligations	1,515,997	239,540	168,835	1,924,372	-
Public Property Finance Contractual Obligations payable, net of current portion	-	-	3,170,000	3,170,000	-
Revenue bonds, net of current portion, discount, and deferred amount on refunding	37,826,806	-	-	37,826,806	-
Total Other Non-Current Liabilities	39,492,677	2,356,923	3,338,835	45,188,435	-
Total Liabilities	48,822,649	2,532,210	4,508,623	55,863,482	313,764
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	25,932	3,997	6,021	35,950	-
Total Deferred Inflows of Resources	25,932	3,997	6,021	35,950	-
NET POSITION					
Net investment in capital assets	38,466,359	4,032,955	(847,377)	41,651,937	-
Restricted for:					
Debt service	1,729,579	-	371,614	2,101,193	-
Construction	15,388,698	-	-	15,388,698	-
Capital Projects	312,030	55,995	361,345	729,370	-
Other	117	-	-	117	-
Unrestricted	6,901,200	(2,101,417)	4,407,345	9,207,128	2,560,768
Total Net Position	\$ 62,797,983	\$ 1,987,533	\$ 4,292,927	\$ 69,078,443	\$ 2,560,768
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				453,006	
Net Position of Business-type Activities				\$ 69,531,449	

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

CITY OF MISSION, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities-Enterprise Fund	
	Utility Fund	Golf Course Fund
Operating Revenues:		
Charges for services	\$ 21,035,733	\$ 903,417
Operating Expenses:		
Insurance claim drafts	-	-
Health insurance cost	-	-
Utility administration	1,021,425	-
Water distribution	2,526,525	-
Water treatment	1,693,865	-
Wastewater treatment and collection	1,901,113	-
Industrial pretreatment	277,895	-
Utility collection	511,088	-
Organizational expenses	290,897	-
Meter readers	419,215	-
Northside water treatment plant	1,914,571	-
Depreciation	5,033,237	229,559
Cost of sales	-	100,014
Golf course operation	-	933,426
Solid waste disposal	-	-
Total Operating Expenses	15,589,831	1,262,999
Operating income (loss)	5,445,902	(359,582)
Non operating revenues (expenses)		
Gain (Loss) on disposal of capital assets	(7,559)	-
Interest earned	74,527	147
Other nonoperating revenue	59,269	-
Bond Interest expense	(920,777)	-
Bond fiscal charges	(502,371)	-
Other interest expense	-	(5,677)
Total non-operating revenues (expenses)	(1,296,911)	(5,530)
Net Income (loss) before transfers and capital contributions	4,148,991	(365,112)
Transfers In (Out)	(4,400,000)	-
Capital Contributions	924,194	500
Change in Net Position	673,185	(364,612)
Net Position-Beginning of Year	62,124,798	2,352,145
Net Position-End of Year	\$ 62,797,983	\$ 1,987,533

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

EXHIBIT A-8

<u>Business-type Activities-Enterprise Fund</u>		<u>Nonmajor Internal Internal Service Fund</u>
<u>Solid Waste Fund</u>	<u>Total</u>	<u>Group Health Employee Plan Fund</u>
\$ 6,568,565	\$ 28,507,715	\$ 3,508,441
-	-	3,125,126
-	-	948,649
-	1,021,425	-
-	2,526,525	-
-	1,693,865	-
-	1,901,113	-
-	277,895	-
-	511,088	-
-	290,897	-
-	419,215	-
-	1,914,571	-
396,599	5,659,395	-
-	100,014	-
-	933,426	-
<u>4,464,159</u>	<u>4,464,159</u>	<u>-</u>
<u>4,860,758</u>	<u>21,713,588</u>	<u>4,073,775</u>
<u>1,707,807</u>	<u>6,794,127</u>	<u>(565,334)</u>
-	(7,559)	-
14,611	89,285	23,410
-	59,269	-
(78,716)	(999,493)	-
(300)	(502,671)	-
-	(5,677)	-
<u>(64,405)</u>	<u>(1,366,846)</u>	<u>23,410</u>
<u>1,643,402</u>	<u>5,427,281</u>	<u>(541,924)</u>
-	(4,400,000)	-
-	924,694	-
<u>1,643,402</u>	<u>1,951,975</u>	<u>(541,924)</u>
<u>2,649,525</u>		<u>3,102,692</u>
<u>\$ 4,292,927</u>		<u>\$ 2,560,768</u>

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

Change in net position of business-type activities

(132,851)

\$ 1,819,124



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CITY OF MISSION, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT A-9

	Enterprise Funds			Totals	Internal Service
	Utility Fund	Golf Course Fund	Solid Waste Fund		Fund Group Health
Cash Flows from Operating Activities:					
<i>Cash Received from Customers</i>	\$ 20,332,582	\$ 798,741	\$ 6,463,495	\$ 27,594,818	\$ -
<i>Cash Received from Interfund Services Used</i>	-	-	-	-	3,503,045
<i>Cash Payments from Interfund Services Used</i>	-	-	-	-	(3,993,220)
<i>Cash Payments to Employees for Services</i>	(3,514,010)	(550,445)	(870,407)	(4,934,862)	-
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(5,595,134)	(162,819)	(3,219,994)	(8,977,947)	-
Net Cash Provided (Used) by Operating Activities	11,223,438	85,477	2,373,094	13,682,009	(490,175)
Cash Flows from Non-Capital Financing Activities:					
<i>Proceed from Insurance Settlement</i>	59,269	-	-	59,269	-
<i>Transfers From (To) Other Funds</i>	(4,400,000)	-	-	(4,400,000)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,340,731)	-	-	(4,340,731)	-
Cash Flows from Capital and Related Financing Activities:					
<i>Proceed from Sale of Capital Assets</i>	(7,559)	-	-	(7,559)	-
<i>Principal and Interest Paid</i>	(3,280,777)	(52,559)	(824,016)	(4,157,351)	-
<i>Acquisition or Construction of Capital Assets</i>	(8,956,285)	(48,271)	(92,049)	(9,096,605)	-
<i>Proceed from Issuance of Long-Term Debt</i>	16,140,000	-	-	16,140,000	-
<i>Proceed from Capital Grants</i>	-	-	-	-	-
<i>Contributed Capital</i>	5,407,945	500	-	5,408,445	-
<i>Bond issuance cost</i>	(502,371)	-	-	(502,371)	-
Net Cash Provided (Used) for Capital & Related Financing Activities	8,800,953	(100,330)	(916,064)	7,784,559	-
Cash Flows from Investing Activities:					
<i>Purchase of Investment Securities</i>	(2,926,235)	-	(1,152,274)	(4,078,509)	(11,710)
<i>Proceeds from Sale and Maturities of Securities</i>	3,172,675	-	426,064	3,598,739	111,003
<i>Interest on Investments</i>	74,949	147	14,611	89,707	23,410
Net Cash Provided (Used) for Investing Activities	321,389	147	(711,599)	(390,063)	122,703
Net Increase (Decrease) in Cash and Cash Equivalents	16,005,049	(14,705)	745,431	16,735,774	(367,472)
Cash and Cash Equivalents at Beginning of Year	3,517,769	66,747	3,082,783	6,667,299	648,714
Cash and Cash Equivalents at End of Year	\$ 19,522,818	\$ 52,041	\$ 3,828,214	\$ 23,403,074	\$ 281,241
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 5,445,902	\$ (359,582)	\$ 1,707,807	\$ 6,794,127	\$ (565,334)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
<i>Depreciation</i>	5,033,237	229,558	396,599	5,659,394	-
Change in Assets and Liabilities:					
<i>Decrease (Increase) in Receivables</i>	(900,349)	(101,806)	(105,069)	(1,107,224)	1,866
<i>Decrease (Increase) in Inventories</i>	20,252	(13,694)	-	6,558	-
<i>Decrease (Increase) in Prepaid Expenses</i>	-	(6,406)	-	(6,406)	-
<i>Decrease (Increase) in Due from Other Funds</i>	(156,772)	-	-	(156,772)	(9,084)
<i>Decrease (Increase) in Due from Other Governments</i>	(336,785)	-	-	(336,785)	-
<i>Increase (Decrease) in Accounts Payable</i>	873,841	1,658	204,721	1,080,220	-
<i>Increase (Decrease) in Customer Deposits</i>	75,230	-	-	75,230	-
<i>Increase (Decrease) in Accrued Wages Payable</i>	16,740	2,138	-	18,878	-
<i>Increase (Decrease) in Due to Other Funds</i>	(21,578)	152,264	(2,713)	127,973	1,823
<i>Increase (Decrease) in Other Liabilities</i>	1,192,040	186,254	171,749	1,550,043	80,555
<i>Increase (Decrease) in Subdividers Deposits Payable</i>	121,968	-	-	121,968	-
<i>Increase (Decrease) in Compensated Absences Payable</i>	(140,287)	(2,040)	-	(142,327)	-
<i>Increase (Decrease) in Unearned Revenue</i>	-	(2,867)	-	(2,867)	-
Total Adjustments	5,777,536	445,059	665,287	6,887,882	75,159
Net Cash Provided (Used) by Operating Activities	\$ 11,223,438	\$ 85,477	\$ 2,373,094	\$ 13,682,009	\$ (490,175)
Noncash Investing, Capital and Financing Activities:					
Contributed Capital Assets	\$ 902,953	\$ -	\$ -	\$ 902,953	\$ -
Increase in fair value investments	-	-	-	-	-
Total Noncash Investing, Capital and Financing Activities	\$ 902,953	\$ -	\$ -	\$ 902,953	\$ -

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

EXHIBIT A-10

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

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS

EXHIBIT A-11

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

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

The accompanying notes are an integral part of this statement.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report. Additionally, in 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement 68 and amendments to Certain Provisions of GASB Statements 67 and 68*. This statement provides guidance for pension plans that are not administered through a trust.

A. Reporting Entity

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

Blended Component Units

The Mission Economic Development Authority (MEDA) was originally organized to provide development activities that could not be carried out by the Mission Economic Development Corporation. In August 2012, effective control over this entity passed to the City of Mission. City of Mission management has operational responsibility for this component unit. The Board now consists of 5 members, 4 of whom are Board Members of the MEDC. All Economic Development Activity on behalf of the City was reassigned by City Resolution to Mission Economic Development Corporation. MEDA holds an investment in several lots of land in the Mission Industrial Park which are available for sale. MEDA is presented as a Blended Component Unit - Special Revenue Fund of the City as MEDA's current limited activity exclusively benefits the City.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Discretely Presented Component Units

On September 12, 1994 the Mission Economic Development Corporation (MEDC) was issued a Certificate of Incorporation by the State of Texas as a nonprofit corporation under the Development Corporation Act of 1979 Vernon's Ann Civ. St. Art. 5190.6, as amended by adding Sec. 413. The Mission Economic Development Corporation (MEDC) was organized on behalf of the City of Mission, Texas for the specific public purpose of the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare. MEDC is governed by a seven member board of directors, each of whom is appointed by the City Council. Any director may be removed from office by the City Council for cause or at will. MEDC's primary source of revenues is sales tax revenues generated by the City of Mission. In addition, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC's bylaws and Articles of Incorporation. MEDC is presented as a governmental fund type and has a September 30 year end.

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

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

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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, 2016

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

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

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

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

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

D. Deposits and Investments

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

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

The City can legally invest in adequately secured investments in accordance with the Public Funds Investment Act. With certain restrictions, the City's Investment Policy allows investments in certificates of deposit, repurchase agreements, joint pools of political subdivisions in the State of Texas, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations.

The Mission Economic Development Corporation (MEDC) is authorized with certain restrictions to invest in certificates of deposit, repurchase agreements, joint pools of political subdivisions in the State of Texas, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations. Investments are reported at amortized cost in the component unit, except for certificates of deposit which are stated at cost. MEDC's bank accounts are managed by the City and the City's investment policies are followed.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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. Interfund Activity

Lending/borrowing between funds that results in amounts outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds".

"Due to/from other funds" represents the current portion of interfund loans, and "advances to/from other funds" represent non-current portion of interfund loans. With respect to the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

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

F. Receivables

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

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

G. Inventory

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

H. Redevelopment Assets

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

I. Land Held for Resale

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

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Restricted Assets

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

K. Capital Assets

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

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

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

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

L. Construction Period Interest

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

N. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported only in the governmental activities column of the government-wide financial statements. Compensated absences vested or accumulated are reported in the governmental funds only if they have matured. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, the vesting method can be used to calculate the liability related to compensated absences for sick leave. The vesting method focuses on vesting sick leave. Vesting rights include vested rights and those rights that will eventually vest. With the exception of police officers and firefighters, discussed below, the City has recognized a liability for the vested part of employee sick leave. Per the City's Personnel Policy Manual, one-half of accumulated sick days up to a maximum of 90 days will vest once an employee either reaches 15 years of service or is eligible for official retirement as defined by the Texas Municipal Retirement System.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Per Texas Local Government Code Section 143.045, Police Officers and Firefighters are allowed to accumulate 15 sick days for 12 months of employment. They are entitled to receive a lump-sum payment of the full amount of accumulated sick leave not to exceed a total of 90 days' pay. There is no requirement on vested time to receive benefit.

O. Long-Term Obligations

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

P. Fund Balance Reporting

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that can be used only for the specific purpose determined by formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by an adoption of an ordinance, commit fund balance. Once committed, the funds cannot be used for any other purpose unless such constraints are removed or modified by the adoption of another ordinance by City Council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Council, or its designee, such as the City Manager. The City's policy dictates that any funds set aside by management as assigned fund balance, must be reported to City Council on the next regular Council meeting. Council has the authority to change or remove the assignment with majority vote.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Minimum Fund Balance Policy

- The City of Mission determined that it is essential that they maintain adequate levels of fund balance in the General Fund to mitigate risks, provide a back-up plan for revenue shortfalls, and ensure that appropriate amounts are available for emergencies.
- The General Fund Unrestricted Fund Balance will be no less than two (2) months of operating expenditures.
- Should the Unrestricted Fund Balance decline to less than two (2) months of operating expenditures, all one-time revenues will be applied to replenish the targeted minimum balance. The targeted fund balance must be replenished within two years.

Furthermore, the City’s Charter contains a requirement that a provision must be made in the annual budget and in the appropriation ordinance for a contingent appropriation in an amount no more than three (3) percent of the total budget to be used in case of unforeseen items of expenditure. Unused contingent funds will be used to replenish the targeted minimum unrestricted fund balance.

Order of Expenditures of Funds

- When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds. A detailed classification of fund balances is included in Note 29.

Q. Prepaid Items

In the governmental fund types, payments made for services that benefit periods beyond the current year are recorded as prepaid expenditures and are equally offset by nonspendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of total assets.

R. Internal Service Fund Activity

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

S. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Actual results could differ from those estimates.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

T. Pensions

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

U. New Accounting Standards

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized costs for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

V. Rounding Adjustments

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

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, 2016 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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 3 – PROPERTY TAXES

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

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

The City is a Home-Rule Charter City with a maximum authorized tax rate for all purposes of \$2.50 per \$100 valuation. The combined tax rate for the year ended September 30, 2016 (2015 levy), was \$0.5155 per \$100 valuation.

Taxes receivable consists of property taxes of \$2,210,907 and sales taxes of \$1,905,950 for a total taxes receivable of \$4,116,857.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Primary Government

Deposits – At September 30, 2016, the carrying value of the City's deposits was \$56,213,145 and the bank balance was \$57,908,327. The entire bank balance was covered by FDIC insurance or was fully collateralized with securities held by the City's agent in the City's name. The type of deposits held at year end was demand accounts.

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

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

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

Quoted market prices are the basis of the fair value for investments. The amount of increase or decrease in the fair value of investments during the current year is included in the City's investment income of \$196,639.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

The City’s investments’ fair value measurements are as follows at September 30, 2016:

Investments	Fair Value	Fair Value Measurement Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	\$ 3,158,825	\$ 3,158,825	\$ -	\$ -
U.S. Government Bonds	9,166,187	9,166,187	-	-
TexPool	1,781,973	1,781,973	-	-
	<u>\$ 14,106,985</u>	<u>\$ 14,106,985</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

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

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2016:

Investment Type	Amortized Cost	Maturity Period		
		3 Months or Less	4-12 Months	Over One Year
TexPool	\$ 1,781,973	\$ 1,781,973	\$ -	\$ -
Federal Farm Credit Bank	4,669,286	1,051,731	3,617,555	-
Federal National Mortgage	3,518,512	-	3,518,512	-
Federal Home Loan Mortgage	476,692	-	476,692	-
Federal Home Loan Bank	501,697	-	501,697	-
Certificates of Deposits	3,158,825	1,652,683	1,506,090	-
	<u>\$ 14,106,985</u>	<u>\$ 4,486,387</u>	<u>\$ 9,620,546</u>	<u>\$ -</u>

Credit Risk

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

The City’s investment policy authorizes the following pools:

Public funds investment pools in Texas (“Pools”) are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”). Chapter 2258 of the Texas 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, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

As of September 30, 2016, 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	13%
Federal Farm Credit Bank	AAA	33%
Federal National Mortgage	AAA	25%
Federal Home Loan Mortgage	AAA	3%
Federal Home Loan Bank	AAA	4%
Certificates of Deposits	N/A	22%

Concentrations of Credit Risk

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

As of September 30, 2016, the following was the composition of the City’s investment portfolio:

Investment Type	Rating	Exposure
TexPool	AAA	13%
Federal Farm Credit Bank	AAA	33%
Federal National Mortgage	AAA	25%
Federal Home Loan Mortgage	AAA	3%
Federal Home Loan Bank	AAA	4%
Certificates of Deposits	N/A	22%
		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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Cash on hand	\$ 6,534
Carrying amount of deposits	56,206,612
Investments	14,106,985
Less: Statement of Fiduciary Net Position - investments	<u>(6,812)</u>
Cash and Investments on Statement of Net Position	<u><u>\$ 70,313,319</u></u>
Cash and cash equivalents	36,676,085
Investments	11,059,021
Restricted assets	<u>22,578,213</u>
Cash and Investments on Statement of Net Position	<u><u>\$ 70,313,319</u></u>

B. Component Units

Mission Economic Development Corporation

Deposits - At September 30, 2016, the carrying value and bank balance of the Mission Economic Development Corporation's deposits was \$8,259,874. Deposits include demand accounts, money market and certificate of deposits. At September 30, 2016, all deposits were not fully insured or collateralized. See custodial credit risk below.

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (*Continued*)

MEDC is required by Government Code Chapter 2256, The Public Funds Investment Act (the “Act”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowed stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

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

Interest Rate Risk

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2016:

Investment Type	Amortized Cost	Maturity Period		
		3 Months or Less	4-12 Months	Over One Year
TexPool	\$ 198,914	\$ 198,914	\$ -	\$ -
Federal Natl Mtg Assn Medium Term NTS	502,575	-	-	502,575
Federal Home Ln Mtg Corp Medium Term NTS	250,412	-	-	250,412
Federal Farm CR Bks Cons Systemwide BDS	250,890	-	-	250,890
Southwest Natl BK Wichita Kans CTF DEP	100,113	-	-	100,113
	<u>\$ 1,302,904</u>	<u>\$ 198,914</u>	<u>\$ -</u>	<u>\$ 1,103,990</u>

Credit Risk

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

MEDC’s investment policy authorizes the following investment pools:

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

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

As of September 30, 2016, 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	15%
Federal Natl Mtg Assn Medium Term NTS	AAA	39%
Federal Home Ln Mtg Corp Medium Term NTS	AAA	19%
Federal Farm CR Bks Cons Systemwide BDS	AAA	19%
Southwest Natl BK Wichita Kans CTF DEP	N/A*	8%

* Certificate of deposit

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Concentrations of Credit Risk

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

As of September 30, 2016, the following was the composition MEDC’s investment portfolio:

Investment Type	Rating	Exposure
TexPool	AAA	15%
Federal Natl Mtg Assn Medium Term NTS	AAA	39%
Federal Home Ln Mtg Corp Medium Term NTS	AAA	19%
Federal Farm CR Bks Cons Systemwide BDS	AAA	19%
Southwest Natl BK Wichita Kans CTF DEP	N/A *	8%
		100%

* Certificate of deposit

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. Broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public funds Investment Act, the MEDC’s investment policy, and Government Code Chapter 2257 “Collateral For Public Funds” contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

At September 30, 2016, MEDC had deposits collateralized by pledged securities of \$2,177,490; resulting in uncollateralized deposits of \$6,082,384.

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

Petty cash	\$ 250
Carrying amount of deposits	8,247,540
Investments	1,302,904
Cash and Investments on Statement of Net Position	\$ 9,550,694
Cash and cash equivalents	1,525,951
Investments	1,302,904
Restricted assets	6,721,839
Cash and Investments on Statement of Net Position	\$ 9,550,694

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (*Continued*)

Mission Redevelopment Authority

Investment Accounting Policy - The Authority is required by the Government Code Chapter 2256, The Public Funds Investment Act (the “Act”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments, which are allowable for the Authority. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Authority policy authorizes all the State allowable investments. No person may invest the Authority funds without express written authority from the Board of Directors.

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the Authority’s investment policy, and Government Code Chapter 2257 “Collateral for Public Funds” contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the Authority of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. The Authority’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority’s agent bank approved pledged securities in an amount sufficient to protect Authority funds on a day-to-day basis during the period of the contract. For the deposit and investment balances noted below, \$250,000 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the Authority and held in a third party depository.

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

As of the fiscal year end, the bank balance and the carrying value of the Authority’s deposits was \$8,330,180.

Investments

As of September 30, 2016, the Authority had the following investments and maturities:

Fund and Investment Type	Amortized Cost	Maturity Period		
		Less Than One Year	One to Five Years	Over Five Years
Debt Service Fund:				
Investment and Securities	\$ 2,632,030	\$ 1,234,712	\$ 1,397,318	\$ -

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s investment policy identifies the types of allowable investments as governed by the Public Funds Investments Act, to reduce the credit risk associated with the investments. At September 30, 2016, the Authority’s Money Market Mutual Fund investment rating was AAA by Standard & Poor’s Rating Service.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority considers the investment in the Money Market Mutual Fund to have maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value. The Authority’s investment policy limits money market mutual funds to those with a stable net asset value of \$1 per share and those with a weighted average maturity of less than two years.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund receivable and payable balances at September 30, 2016 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 272,669
General Fund	Utility Fund	6,012
General Fund	2016 CO Capital Projects Fund	75,000
Utility Fund	Golf Course Fund	270
Debt Service Fund	General Fund	87
Group Health Fund	General Fund	151,082
Group Health Fund	Utility Fund	20,073
Group Health Fund	Golf Course Fund	3,175
Group Health Fund	Non-Major Governmental Funds	7,004
Non-Major Governmental Funds	General Fund	297,558
Non-Major Governmental Funds	Group Health Fund	2,139
		<u>\$ 835,069</u>

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

B. Due to/from the primary government and component units at September 30, 2016 were as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Gov't - General Fund	Component Unit - MRA	\$ 6,287
Primary Gov't - Utility Fund	Component Unit - MRA	440,337
Primary Gov't - Capital Projects Fund	Component Unit - MRA	12,271
Primary Gov't - General Fund	Component Unit - MEDC	10,154
Primary Gov't - Group Health Fund	Component Unit - MEDC	7,620
		<u>\$ 476,669</u>

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

C. Interfund Transfers:

	Transfers In:		
	Non-Major Governmental		
	General Fund	Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 2,683,275	\$ 2,683,275
Utility Fund	4,400,000	-	4,400,000
Debt Service Fund	-	472,433	472,433
Non-Major Governmental Funds	-	5,910	5,910
Total Transfers Out	\$ 4,400,000	\$ 3,161,618	\$ 7,561,618

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

A transfer from the Utility Fund to the General Fund is to supplement the General fund for administrative services provided to the enterprise fund.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance at September 30, 2015	Increases	Decreases and Reclassifications	Balance at September 30, 2016
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 33,704,031	\$ 451,309	\$ -	\$ 34,155,340
Construction in progress	<u>12,224,221</u>	<u>4,910,993</u>	<u>(823,294)</u>	<u>16,311,920</u>
Total capital assets, not being depreciated	<u>45,928,252</u>	<u>5,362,302</u>	<u>(823,294)</u>	<u>50,467,260</u>
Capital assets, being depreciated:				
Buildings	21,462,917	-	(134,027)	21,328,890
Improvements other than buildings	16,586,824	1,002,256	(606,179)	16,982,901
Machinery and equipment	26,949,302	1,068,837	(524,669)	27,493,470
Infrastructure	<u>89,858,298</u>	<u>1,644,578</u>	<u>-</u>	<u>91,502,876</u>
Total capital assets, being depreciated	<u>154,857,341</u>	<u>3,715,671</u>	<u>(1,264,875)</u>	<u>157,308,137</u>
Less accumulated depreciation for:				
Buildings	(8,358,131)	(770,416)	56,616	(9,071,931)
Improvements other than buildings	(7,460,262)	(1,131,057)	603,655	(7,987,664)
Machinery and equipment	(20,340,797)	(1,710,281)	425,440	(21,625,638)
Infrastructure	<u>(51,343,473)</u>	<u>(3,697,226)</u>	<u>-</u>	<u>(55,040,699)</u>
Total accumulated depreciation	<u>(87,502,663)</u>	<u>(7,308,980)</u>	<u>1,085,711</u>	<u>(93,725,932)</u>
Total capital assets, being depreciated, net	<u>67,354,678</u>	<u>(3,593,309)</u>	<u>(179,164)</u>	<u>63,582,205</u>
Governmental activities capital assets, net	<u>\$ 113,282,930</u>	<u>\$ 1,768,993</u>	<u>\$ (1,002,458)</u>	<u>\$ 114,049,465</u>
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,608,556	\$ 31,425	\$ -	\$ 3,639,981
Water rights	3,870,564	-	-	3,870,564
Construction in progress	<u>6,122,777</u>	<u>2,057,074</u>	<u>(4,587,734)</u>	<u>3,592,117</u>
Total assets, not being depreciated	<u>13,601,897</u>	<u>2,088,499</u>	<u>(4,587,734)</u>	<u>11,102,662</u>
Capital assets, being depreciated:				
Buildings and system	129,295,229	6,388,679	-	135,683,908
Improvements other than buildings	3,454,101	980	-	3,455,081
Furniture and equipment	<u>12,482,956</u>	<u>847,520</u>	<u>(159,237)</u>	<u>13,171,239</u>
Total assets, being depreciated	<u>145,232,286</u>	<u>7,237,179</u>	<u>(159,237)</u>	<u>152,310,228</u>
Less accumulated depreciation for:				
Buildings and system	(62,183,988)	(4,482,196)	-	(66,666,184)
Improvements other than buildings	(2,441,369)	(226,851)	-	(2,668,220)
Furniture and equipment	<u>(7,194,168)</u>	<u>(950,348)</u>	<u>151,504</u>	<u>(7,993,012)</u>
Total accumulated depreciation	<u>(71,819,525)</u>	<u>(5,659,395)</u>	<u>151,504</u>	<u>(77,327,416)</u>
Total capital assets, being depreciated, net	<u>73,412,761</u>	<u>1,577,784</u>	<u>(7,733)</u>	<u>74,982,812</u>
Business-type activities capital assets, net	<u>\$ 87,014,658</u>	<u>\$ 3,666,283</u>	<u>\$ (4,595,467)</u>	<u>\$ 86,085,474</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 6 – CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	\$ 217,239
Public safety	1,666,757
Highways and streets, including depreciation of general infrastructure assets	3,981,961
Sanitation	16,106
Culture and recreation	<u>1,426,917</u>
Total depreciation expense -Governmental activities	<u><u>\$ 7,308,980</u></u>

Business-type Activities:

Utility	\$ 5,033,237
Golf Course	229,559
Solid Waste	<u>396,599</u>
Total depreciation expense - business-type activities	<u><u>\$ 5,659,395</u></u>

Mission Economic Development Corporation

Capital asset activity for the year ended September 30, 2016 for MEDC, was as follows:

	Balance at September 30, 2015	Increases	Decreases	Balance at September 30, 2016
Capital assets, being depreciated:				
Machinery and equipment	\$ 27,063	\$ 656,359	\$ (3,769)	\$ 679,653
Building	<u>-</u>	<u>9,268,541</u>	<u>-</u>	<u>9,268,541</u>
Total capital assets, being depreciated	<u>27,063</u>	<u>9,924,900</u>	<u>(3,769)</u>	<u>9,948,194</u>
Less accumulated depreciation for:				
Machinery and equipment	(12,980)	(23,374)	1,928	(34,426)
Building	<u>-</u>	<u>(135,166)</u>	<u>-</u>	<u>(135,166)</u>
Total accumulated depreciation	<u>(12,980)</u>	<u>(158,540)</u>	<u>1,928</u>	<u>(169,592)</u>
Total capital assets, being depreciated, net	<u><u>\$ 14,083</u></u>	<u><u>\$ 9,766,360</u></u>	<u><u>\$ (1,841)</u></u>	<u><u>\$ 9,778,602</u></u>

Depreciation expense charged to MEDC governmental activities totaled \$158,540 for the year ended September 30, 2016.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 7 – RECEIVABLES

Receivables at September 30, 2016 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Activities:						
General	\$ 1,701,928	\$ 1,694,142	\$ -	\$ 2,353,326	\$ (1,734,496)	\$ 4,014,900
Debt Service	508,979	-	-	-	(160,514)	348,465
Other Governmental	-	191,952	139,065	1,084,529	(3,271)	1,412,275
Total	<u>\$ 2,210,907</u>	<u>\$ 1,886,094</u>	<u>\$ 139,065</u>	<u>\$ 3,437,855</u>	<u>\$ (1,898,281)</u>	<u>\$ 5,775,640</u>
Business-type Activities:						
Utility	\$ -	\$ 2,572,457	\$ -	\$ -	\$ (82,179)	\$ 2,490,278
Golf Course	-	1,707	-	-	-	1,707
Solid Waste	-	979,217	-	-	(26,654)	952,563
Total	<u>\$ -</u>	<u>\$ 3,553,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (108,833)</u>	<u>\$ 3,444,548</u>

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

	<u>Utility Fund</u>	<u>Solid Waste Fund</u>
Gross operating revenues	\$ 21,086,338	\$ 6,591,079
Uncollectibles related to current year	(50,605)	(22,514)
Net operating revenues	<u>\$ 21,035,733</u>	<u>\$ 6,568,565</u>

NOTE 8 – DISAGGREGATION OF OTHER LIABILITIES

At September 30, 2016 the City had the following other liabilities:

<u>Payable To</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Due to state	\$ 155,614	\$ 69,691	\$ 225,305
Due to other governmental agencies	446	-	446
Wages and deductions	186,272	36,340	222,612
Court deposits/refunds	8,490	-	8,490
Due to others	1,612,522	23,063	1,635,585
	<u>\$ 1,963,344</u>	<u>\$ 129,094</u>	<u>\$ 2,092,438</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT

Certificates of Obligation

The City issues Certificates of Obligation to finance construction projects.

Certificates of Obligation payable at September 30, 2016 are comprised of the following:

Governmental activities:

\$1,035,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2004, payable in annual installments ranging from \$50,000 to \$100,000 through February 15, 2017, interest at 4.00% to 4.375%.	\$ 100,000
\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007, payable in annual installments ranging from \$230,000 to \$475,000 through February 15, 2027, interest at 4.25% to	285,000
\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2009, payable in annual installments ranging from \$85,000 to \$415,000 through February 15, 2029, interest at 3.00% to 5.25%.	2,255,000
\$2,930,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2010, payable in annual installments ranging from \$75,000 to \$340,000 through February 15, 2025, interest at 2.00% to 4.00%.	1,035,000
\$2,635,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation Series 2012, payable in annual installments ranging from \$100,000 to \$500,000 through February 15, 2032, interest at 2.00% to 4.00%.	2,135,000
\$17,610,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation Series 2016, payable in annual installments ranging from \$875,000 to \$1,575,000 through February 15, 2031, interest at 2.00% to 5.00%.	<u>17,610,000</u>
	<u>\$ 23,420,000</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 1,945,000	\$ 933,160	\$ 2,878,160
2018	1,320,000	895,068	2,215,068
2019	1,365,000	853,193	2,218,193
2020	1,415,000	800,499	2,215,499
2021	1,470,000	745,636	2,215,636
2022-2026	7,385,000	2,714,318	10,099,318
2027-2031	8,345,000	899,171	9,244,171
2032-2036	175,000	3,500	178,500
	\$ 23,420,000	\$ 7,844,545	\$ 31,264,545

General Obligation

The City has issued General Obligation Bonds, the proceeds of which have been used to advance refund various prior year outstanding long term debt obligations.

General Obligations payable at September 30, 2016 are comprised of the following:

Governmental activities:

\$7,565,000 Texas General Obligation Refunding Bonds, Series 2009, payable in annual installments ranging from \$230,000 to \$565,000 through February 15, 2026, interest at 3.00% to 5.25%.	\$ 3,280,000
\$3,165,000 Texas General Obligation Refunding Bonds, Series 2012, payable in annual installments ranging from \$30,000 to \$270,000 through February 15, 2028, interest at 1.00% to 3.50%.	2,725,000
\$2,285,000 Texas General Obligation Refunding Bonds, Series 2014, payable in annual installments ranging from \$165,000 to \$240,000 through February 15, 2025, interest at 2.63%.	1,895,000
\$8,085,000 Texas General Obligation Refunding Bonds, Series 2016, payable in annual installments ranging from \$165,000 to \$1,210,000 through February 15, 2029, interest at 2.00% to 5.00%.	8,085,000
	\$ 15,985,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

General Obligation debt service requirements to maturity are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 990,000	\$ 603,685	\$ 1,593,685
2018	1,315,000	571,439	1,886,439
2019	1,355,000	529,342	1,884,342
2020	1,405,000	480,658	1,885,658
2021	1,460,000	429,832	1,889,832
2022-2026	7,905,000	1,170,358	9,075,358
2027-2031	1,555,000	63,425	1,618,425
	<u>\$ 15,985,000</u>	<u>\$ 3,848,739</u>	<u>\$ 19,833,739</u>

Public Property Finance Contractual Obligations

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

Public Property Finance Contractual Obligations payable at September 30, 2016 are comprised of the following:

Governmental activities:

\$368,865 Public Property Finance Act Contract No. 6564, payable in annual installments of \$59,379, including principal and interest, through March 1, 2021, interest at 3.091%. \$ 271,078

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 50,995	\$ 8,375	\$ 59,370
2018	52,571	6,808	59,379
2019	54,196	5,183	59,379
2020	55,871	3,507	59,378
2021	57,445	1,920	59,365
	<u>\$ 271,078</u>	<u>\$ 25,793</u>	<u>\$ 296,871</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

Revenue Bonds

The City has pledged future waterworks and sewer system net revenues, to repay \$39,325,000 plus interest in Junior Lien revenue bonds issued in 2009, 2014, 2015 and 2016. Proceeds from the bonds provided financing for all or a portion of the City's contractual obligations for design, construction, professional services, legal, fiscal, issuance and engineering costs of certain water and wastewater system improvements and refunding on old issues, i.e. EDAP project and wastewater plant expansion. The bonds are payable solely from waterworks and sewer system net revenues and are payable through 2044. Annual principal and interest payments on the bonds are expected to require less than 34 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$47,552,665. Principal and interest paid for the current year and total waterworks and sewer system net revenues were \$3,348,051 and \$10,479,139, respectively.

Revenue bonds payable at September 30, 2016 are comprised of the following:

Business-type activities:

Utility Fund:

\$7,780,000 2009 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds payable in annual installments ranging from \$275,000 to \$465,000 from December 30, 2009 through February 15, 2029; non-interest bearing.	\$ 5,945,000
\$10,370,000 2014 Waterworks and Sewer System Junior Lien Refunding Bonds payable in annual installments ranging from \$675,000 to \$1,100,000 from February 15, 2015 through February 15, 2026; interest at 2.00% to 5.00%.	8,980,000
\$16,140,000 2015 Waterworks and Sewer System Junior Lien Refunding Bonds payable in annual installments ranging from \$490,000 to \$730,000 from February 15, 2017 through February 15, 2044; interest at 0.29% to 2.11%.	16,140,000
\$8,260,000 2016 Waterworks and Sewer System Junior Lien Revenue Taxable Serial Bonds payable in annual installments ranging from \$250,000 to \$1,075,000 from February 15, 2017 through February 15, 2027; interest at 2.00% to 4.00%.	<u>8,260,000</u>
	<u>\$ 39,325,000</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2017	\$ 2,755,000	\$ 869,530	\$ 3,624,530
2018	2,325,000	833,553	3,158,553
2019	2,370,000	784,803	3,154,803
2020	2,430,000	724,468	3,154,468
2021	2,505,000	661,035	3,166,035
2022-2026	13,615,000	2,218,680	15,833,680
2027-2031	4,915,000	967,789	5,882,789
2032-2036	2,980,000	703,385	3,683,385
2037-2041	3,285,000	396,077	3,681,077
2042-2046	2,145,000	68,345	2,213,345
	<u>\$ 39,325,000</u>	<u>\$ 8,227,665</u>	<u>\$ 47,552,665</u>

Public Property Finance Contractual Obligations

The City also issued Public Property Finance Contractual Obligations to finance acquisition of equipment for the Solid Waste Fund. Public Property Finance Contractual Obligations payable at September 30, 2016 are comprised of the following:

Business-type activities – Solid Waste Fund:

\$4,880,000 Texas Public Property Finance Contractual Obligation, Series 2014, payable in annual installments ranging from \$205,000 to \$815,000 through February 15, 2021, interest at 1.87%. \$ 3,930,000

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

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2017	\$ 760,000	\$ 66,386	\$ 826,386
2018	770,000	52,080	822,080
2019	785,000	37,540	822,540
2020	800,000	22,720	822,720
2021	815,000	7,620	822,620
	<u>\$ 3,930,000</u>	<u>\$ 186,346</u>	<u>\$ 4,116,346</u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT *(Continued)*

In 2010, the City closed on a commitment from the Drinking Water State Revolving Fund (DWSRF) administered by the Texas Water Development Board which authorized the issuance of \$8,285,000 in revenue bonds. These bonds titled Waterworks and Sewer System Junior Lien Revenue Bonds Taxable Series 2009 were used for projects to make water system improvements. The DWSRF funding mechanism allowed the City to issue as many bond coupons in installments as needed to fund the authorized projects. At the completion of the authorized project, the total amount of coupons issued by the City was \$7,780,000.

On August 16, 2016, the City issued General Obligation Refunding Series 2016 in the amount of \$8,085,000 to advance refund a portion of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2005A; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2009; General Obligation Refunding Bonds, Series 2009. Bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of old debt resulting in an economic gain of \$920,000. Deferred loss on refunding at September 30, 2016 totaled \$380,029.

Outstanding balance on partially defeased bonds are as follows at September 30, 2016:

\$5,495,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2009	\$ 2,255,000
\$7,565,000 Texas General Obligation Refunding Bonds, Series 2009	3,280,000
\$7,000,000 Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2007	285,000
	\$ 5,820,000

Bonds are included in bond payable schedules above as well as debt service requirements.

Arbitrage Compliance

The City of Mission is subject to federal arbitrage regulations and as of September 30, 2016, the City was in compliance with all arbitrage rebate and yield restriction reporting requirements. In addition the City had no accrued liabilities in regards to arbitrage rebate or yield restrictions. The City adheres to its adopted written procedures to monitor post-issuance compliance of the federal tax laws applicable to the Bonds as requested by the Internal Revenue Service.

Texas Water Code Compliance

The City of Mission is subject to Texas Water Code, Chapter 16, Section 16.356 related to Economically Distressed Areas Programs (EDAP). For the year ended September 30, 2016, the City confirms they did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Balance at September 30, 2015	Additional Obligations and Net Increases	Retirements and Net Decreases	Balance at September 30, 2016	Due Within One Year
Governmental Activities:					
Bonds payable:					
Certificates of obligation	\$ 15,100,000	\$ 17,610,000	\$ 9,290,000	\$ 23,420,000	\$ 1,945,000
Public property finance					
contractual obligations	320,544		49,452	271,092	50,995
General obligations	9,665,000	8,085,000	1,765,000	15,985,000	990,000
Plus bond premium	673,266	4,028,801	259,257	4,442,810	332,232
Total bonds payable	<u>25,758,810</u>	<u>29,723,801</u>	<u>11,363,709</u>	<u>44,118,902</u>	<u>3,318,227</u>
Compensated absences	3,179,423	1,577,151	1,482,040	3,274,534	1,413,191
Net pension liability	4,560,089	4,605,460	-	9,165,549	-
Net other postemployment					
benefit obligation	699,187	94,325	-	793,512	-
Anzalduas bridge payable	2,254,349	337,993	-	2,592,342	-
Governmental activities					
long-term liabilities	<u>\$ 36,451,858</u>	<u>\$ 36,338,730</u>	<u>\$ 12,845,749</u>	<u>\$ 59,944,839</u>	<u>\$ 4,731,418</u>
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 26,010,000	\$ 24,400,000	\$ 11,085,000	\$ 39,325,000	\$ 2,755,000
Public property finance					
contractual obligations	4,675,000	-	745,000	3,930,000	760,000
Plus bond premium	851,210	708,113	165,124	1,394,199	137,394
Total bonds payable	<u>31,536,210</u>	<u>25,108,113</u>	<u>11,995,124</u>	<u>44,649,199</u>	<u>3,652,394</u>
Capital leases	15,644	229,739	46,883	198,500	49,403
Compensated absences	410,946	226,074	216,401	420,619	200,827
Net pension liability	801,289	921,017	-	1,722,306	-
Net other postemployment					
benefit obligation	175,494	26,572	-	202,066	-
Business-type activities					
long-term liabilities	<u>\$ 32,939,583</u>	<u>\$ 26,511,515</u>	<u>\$ 12,258,408</u>	<u>\$ 47,192,690</u>	<u>\$ 3,902,624</u>

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

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

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

The Utility Fund capitalized \$16,458 of bond interest expense as part of various construction projects for the year ended September 30, 2016.

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

NOTE 10 – COMPONENT UNIT – LONG-TERM DEBT PAYABLE

A. Mission Economic Development Corporation (MEDC)

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, 2016 for the MEDC is comprised of the following:

\$4,380,000 - Sales Tax Revenue Refunding Bonds, Series 2010
 due in annual principal installments ranging from \$90,000 to
 \$325,000 from January 15, 2011 through 2024; interest at 3.85%. \$ 2,730,000

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 350,000	\$ 98,368	\$ 448,368
2018	365,000	84,604	449,604
2019	380,000	70,263	450,263
2020	395,000	55,344	450,344
2021	295,000	42,061	337,061
2022-2026	945,000	55,344	1,000,344
	\$ 2,730,000	\$ 405,984	\$ 3,135,984

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Sales tax revenue notes payable at September 30, 2016 for the MEDC is comprised of the following:

\$6,000,000 - Sales and Use Tax Revenue Note, Series 2016-A due in semi-annual installments of \$300,000 including interest at 2.85%. Note matures August 1, 2036. Note is collateralized by sales tax revenues collected.	\$ 6,000,000
\$2,000,000 - Sales and Use Tax Revenue Note, due in monthly installments of \$20,105, including interest at 3.795%. Note matures on December 1, 2021. Not is collateralized by sales tax revenues collected.	<u>2,000,000</u>
	<u><u>\$ 8,000,000</u></u>

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 424,775	\$ 234,478	\$ 659,253
2018	472,128	231,577	703,705
2019	478,869	216,286	695,155
2020	485,718	200,887	686,605
2021	493,147	184,908	678,055
2022-2026	2,585,225	1,125,000	3,710,225
2027-2031	1,560,138	840,385	2,400,523
2032-2036	<u>1,500,000</u>	<u>315,000</u>	<u>1,815,000</u>
	<u><u>\$ 8,000,000</u></u>	<u><u>\$ 3,348,521</u></u>	<u><u>\$ 11,348,521</u></u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

The following is a summary of changes in long-term debt obligations for MEDC for the year ended September 30, 2016:

	September 30, 2015	Additional Obligations and Net Increases	Retirements and Net Decreases	September 30, 2016	Due Within One Year
Bonds and notes:					
Sales Tax Refunding Bond	\$ 3,065,000	\$ -	\$ 335,000	\$ 2,730,000	\$ 350,000
Sales Tax Refunding-FNB	701,535	-	701,535	-	-
Sales Tax Revenue Note - LSNB	-	2,000,000	-	2,000,000	124,775
Sales Tax Revenue Note - Frost	-	6,000,000	-	6,000,000	300,000
Total bonds and notes	<u>3,766,535</u>	<u>8,000,000</u>	<u>1,036,535</u>	<u>10,730,000</u>	<u>774,775</u>
Other Liabilities:					
Capital leases	-	9,268,541	119,010	9,149,531	318,273
Total other liabilities	<u>-</u>	<u>9,268,541</u>	<u>119,010</u>	<u>9,149,531</u>	<u>318,273</u>
Total long-term debt obligations	<u>\$ 3,766,535</u>	<u>\$ 17,268,541</u>	<u>\$ 1,155,545</u>	<u>\$ 19,879,531</u>	<u>\$ 1,093,048</u>

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

B. Mission Redevelopment Authority (MRA)

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.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Bonds payable at September 30, 2016 for the MRA are comprised of the following:

\$8,960,000 in tax increment contract revenue bonds series 2005. The interest rates on the bonds range from 4.37% - 5.12%. Interest on the bonds is payable on each March 1st and September 1st. The bonds mature serially September 1st beginning 2006 and ending 2025.	\$ 5,030,000
\$10,620,000 in tax increment contract revenue bonds series 2009. The interest rates on the bonds range from 3.00% - 5.25%. Interest on the bonds is payable on each March 1st and September 1st. The bonds mature serially September 1st beginning 2010 and ending 2029.	7,815,000
\$7,455,000 in tax increment contract revenue bonds series 2013. The interest rates on the bonds range from 2.00% - 4.00%. Interest on the bonds is payable on each March 1st and September 1st. The bonds mature serially September 1st beginning 2015 and ending 2030.	<u>6,380,000</u>
	<u><u>\$ 19,225,000</u></u>

As of September 30, 2016, the debt service requirements on the bonds outstanding were as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 1,270,000	\$ 872,525	\$ 2,142,525
2018	1,325,000	820,825	2,145,825
2019	1,380,000	766,187	2,146,187
2020	1,440,000	707,951	2,147,951
2021	1,500,000	643,862	2,143,862
2022-2026	7,885,000	2,118,168	10,003,168
2027-2031	4,425,000	475,957	4,900,957
	<u>\$ 19,225,000</u>	<u>\$ 6,405,475</u>	<u>\$ 25,630,475</u>

State Infrastructure Loan Agreement

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

\$ 1,611,475

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

As of September 30, 2016, the debt service requirements on the loan agreement were as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 204,959	\$ 52,042	\$ 257,001
2018	212,850	54,151	267,001
2019	221,045	45,956	267,001
2020	229,555	37,446	267,001
2021	238,393	28,608	267,001
2022-2026	504,673	29,328	534,001
	<u>\$ 1,611,475</u>	<u>\$ 247,531</u>	<u>\$ 1,859,006</u>

The following is a summary of changes in long-term obligations debt for MRA for the year ended September 30, 2016:

	September 30, 2015	Additional Obligations and Net Increases	Retirements and Net Decreases	September 30, 2016	Due Within One Year
Tax increment contract revenue bonds series 2005	\$ 5,465,000	\$ -	\$ 435,000	\$ 5,030,000	\$ 455,000
Tax increment contract revenue bonds series 2009	8,250,000	-	435,000	7,815,000	450,000
Tax increment contract revenue bonds series 2013	6,740,000	-	360,000	6,380,000	365,000
Less issuance discounts	(240,496)	-	(20,346)	(220,150)	-
Plus issuance premiums	85,189	-	5,679	79,510	-
Total contract revenue bonds	<u>20,299,693</u>	<u>-</u>	<u>1,215,333</u>	<u>19,084,360</u>	<u>1,270,000</u>
State infrastructure bank loan	1,808,836	-	197,361	1,611,475	204,959
Total governmental activities	<u>1,808,836</u>	<u>-</u>	<u>197,361</u>	<u>1,611,475</u>	<u>204,959</u>
	<u>\$ 22,108,529</u>	<u>\$ -</u>	<u>\$ 1,412,694</u>	<u>\$ 20,695,835</u>	<u>\$ 1,474,959</u>

Optional Redemption for Tax Increment Contract Revenue Bonds

The Authority reserves the right, at its option, to redeem bonds prior to their scheduled maturities, in whole or from time to time, in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed from redemption. This optional redemption applies to bonds maturing on or after September 1, 2020 or September 1, 2024 for Series 2005 and Series 2009, and series 2013 bonds respectively.

Scheduled Mandatory Redemption for Tax Increment Contract Revenue Bonds

The Series 2005 Term bonds due September 1, 2019, September 1, 2022, and September 1, 2025, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1st in the years and amounts as reflected in the debt service schedules.

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

The Series 2009 Term bonds due September 1, 2022, September 1, 2025, September 1, 2027, and September 1, 2029, are subjected to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1st in the years and amounts as reflected in the debt service schedules.

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

NOTE 11 – INTERFUND ADVANCES

Revenues increased for the Golf Course during the year. The Golf Course staff will continue to increase tournament play and use specials to entice players to golf during off-peak times. The Media Relations Department and social media are being utilized to increase play as well. The expenditures continue to be closely monitored with increased efforts to complete projects in-house in order to decrease expenditures for external contractors. The advance payable increased by \$156,502 compared to prior years balance. At September 30, 2016 the balance of the advance in the amount of \$1,898,369 is reflected as long-term advance receivable in the Utility Fund; and long-term advance payable in the Golf Course Fund. Beginning in 2017 a transfer from the Utility Fund has been budgeted and will continue for subsequent years to reduce advance payable going forward.

NOTE 12 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the government-wide financial statements, deferred outflows include deferred charges on refunding of the bonds.

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

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

	General Fund	Debt Service Fund	Total Deferred Inflows of Resources
Delinquent property taxes, unavailable	\$ 1,006,181	\$ 336,943	\$ 1,343,124

At the government-wide financial statements, the City reports cumulative deferred charges on refundings as Deferred Outflows of Resources in the amount of \$1,172,096 which is net of cumulative amortization of \$157,909.

Deferred outflows of resources and deferred inflows of resources related to pensions are \$6,350,785 and \$215,606, respectively. See Note 16 for details regarding pensions.

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 13 – UNEARNED REVENUES

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The following summarizes unearned revenues in governmental activities:

Park dedication fees	\$	266,298
Grants		1,110
Total unearned revenue	\$	267,408

Unearned revenues of \$40,597 in the Golf Course Fund, an enterprise fund, represent collections of annual membership dues that will be recognized as revenue in the next fiscal year.

NOTE 14 – LONG-TERM RECEIVABLE

Long-Term Notes Receivables at September 30, 2016 for the City of Mission are comprised of the following:

Governmental Activities:

Housing Rehab Receivable

Promissory note receivable for housing assistance provided under the Community Development Block Grant (CDBG) program to an ineligible recipient. The principal amount is payable in equal monthly installments of \$200 on the ninth day of each month, beginning November 9, 2007 and continuing until the principal has been paid in full. The final maturity date is January 9, 2026.

	\$	22,400
Total long-term note receivable		22,400
Less: current portion		(2,400)
	\$	20,000

NOTE 15 – RESTRICTED ASSETS

A. Primary Government

Business-Type Activities:

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

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 15 – RESTRICTED ASSETS (Continued)

Restricted assets included in the Utility Fund as of September 30, 2016 consist of:

	Cash and Cash Equivalents	Investments	Total
Revenue bond reserve fund	\$ 11,536,183	\$ 271,573	\$ 11,807,756
Bond interest and sinking	1,232,503	144,810	1,377,313
Cash with fiscal agent	4,774,590	-	4,774,590
Revenue bond extension and improvement fund	153,770	158,260	312,030
Subdividers deposits	826,338	1,213,498	2,039,836
Capital recovery fund	539,511	933,850	1,473,361
	<u>\$ 19,062,895</u>	<u>\$ 2,721,991</u>	<u>\$ 21,784,886</u>

Restricted assets included in the Golf Course Fund as of September 30, 2016 consist of reserves for capital projects in the amount of \$51,180.

Restricted assets included in the Solid Waste Fund as of September 30, 2016 consist of reserves for capital projects of \$35,374 and debt service in the amount of \$380,800.

A. Mission Economic Development Corporation

Restricted assets held by Mission Economic Development Corporation at September 30, 2016 consisted of Debt Service and Capital Projects Reserves in cash and cash equivalents in the amount of \$6,721,839.

B. Mission Redevelopment Authority

Restricted assets held by Mission Redevelopment Authority at September 30, 2016 consisted of Debt Service Reserves required by the Tax Increment Contract Bonds in the amount of \$2,552,133.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS

Plan Descriptions:

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

1. The City of Mission participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.
2. The Texas Emergency Services Retirement System (TESRS) is a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension, disability and death benefits for emergency services personnel who serve without significant monetary remuneration. The nine member Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided:

TMRS

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

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

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

TESRS

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

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

Employees covered by benefit terms

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

	TMRS	TESRS
Inactive employees or beneficiaries currently receiving benefits	153	12
Inactive employees entitled to but no yet receiving benefits	259	-
Active employees	646	3
Total participants	1,058	15

Contributions:

TMRS

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

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (*Continued*)

Employees for the City of Mission were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mission were 8.00% and 8.08% in calendar years 2016 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$2,068,394, and were equal to the required contributions.

TESRS

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

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

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contribution rate needed is 2%, since the actuarial valuation report showed the System to have an inadequate contribution arrangement without any Part Two contributions. With the addition of Part Two contributions equal to 2% of the Part One contributions, the unfunded actuarial accrued liability (UAAL) would be amortized in 30 years. With these expected future contributions from the participating departments and from the state, the System has an adequate contribution arrangement to pay the normal cost and amortize the UAAL in 30 years.

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

A small subset of participating departments has a different contribution arrangement which is being phased out over time. Such arrangement funds retirees and beneficiaries that have been in the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) fund before merging into the S.B. 411. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System. For the City of Mission, total additional deposit was \$1,200 for the fiscal year ending September 30, 2016.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. The City’s total contributions to TESRS (including the deposit for TLFFRA) for the year ending September 30, 2016, were \$2,496, equal to the contributions required under both S.B. 411 and H.B. 258 for the year.

Net Pension Liability:

The city’s Net Pension Liability (NPL) was measured as of December 31, 2015 for TMRS and August 31, 2016 for TESRS, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions

Schedule of Actuarial Assumptions	TMRS	TESRS
Valuation Date	12/31/15	8/31/16
Inflation	2.5%	3.00%
Overall payroll growth	3.0% per year	N/A
Investment Rate of Return	6.75%	7.75%, net of pension plan investment expense, 4.75% net real rate of return plus inflation
Salary Increases	3.5% to 10.5% including inflation	
Mortality Assumption	RP-2000 Combined Healthy Mortality Table scaled BB by 109% for males and 103% for females	RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by Scale AA

TMRS

For TMRS, actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	<u>100%</u>	

TESRS

For TESRS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Equities:		
Large cap domestic	32.00%	5.72%
Small cap domestic	10.00%	5.96%
Developed International	21.00%	6.21%
Emerging markets	6.00%	7.18%
Master limited partnership	5.00%	7.61%
Fixed income:		
Domestic	26.00%	1.61%
International	0.00%	1.81%
Cash	0.00%	0.00%
Total	<u>100%</u>	

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

Discount Rate

TMRS

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

TESRS

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	5.75%	6.75%	7.75%
City's Net Pension Liability - TMRS	\$23,205,307	\$10,870,772	\$777,572
	6.75%	7.75%	8.75%
City's Proportionate Share of the Net Pension Liability - TESRS	\$29,929	\$17,083	\$9,703

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

Changes in the Net Pension Liability – TMRS

Changes in the City’s net pension liability for the TMRS pension for the fiscal year ended September 30, 2016 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 9/30/2015	\$ 71,593,306	\$ 66,246,284	\$ 5,347,022
Changes for the year:			
Service cost	3,146,606	-	3,146,606
Interest	5,036,145	-	5,036,145
Change of benefit terms	-	-	-
Difference between expected and actual experience	(255,681)	-	(255,681)
Change of assumptions	1,263,377	-	1,263,377
Contributions - employer	-	2,068,394	(2,068,394)
Contributions - employee	-	1,563,024	(1,563,024)
Net investment income	-	97,759	(97,759)
Benefit payments, including refunds of employee contributions	(2,443,370)	(2,443,370)	-
Administrative expense	-	(59,540)	59,540
Other changes	-	(2,940)	2,940
Net changes	6,747,077	1,223,327	5,523,750
Balance at 9/30/2016	\$ 78,340,383	\$ 67,469,611	\$ 10,870,772

City Proportion of Net Pension Liability – TESRS

The City’s proportionate share of the net pension liability of the TESRS at September 30, 2016 is \$17,083, and the proportion percentage of the aggregate net pension liability allocated to the City is 0.064%. The City’s proportion of the net pension liability was based on actual required contributions of each of the participating departments for the plan’s fiscal year.

Pension Plan Fiduciary Net Position

Detailed information about the pension plans’ Fiduciary Net Position is available in a separately-issued financial report. The TMRS financial report may be obtained on the Internet at www.tmr.com. The TESRS financial report may be obtained on the Internet at www.tesrs.org.

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

For the year ended September 30, 2016, the City recognized pension expense of \$3,310,633 for the TMRS pension plan and \$2,682 for the TESRS pension plan for a total pension expense of \$3,313,315.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 16 – PENSION PLANS (Continued)

At September 30, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TMRS		TESRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 215,606	\$ -	\$ -	\$ -	\$ 215,606
Changes in actuarial assumptions	1,065,356	-	-	-	1,065,356	-
Differences between projected and actual investment earnings	3,631,584	-	3,138	-	3,634,722	-
Contributions subsequent to the measurement date	1,648,547	-	2,160	-	1,650,707	-
Total	<u>\$ 6,345,487</u>	<u>\$ 215,606</u>	<u>\$ 5,298</u>	<u>\$ -</u>	<u>\$ 6,350,785</u>	<u>\$ 215,606</u>

\$1,648,547 of contributions paid to the pension plans subsequent to measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining deferred outflows and (inflows) of resources related to pensions will be amortized and recognized in pension expense as follows:

Year ending September 30,	TMRS	TESRS
2017	\$ 1,265,665	\$ 601
2018	1,265,665	601
2019	1,265,667	601
2020	1,108,589	1,334
2021	171,465	-
Thereafter	60,020	-
	<u>\$ 5,137,071</u>	<u>\$ 3,138</u>

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS

A. Post Retirement Health Care Benefits

Plan Description

City of Mission, Texas Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the City of Mission. The plan covers health insurance benefits. Eligible City retirees and their dependents may continue health care coverage through the City for up to 24 months after retirement from the City. The City pays 100% of the employee’s premiums for retirees who complete 25 years of service. Employees who do not meet the 25 years of service are required to pay for coverage for themselves at 100% after retirement. All employees pay 100% of the dependent coverage. The City does not issue separate audited financial statements for the postemployment benefit plan.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. Total premiums and health claims for fiscal year 2016 were \$68,596 for retirees, contributed by the City.

Annual OPEB Cost and Net OPEB Obligation

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

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	\$	196,428
Interest on net OPEB obligation		33,238
Adjustment to annual required contribution		<u>(49,362)</u>
Annual OPEB cost		180,304
Contributions Made		<u>59,407</u>
Increase in net OPEB obligation		120,897
Net OPEB obligation - beginning of year		<u>874,680</u>
Net OPEB obligation -end of year	\$	<u><u>995,577</u></u>

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2014	206,277	23.81%	740,391
9/30/2015	197,038	31.85%	874,680
9/30/2016	180,304	32.90%	995,577

Funded Status and Funding Progress

As of September 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,545,005, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,545,005.

The covered payroll (annual payroll of active employees covered by the plan) was \$18,094,923 and the ratio of the UAAL to the covered payroll was 8.5%.

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

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

Actuarial Methods and Assumptions

Actuarial calculations reflect a long-term perspective. The actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

- a) The actuarial cost method used is the Projected Unit Credit method.
- b) As of this valuation date, there are no assets, hence no need for actuarial value of assets.
- c) See table below for disclosure of significant actuarial assumptions.
- d) The amortization method is level dollar. The amortization period is 30 years. The period is open.

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

Valuation date	September 30, 2016
Discount rate	3.8%
Claims costs	Derived from claim and enrollment records for the period September 2013 through September 2016, and adjusted for the risk characteristics of the covered group
Rate of Inflation	2.5%
Rate of Growth in Real Income/GDP per capita	1.6%
Extra Trend due to Technology and other factors	1.3%
Expected health share of GDP in 2020	18.5%
Health Share of GDP Resistance Point	25.0%
Year of Limiting Cost Growth to GDP Growth	2075

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 1st of any year to be effective the following January 1st.

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

The City offers supplemental death benefits to:

	Plan Year 2015	Plan Year 2016
Active employees	Yes	Yes
Retirees	Yes	Yes

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

The City’s contributions to the TMRS SDBF for the years ended 2016, 2015, and 2014 were \$38,670, \$35,480, and \$30,283 respectively, which equaled the required contributions each year.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 18 – CONTINGENT LIABILITIES

A. Litigation

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

B. Federally Assisted Grant Programs

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

NOTE 19 – CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At September 30, 2016, the City had several active construction projects. The projects include renovation of parks and improvements of infrastructure.

A. Primary Government

Project	Spent to Date	Remaining Commitment	Financing Sources
Inspiration Rd US 83 Exp N to Mile 3	\$ 3,064,546	\$ 211,316	2010 CO/Operating
Mile 2 N Conway W to Inspiration	971,882	28,500	Operating
Conway Ave Streetscape Project	1,903,931	150,068	Operating/Grant
Taylor Rd US 83 Exp to N Dove	2,132,890	1,320,103	Operating
Mile 2 N Project	3,797,519	2,487,860	Capital Projects
Mile 2 N.Moorefield to Inspiration Rd	33,962	166,900	2010 CO
Old Floodway Drain Ditch Outfall Melba Carter	199,197	1,873	Operating
Mission Event Center	116,767	226,652	2016 CO
Mission Event Center Property	75,000	2,755,025	2016 CO
N.WWTP 4.5MGD Expansion Project	1,105,806	549,194	Operating
NW EDAP 4.5Mile TO 7 Mile Sewer Project	262,120	264,879	2014 TWDB/GT
Shary Rd Lift Station Project	76,358	116,042	Operating
	<u>\$ 13,739,978</u>	<u>\$ 8,278,412</u>	

The City has entered into several Advance Funding Agreements (AFA's) with the Texas Department of Transportation to fund various road widening and improvement projects within the City limits. These AFA's commit state or federal resources to the projects and require participation of the City in the cost of the projects. The City has signed engineering contracts in relation to these AFA's and the commitments under such contracts are reflected in the commitment summary noted above.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 20 – OPERATING LEASE COMMITMENTS

A. Primary Government

The City leases office equipment and golf carts under operating leases. Total costs for such leases were \$90,494 for the year ended September 30, 2016. The future minimum lease payments for these leases are as follows:

September 30,		
2017	\$	90,494
2018		65,135
2019		65,135
2020		1,192
2021		-
Thereafter		-
Total	\$	221,956

B. Mission Economic Development Corporation

MEDC leased office space under an operating lease agreement with monthly payments of \$1,373 for 12 months. The lease term ended on April 30, 2016 and the lease was not renewed.

NOTE 21 – CAPITAL LEASE COMMITMENTS

A. Primary Government

The City has entered into lease agreements as a lessee for financing the acquisition of equipment for the golf course owned by the City reflected under business-type activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments totaling \$252,876 at the inception date. Depreciation expense for the equipment totaled \$39,696 for the year ended September 30, 2016. The equipment and related depreciation is included in Note 6.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 are as follows:

September 30,		
2017	\$	49,403
2018		49,413
2019		49,413
2020		49,413
2021		8,237
Total minimum lease payments		205,879
	Less interest:	(12,880)
Present value of minimum lease payments	\$	192,999

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 21 – CAPITAL LEASE COMMITMENTS (Continued)

B. Mission Economic Development Corporation

MEDC leases a 55,000 square foot facility under a lease agreement classified as a capital lease. The facility is used as the Center for Education and Economic Development (CEED). The lease has been recorded at the present value of their future minimum lease payments totaling \$9,268,541 at the inception date. Depreciation expense for the building totaled \$135,166 for the year ended September 30, 2016. The building and related depreciation is included in Note 6.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 are as follows:

September 30,		
2017	\$	660,000
2018		660,000
2019		660,000
2020		660,000
2021		660,000
Thereafter		9,707,500
Total minimum lease payments		13,007,500
	Less interest:	(3,857,969)
Present value of minimum lease payments	\$	9,149,531

NOTE 22 – RISK MANAGEMENT

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

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

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Health liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs and other economic and social factors.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 22 – RISK MANAGEMENT (Continued)

The following is a reconciliation of the claims liability:

	2016	2015
Unpaid claims, beginning of fiscal year	\$ 169,874	\$ 175,221
Incurred claims and adjustments	3,125,125	2,634,175
Claims payments	(3,052,582)	(2,639,522)
Unpaid claims (IBNRs), end of fiscal year	\$ 242,417	\$ 169,874

NOTE 23 – COMPONENT UNIT TRANSACTIONS

A. The City's economic development activities via City Council Resolution delegated all economic development activities to MEDC.

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

Additionally the President of the board of directors for MEDC is also the President of Lone Star National Bank. During the year ended September 30, 2016, MEDC obtained a \$2,000,000 note from Lone Star National Bank.

B. During the year ended September 30, 2016 Mission Redevelopment Authority reimbursed the City for costs incurred related to various projects in the amount of \$1,126,888. At September 30, 2016, the MRA owed the City \$6,287 for administrative costs. Additionally, the City owed MRA \$125,737 for property taxes collected but not yet remitted.

NOTE 24 – CONDUIT DEBT OBLIGATIONS

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

	Balance at September 30, 2016
\$2,500,000 Mission Economic Development Corporation Industrial Development Revenue Bond (AmeriTex Pipe & Products, LLC Project), Series 2016A	\$ 2,356,440
\$7,500,000 Mission Economic Development Corporation Industrial Development Revenue Bond (AmeriTex Pipe & Products, LLC Project), Series 2016B	7,500,000
\$6,000,000 Mission Economic Development Corporation Variable Rate Demand Industrial Development Revenue Bonds (CMI Project) Series 2007	4,580,000

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 24 – CONDUIT DEBT OBLIGATIONS (Continued)

	Balance at September 30, 2016
\$40,200,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Dallas Clean Energy McCommas Bluff Project) Series 2011	30,210,000
\$48,000,000 Mission Economic Development Corporation Water Supply Revenue Bonds (Enviro Water Minerals Project), Series 2015 (Green Bonds)	48,000,000
\$24,000,000 Mission Economic Development Corporation Variable Rate Demand Solid Waste Disposal Revenue Bonds (IESI TX Corp. Project) Series 2007	24,000,000
\$50,000,000 Mission Economic Development Corporation Senior Lien Revenue Bonds (Natgasoline Project) Series 2016A	50,000,000
\$202,885,000 Mission Economic Development Corporation Senior Lien Revenue Bonds (Natgasoline Project) Series 2016B	202,885,000
\$9,000,000 Mission Economic Development Corporation Taxable Power Purchase Agreement Revenue Bonds (Nelson Gardens Energy, LLC Project) Series 2013	8,960,000
\$56,200,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Allied Waste North America, Inc. Project) Series 2008A	56,200,000
\$56,800,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Refunding Bonds (Republic Services, Inc. Project) Series 2012	56,800,000
\$41,750,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Refunding Bonds (Waste Management, Inc. Project) Series 2006	41,750,000
\$67,000,000 Mission Economic Development Corporation Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2008	67,000,000
	\$ 600,241,440

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 24 – CONDUIT DEBT OBLIGATIONS (*Continued*)

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

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

In connection with the process which ultimately may lead to the issuance of conduit debt, MEDC charges an application fee of \$2,500 per application. During the year ended September 30, 2016, MEDC received \$2,500 of which \$1,250 was paid to the advisors.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds, which ranges from 2 basis points to 5 basis points depending on the type of project and the rating of the bonds being issued. For the year ended September 30, 2016, MEDC received \$1,043,152 of which \$521,576 was paid to the advisor for local access fees.

In total, MEDC collected \$1,045,652 in fees related to conduit debt of which \$522,826 was paid to its advisors for application, issuance, advisor and local access fees.

NOTE 25 – COMPLIANCE WITH REVENUE BOND COVENANTS

A. Certain Required Annual Disclosure

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

B. Revenue Bond Coverage

Per the Revenue Bond debt covenants, the City's Utility Fund is required to maintain a 125% coverage over the succeeding fiscal year's debt service requirement (first lien bonds); or 125% over the greater of the average annual debt service requirements or the succeeding fiscal year's debt service requirements (junior lien bonds). For the fiscal year ended September 30, 2016 the City's Utility Fund met these coverage requirements.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 26 – TAX INCREMENT REINVESTMENT ZONE

On September 24, 2001, the City established a Tax Increment Reinvestment Zone Number One (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The zone was formed to facilitate the provision of public works or improvements. A portion of the real property advalorem taxes levied by participating taxing entities is set aside for this purpose beginning with taxes levied after January 1, 2002 tax levies. The amount set aside out of the annually adopted tax levy, is based upon the appraised value each January 1st compared to the base year appraised value of property in the zone as of January 1, 2001. The City of Mission and Hidalgo County are the only taxing entities participating in the Increment Zone. The City accounts for TIRZ as a Special Revenue Fund.

Effective October 1, 2008 the City elected to transfer only the amounts of the tax increment which has been collected for the Tax Increment Reinvestment Zone 1. Hidalgo County also elected, to transfer to the Zone only the amount of the tax increment actually collected each year. For the current year the amounts transferred were \$2,407,788 and \$2,383,108 from the County and City respectively.

NOTE 27 – INTEREST IN INTERNATIONAL TOLL BRIDGE

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

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

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

In order to finance the construction of the Anzalduas Bridge, the City of McAllen issued \$39,160,000 in revenue bonds during fiscal year ending 2007 in two separate series, \$26,000,000 Series 2007A and \$13,160,000 Series B. The Bonds are secured by a pledge of net revenues of the McAllen International Toll Bridge (“Hidalgo Bridge”), located in 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.

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 27 – INTEREST IN INTERNATIONAL TOLL BRIDGE (Continued)

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

However, until 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, 2016, the amount advanced since the inception for the City of Mission is \$2,592,342 and is reflected as part of non-current liabilities due in more than one year in the Statement of Net Position. See also Note 9.

NOTE 28 – COMPLIANCE AND ACCOUNTABILITY

A. Finance – Related Legal and Contractual Provision

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

Expenditures Exceeding Appropriations

During the year ended September 30, 2016 the City complied with the budgetary requirements for the General Fund.

Deficit Fund Balance or Fund Net Position of Individual Funds:

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

Fund Name	Deficit Amount	Remarks
None Reported	Not Applicable	Not Applicable

Mission Redevelopment Authority

A net position deficit exists in the amount of \$7,419,746 for year ended September 30, 2016. This deficit is due to MRA issuing debt to pay for facilities that were conveyed, or will be conveyed, to the City or the State of Texas. MRA anticipates that with the expected development in the area, tax increment revenues will be sufficient to cover operating costs of MRA and to service the outstanding debt.

NOTE 29 – FUND BALANCES

At September 30, 2016 the City of Mission has classified its fund balances with the following hierarchy:

Assigned – The City Council has assigned resources for the purpose of meeting subsequent year’s budget-appropriation of fund balance. In addition, resources have been assigned for the purpose of payment of certain capital asset replacements needed, and for funds to be used for various programs to be conducted by the Boy’s and Girl’s Club.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 29 – FUND BALANCES (Continued)

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

	General Fund	Debt Service Fund	2016 CO Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Long term receivable	\$ 22,400	\$ -	\$ -	\$ -	\$ 22,400
Inventory	826	-	-	-	826
Prepaid	23,750	-	-	-	23,750
MEDA- land for resale	-	-	-	764,338	764,338
Restricted:					
Capital improvements	-	-	19,925,721	600,267	20,525,988
Debt service	-	2,819,500	-	-	2,819,500
Aquatics programs	-	-	-	-	-
Municipal Courts					
Technology	-	-	-	196,421	196,421
Building security	-	-	-	69,319	69,319
Juvenile case manager	-	-	-	149,784	149,784
PD asset sharing	-	-	-	947,086	947,086
Drainage improvements	-	-	-	1,583,039	1,583,039
Scholarships and books	-	-	-	25,826	25,826
Tourism	-	-	-	1,068,442	1,068,442
Perpetual care	-	-	-	35,335	35,335
Records preservation	-	-	-	6,850	6,850
PEG	-	-	-	419,765	419,765
Economic development	-	-	-	1,198,990	1,198,990
Tax increment	-	-	-	3,554	3,554
Assigned:					
Asset replacement	86,250	-	-	-	86,250
Boys and Girls Club	-	-	-	-	-
Subsequent year's budget- appropriation of fund balance	3,151,537	-	-	-	3,151,537
Unassigned	4,073,075	-	-	-	4,073,075
Total fund balances	<u>\$ 7,357,838</u>	<u>\$ 2,819,500</u>	<u>\$ 19,925,721</u>	<u>\$ 7,069,016</u>	<u>\$ 37,172,075</u>

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the general fund, special revenue funds, and capital projects funds. Certain amounts which were classified as restricted, committed or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balance are as follows:

General fund - assigned	\$ 580,575
Other governmental funds	<u>10,976,243</u>
	<u>\$ 11,556,818</u>

CITY OF MISSION, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE 30 – COMMITMENTS

A. Mission Economic Development Corporation

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

Incentives	Committed	Expended to Date	Remaining Commitment
Royal Technology	\$ 1,300,000	\$ 900,000	\$ 400,000
Southwest Steel Coil	450,000	-	450,000
Wonderful Citrus	3,000,000	300,000	2,700,000
Metal Processing International	55,000	-	55,000
Other infrastructure projects	330,000	39,410	290,590
Infrastructure projects *	1,000,000	558,025	441,975
Total	<u>\$6,135,000</u>	<u>\$ 1,797,435</u>	<u>\$ 4,337,565</u>

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

B. Mission Redevelopment Authority

For the year ended September 30, 2016, the Authority has commitments of \$1,087,500 and \$682,000, for the engineering contracts on the Lift Station Project for the Bentsen Palm Development and the Military Waterline Loop Project, respectively. On July 26, 2016, MRA entered into an agreement with the City to finance, design, and construct the City of Mission’s Event Center. The City shall issue its bonded debt to finance the Event Center. MRA will reimburse the City for its bond debt service directly attributable to the financing of the construction and design costs, not to exceed \$500,000 per year. Such payments will cease when the bonds issued (including bonds issued to refinance such bonds, if any) have retired.

NOTE 31 – REDEVELOPMENT ASSETS

A. Mission Economic Development Corporation

In accordance with its Strategic Plan, the MEDC has established the Mission Corridors Fund which allows MEDC to set aside \$1 million to be used specifically on the Shary Road and Anzalduas International Corridor (Bryan Road). In the current year, \$71,255 was expended for these projects. MEDC also funded other infrastructure projects including sanitary sewer and paving projects.

The amount expended in the current year was \$37,500 for the Conway and Kika Loop Paving Project and \$93,926 for the Wal-Mart access road project.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 31 – REDEVELOPMENT ASSETS (Continued)

When these construction projects are completed, the redeveloped asset will be transferred to the City of Mission. During FY 2016, \$168,926 in completed projects was conveyed to City of Mission or Texas Department of Transportation.

	Balance 10/1/2015	Increase	Decrease	Balance 9/30/2016
Redevelopment Assets	\$ 76,911	\$ 202,681	\$ 168,926	\$ 110,666
Total Redevelopment Assets	\$ 76,911	\$ 202,681	\$ 168,926	\$ 110,666

B. Mission Redevelopment Authority

Redevelopment assets include engineering and design costs for various road improvement and infrastructure related projects. The changes in redevelopment assets for the year ended September 30, 2016 are as follows:

	Balance 10/1/2015	Increase	Decrease	Balance 9/30/2016
Redevelopment Projects				
US 83 Overpass at Inspiration Road-Phase I	\$ 339,750	\$ -	\$ -	\$ 339,750
US 83 Overpass at Inspiration Road-Phase II	1,856,962	-	-	1,856,962
US 83 Overpass at Inspiration Road-Phase III	78,156	40,687	-	118,843
Military Highway West Wastewater & Water Trunklines	83,948	-	-	83,948
Anzalduas Lift Stations	346,380	-	-	346,380
Total Redevelopment Assets	\$ 2,705,196	\$ 40,687	\$ -	\$ 2,745,883

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

Bryant /Anzalduas Lift Stations	\$ 36,978
Bentsen Palms Lift Station	330,607
Hoerner Street	30,000
Rail Project	100,000
North Inspiration Row Acquisition	12,271
Waterloop Project	617,032
	\$ 1,126,888

The reimbursements represents payments to the City of Mission for redevelopment projects managed by the City.

CITY OF MISSION, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 32 – LAND HELD FOR RESALE

The City through its blended component unit, Mission Economic Development Authority holds commercial real estate lots available for sale within an economically depressed area. During the year, a property was sold. At September 30, 2016 the remaining properties are stated at a cost of \$764,338, which is less than their estimated fair value. These lots will continue to be sold to attract development to further benefit the City.

NOTE 33 – SUBSEQUENT EVENTS

Subsequent to year end, the following event or transaction occurred.

On January 13, 2017 the City received notice that one of their outstanding bonds is at risk for losing its bond insurance with Assured Guaranty Corp. (AGC) due to potential change in their rating. As of March 6, 2017, AGC's rating has not changed and insurance policy and coverage remain in full force and effect.

On October 9, 2016, MEDC purchased 19 acres of land adjacent to the future site of the City of Mission Event Center. The land was purchased for \$5,523,909 and is intended to be sold to retailers that will compliment the event center.

MRA entered into an agreement with the City to reimburse the City for the Military Highway and Inspiration Road Expansion Project on November 28, 2016. MRA will reimburse the City project costs, without interest, not to exceed \$1.3 million. The project is expected to take between 12 to 24 months to complete.

For the purposes of reporting subsequent events, management has considered events occurring up to March 6, 2017, the date the report was available to be issued. No further subsequent events were noted.

*REQUIRED
SUPPLEMENTARY
INFORMATION*



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CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes:				
Ad valorem taxes:				
Current ad valorem taxes	\$ 14,845,000	\$ 14,845,000	\$ 14,831,270	\$ (13,730)
Delinquent ad valorem taxes	443,000	443,000	433,829	(9,171)
Interest and penalties on taxes	340,000	340,000	348,132	8,132
Net Ad Valorem Tax Revenue	15,628,000	15,628,000	15,613,231	(14,769)
Sales tax	7,825,000	7,825,000	7,584,018	(240,982)
Sales tax-tax abatement	3,912,500	3,912,500	3,792,009	(120,491)
Franchise business tax	2,325,500	2,325,500	2,421,809	96,309
Telecommunication access fee	217,000	217,000	246,664	29,664
Mixed drink tax	60,000	60,000	31,131	(28,869)
Total Taxes	29,968,000	29,968,000	29,688,862	(279,138)
Licenses and permits:				
Occupational licenses	50,000	50,000	37,745	(12,255)
Moving and building permits	250,000	250,000	319,173	69,173
Health permits	27,000	27,000	34,450	7,450
Electrical permits	65,000	65,000	84,232	19,232
Mechanical permits	30,000	30,000	42,447	12,447
Plumbing permits	55,000	55,000	61,866	6,866
Alarm permits	12,000	12,000	14,960	2,960
Miscellaneous	35,000	35,000	39,998	4,998
Total Licenses and Permits	524,000	524,000	634,871	110,871
Intergovernmental:				
MCISD and SISD Dare Program	587,500	587,500	728,969	141,469
Reimb.-Hidalgo Co.-Taylor Rd.	838,590	838,590	110,496	(728,094)
Reimb.-City of McAllen-Taylor Rd.	838,590	838,590	110,496	(728,094)
Reimb.-Mcallen Bridge Board	-	-	7,500	7,500
County contribution-rural fires	40,000	40,000	57,450	17,450
County restitution reimbursement	1,500	1,500	1,111	(389)
Overhead-MRA	200,000	200,000	239,545	39,545
FEMA reimbursement	-	-	41,129	41,129
FBI overtime	-	-	2,381	2,381
Task Force	25,000	25,000	31,126	6,126
Peace Officers Fire Prev.	-	-	971	971
DEA Overtime Task Force	32,000	32,000	34,796	2,796
Hidalgo County-library	-	14,513	9,828	(4,685)
Total Intergovernmental	2,563,180	2,577,693	1,375,798	(1,201,895)

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Charges for services:				
Birth certificate service	1,100	1,100	942	(158)
Inspection fee-2%	25,000	25,000	70,563	45,563
Construction material testing fee	10,000	10,000	65,157	55,157
Fire inspection fee	22,000	22,000	25,907	3,907
Judicial fee-City	5,500	5,500	4,603	(897)
Corporation court fines tax	50,000	50,000	44,571	(5,429)
Abandoned motor vehicle fee	-	-	3,210	3,210
Library reservations fee	60	60	240	180
Lot cleaning	25,000	25,000	66,394	41,394
Lot cleaning-admin. Fee	10,000	10,000	36,439	26,439
Lease-service center complex	6,000	6,000	5,500	(500)
Library copies	30,000	30,000	45,267	15,267
Rent-City buildings	6,000	6,000	7,401	1,401
Basketball fees & charges	8,500	8,500	3,430	(5,070)
Softball fees & charges	11,000	11,000	1,900	(9,100)
Football fees & charges	7,500	7,500	2,900	(4,600)
Kickball fees & charges	2,400	2,400	-	(2,400)
Volleyball fees & charges	4,100	4,100	5,070	970
Park facility rentals	8,000	8,000	35,263	27,263
Other recreational fees	8,000	8,000	8,968	968
Bannworth pool fees	39,500	39,500	47,701	8,201
Year-round swim program	16,200	16,200	11,405	(4,795)
Library rentals	75	75	365	290
Cemetery charges	75,000	75,000	98,510	23,510
Vital statistics	115,000	115,000	127,640	12,640
Burial transit permit	1,000	1,000	725	(275)
Animal control & shelter fee	3,000	3,000	2,776	(224)
Zoning and subdivision fees	40,000	40,000	38,295	(1,705)
Plans and specifications	-	-	200	200
5% credit card fee	11,000	11,000	12,018	1,018
Food manager/handler ID fee	18,000	18,000	21,635	3,635
Arrest fees-M.P.D.	46,000	46,000	39,470	(6,530)
Truancy prevention & diversion	2,500	2,500	6,770	4,270
Police Dept. service charges	8,000	8,000	8,659	659
Total Charges for Services	<u>615,435</u>	<u>615,435</u>	<u>849,894</u>	<u>234,459</u>
Fines:				
Corporation court fines	690,000	690,000	660,097	(29,903)
Warrant execution fee	155,000	155,000	136,290	(18,710)
Library fines	7,500	7,500	10,639	3,139
Total Fines	<u>852,500</u>	<u>852,500</u>	<u>807,026</u>	<u>(45,474)</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Interest:				
Interest earned on investments	35,000	35,000	38,771	3,771
Interest earned on demand deposits	8,500	8,500	15,969	7,469
Total Interest	43,500	43,500	54,740	11,240
Miscellaneous:				
Reimb.-TX Citrus Fiesta	45,000	45,000	33,689	(11,311)
Reimb.-Other state agencies	-	-	75,592	75,592
Child safety fees	10,000	10,000	11,759	1,759
Library donations/memorial	200	200	162	(38)
Insurance settlement	25,000	25,000	25,358	358
Miscellaneous income	35,000	35,000	173,456	138,456
Coke machine & vending machines	2,000	2,000	2,742	742
Street signs reimbursement	1,000	1,000	-	(1,000)
Subdividers reimb.-streets	-	-	4,272	4,272
Universal service fund rebate	-	25,147	25,252	105
Oil lease	2,000	2,000	-	(2,000)
Reimbursement-MEDC	1,000,000	1,000,000	1,000,000	-
Contribution and donations	500	500	-	(500)
Total Miscellaneous	1,120,700	1,145,847	1,352,282	206,435
Total Revenues	35,687,315	35,726,975	34,763,473	(963,502)
Expenditures:				
Current:				
General Government:				
Legislative:				
Personal services	2,100	2,100	1,800	300
Employee benefits	1,365	1,365	1,342	23
Other purchased services	16,120	16,298	14,147	2,151
Supplies	3,500	3,322	2,474	848
Miscellaneous	600	600	456	144
	23,685	23,685	20,219	3,466
Executive Administration:				
Personal services	681,650	681,650	598,240	83,410
Employee benefits	170,354	170,354	143,890	26,464
Purchased property services	25,702	20,902	19,009	1,893
Other purchased services	26,625	26,125	18,673	7,452
Supplies	6,750	12,450	9,277	3,173
Capital outlays	1,300	1,300	-	1,300
Miscellaneous	6,850	6,450	3,492	2,958
	919,231	919,231	792,581	126,650

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Finance Department:				
Personal services	391,212	391,212	312,391	78,821
Employee benefits	109,681	109,681	87,631	22,050
Purchased property services	4,100	4,100	3,230	870
Other purchased services	8,800	9,000	6,735	2,265
Supplies	6,300	6,100	4,718	1,382
Miscellaneous	1,000	1,000	795	205
	<u>521,093</u>	<u>521,093</u>	<u>415,500</u>	<u>105,593</u>
Municipal Court:				
Personal services	481,761	481,761	478,927	2,834
Employee benefits	142,361	142,361	137,205	5,156
Other purchased services	4,550	4,550	4,451	99
Supplies	6,500	6,500	6,417	83
Miscellaneous	5,840	5,840	4,935	905
	<u>641,012</u>	<u>641,012</u>	<u>631,935</u>	<u>9,077</u>
Planning:				
Personal services	522,551	522,551	500,020	22,531
Employee benefits	159,937	159,937	155,922	4,015
Purchased property services	6,953	6,718	6,718	-
Other purchased services	27,900	27,985	24,793	3,192
Supplies	19,450	18,600	14,580	4,020
Capital outlays	1,000	1,000	968	32
Miscellaneous	69,950	70,950	86,071	(15,121)
	<u>807,741</u>	<u>807,741</u>	<u>789,072</u>	<u>18,669</u>
Facilities Maintenance:				
Personal services	341,522	341,522	311,666	29,856
Employee benefits	130,114	130,114	118,761	11,353
Purchased property services	61,500	60,906	42,632	18,274
Other purchased services	3,000	3,594	3,306	288
Supplies	160,400	185,519	178,698	6,821
Capital outlays	15,000	15,000	15,513	(513)
Miscellaneous	1,000	1,000	175	825
	<u>712,536</u>	<u>737,655</u>	<u>670,751</u>	<u>66,904</u>
Fleet Maintenance:				
Professional & technical services	903,000	903,000	838,218	64,782
Capital outlay	9,000	9,000	7,445	1,555
Miscellaneous	60,000	82,954	109,483	(26,529)
	<u>972,000</u>	<u>994,954</u>	<u>955,146</u>	<u>39,808</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Organizational Expense:				
Professional & technical services	1,224,522	1,059,463	949,598	109,865
Purchased property services	166,800	166,800	125,400	41,400
Other purchased services	113,750	162,173	195,754	(33,581)
Supplies	28,750	28,750	9,481	19,269
Capital outlays	209,000	359,000	37,565	321,435
Miscellaneous	539,600	380,650	381,623	(973)
	<u>2,282,422</u>	<u>2,156,836</u>	<u>1,699,421</u>	<u>457,415</u>
Purchasing:				
Personal services	160,070	160,070	154,959	5,111
Employee benefits	50,614	50,614	47,069	3,545
Purchased property services	2,550	2,550	1,538	1,012
Other purchased services	16,400	16,400	17,932	(1,532)
Supplies	1,450	1,450	1,415	35
Miscellaneous	1,065	1,065	967	98
	<u>232,149</u>	<u>232,149</u>	<u>223,880</u>	<u>8,269</u>
City Secretary:				
Personal services	219,927	219,927	218,453	1,474
Employee benefits	68,217	68,217	66,646	1,571
Professional & technical services	12,000	12,000	10,444	1,556
Purchased property services	1,400	1,400	550	850
Other purchased services	16,600	16,428	11,788	4,640
Supplies	800	972	600	372
Capital outlays	7,700	7,700	6,906	794
Miscellaneous	1,400	1,400	1,307	93
	<u>328,044</u>	<u>328,044</u>	<u>316,694</u>	<u>11,350</u>
Risk Management:				
Personal services	83,744	83,744	84,331	(587)
Employee benefits	27,767	27,767	27,415	352
Professional & technical services	8,500	8,500	5,685	2,815
Purchased property services	2,000	2,000	1,929	71
Other purchased services	338,950	338,950	305,149	33,801
Supplies	10,950	10,950	9,519	1,431
Miscellaneous	100	100	150	(50)
	<u>472,011</u>	<u>472,011</u>	<u>434,178</u>	<u>37,833</u>
Elections:				
Employee benefits	-	-	-	-
Professional & technical services	25,000	25,344	25,344	-
Other purchased services	5,220	4,876	2,496	2,380
Supplies	200	200	19	181
	<u>30,420</u>	<u>30,420</u>	<u>27,859</u>	<u>2,561</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Civil Service:				
Personal services	85,090	85,090	85,744	(654)
Employee benefits	23,324	23,324	23,032	292
Professional & technical services	41,000	41,000	32,465	8,535
Other purchased services	5,150	6,750	6,600	150
Supplies	15,000	14,703	15,072	(369)
	<u>169,564</u>	<u>170,867</u>	<u>162,913</u>	<u>7,954</u>
Human Resources:				
Personal services	168,050	168,050	169,669	(1,619)
Employee benefits	45,865	45,865	44,741	1,124
Professional & technical services	12,000	18,000	15,974	2,026
Purchased property services	1,500	1,500	1,429	71
Other purchased services	3,050	3,160	2,642	518
Supplies	1,750	1,395	1,690	(295)
Miscellaneous	1,685	1,930	1,870	60
	<u>233,900</u>	<u>239,900</u>	<u>238,015</u>	<u>1,885</u>
Information Technology:				
Personal services	162,088	162,088	161,455	633
Employee benefits	51,972	51,972	50,434	1,538
Professional & technical services	-	1,520	1,520	-
Purchased property services	82,000	80,420	79,024	1,396
Other purchased services	5,100	3,100	1,211	1,889
Supplies	800	800	652	148
Capital outlay	-	3,580	3,540	40
Miscellaneous	2,200	680	490	190
	<u>304,160</u>	<u>304,160</u>	<u>298,326</u>	<u>5,834</u>
Media Relations:				
Personal services	107,417	109,717	109,138	579
Employee benefits	30,930	29,780	29,294	486
Other purchased services	1,950	1,950	1,774	176
Supplies	4,400	3,250	2,656	594
	<u>144,697</u>	<u>144,697</u>	<u>142,862</u>	<u>1,835</u>
Total General Government	<u>8,794,665</u>	<u>8,724,455</u>	<u>7,819,352</u>	<u>905,103</u>
Public Safety:				
Police Department:				
Personal services	10,554,451	10,554,451	10,135,237	419,214
Employee benefits	2,863,737	2,863,737	2,659,934	203,803
Professional & technical services	102,000	110,000	106,235	3,765
Purchased property services	429,500	442,200	417,418	24,782
Other purchased services	222,900	228,755	225,415	3,340
Supplies	467,850	439,347	265,003	174,344

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Miscellaneous	22,650	24,598	24,183	415
	<u>14,663,088</u>	<u>14,663,088</u>	<u>13,833,425</u>	<u>829,663</u>
Fire Department:				
Personal services	4,402,302	4,402,302	4,307,707	94,595
Employee benefits	1,163,298	1,163,298	1,058,503	104,795
Purchased property services	155,500	155,500	128,764	26,736
Other purchased services	89,900	105,900	105,249	651
Supplies	194,400	152,200	135,253	16,947
Capital outlays	-	28,561	30,266	(1,705)
Miscellaneous	17,250	14,889	8,084	6,805
	<u>6,022,650</u>	<u>6,022,650</u>	<u>5,773,826</u>	<u>248,824</u>
Fire Prevention Bureau:				
Personal services	419,839	419,839	426,488	(6,649)
Employee benefits	107,472	107,472	102,637	4,835
Purchased property services	6,300	6,300	6,095	205
Other purchased services	10,300	10,300	9,437	863
Supplies	22,300	22,300	16,553	5,747
Capital outlays	4,850	4,850	4,817	33
Miscellaneous	250	250	334	(84)
	<u>571,311</u>	<u>571,311</u>	<u>566,361</u>	<u>4,950</u>
Total Public Safety	<u>21,257,049</u>	<u>21,257,049</u>	<u>20,173,612</u>	<u>1,083,437</u>
Highways and Streets:				
Street Department:				
Personal services	810,200	810,200	760,427	49,773
Employee benefits	362,293	362,293	330,662	31,631
Professional & technical services	45,000	45,000	65,793	(20,793)
Purchased property services	1,223,775	1,256,490	1,348,997	(92,507)
Other purchased services	9,300	11,300	10,607	693
Supplies	453,800	491,015	475,983	15,032
Capital outlays	3,357,167	3,357,167	1,586,256	1,770,911
Miscellaneous	81,720	82,000	182,140	(100,140)
	<u>6,343,255</u>	<u>6,415,465</u>	<u>4,760,865</u>	<u>1,654,600</u>
Total Highways and Streets	<u>6,343,255</u>	<u>6,415,465</u>	<u>4,760,865</u>	<u>1,654,600</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Health and Welfare:				
Health Regulations and Inspections:				
Personal services	247,382	247,382	245,028	2,354
Employee benefits	81,443	81,443	78,509	2,934
Purchased property services	2,400	2,400	1,498	902
Other purchased services	7,050	7,050	6,038	1,012
Supplies	37,500	37,100	26,278	10,822
Capital outlays	32,000	32,000	30,279	1,721
Miscellaneous	1,500	1,900	2,037	(137)
	<u>409,275</u>	<u>409,275</u>	<u>389,667</u>	<u>19,608</u>
 Total Health and Welfare	 <u>409,275</u>	 <u>409,275</u>	 <u>389,667</u>	 <u>19,608</u>
 Culture and Recreation:				
Mission Historical Museum:				
Personal services	173,086	173,086	154,162	18,924
Employee benefits	58,763	58,763	53,651	5,112
Professional & technical services	-	-	-	-
Purchased property services	28,000	28,000	26,869	1,131
Other purchased services	10,800	13,630	9,390	4,240
Supplies	3,500	3,500	2,760	740
Capital outlays	-	-	-	-
Miscellaneous	40	210	175	35
	<u>274,189</u>	<u>277,189</u>	<u>247,007</u>	<u>30,182</u>
 Parks and Recreation Administration:				
Personal services	191,911	191,911	188,188	3,723
Employee benefits	55,765	55,765	53,679	2,086
Purchased property services	27,000	27,000	29,652	(2,652)
Other purchased services	1,850	1,850	2,380	(530)
Supplies	2,700	2,700	2,396	304
Miscellaneous	265	265	52	213
	<u>279,491</u>	<u>279,491</u>	<u>276,347</u>	<u>3,144</u>
 Parks:				
Personal services	868,486	868,486	838,132	30,354
Employee benefits	348,047	348,047	329,151	18,896
Purchased property services	487,000	497,500	406,783	90,717
Other purchased services	16,000	16,000	13,610	2,390
Supplies	213,550	301,550	235,408	66,142
Capital outlays	44,960	84,460	48,988	35,472
Miscellaneous	2,300	2,300	658	1,642
	<u>1,980,343</u>	<u>2,118,343</u>	<u>1,872,730</u>	<u>245,613</u>

CITY OF MISSION, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Recreation:				
Personal services	202,282	209,282	207,433	1,849
Employee benefits	50,912	50,912	49,951	961
Professional and technical services	53,208	53,208	20,698	32,510
Other purchased services	31,000	27,500	8,351	19,149
Supplies	23,400	26,900	20,826	6,074
Miscellaneous	500	500	344	156
	<u>361,302</u>	<u>368,302</u>	<u>307,603</u>	<u>60,699</u>
Library:				
Personal services	758,432	758,432	731,952	26,480
Employee benefits	221,006	221,006	209,823	11,183
Purchased property services	99,300	103,145	105,868	(2,723)
Other purchased services	39,050	52,163	45,634	6,529
Supplies	33,670	44,130	43,953	177
Capital outlays	-	4,500	4,235	265
Miscellaneous	72,350	80,092	78,327	1,765
	<u>1,223,808</u>	<u>1,263,468</u>	<u>1,219,792</u>	<u>43,676</u>
Bannworth Pool:				
Personal services	91,702	91,702	114,812	(23,110)
Employee benefits	25,485	25,485	21,142	4,343
Purchased property services	48,800	48,800	38,630	10,170
Other purchased services	7,700	7,700	6,717	983
Supplies	19,700	19,700	12,456	7,244
Capital outlays	1,110	1,110	1,110	-
Miscellaneous	600	600	495	105
	<u>195,097</u>	<u>195,097</u>	<u>195,362</u>	<u>(265)</u>
Total Culture and Recreation	<u>4,314,230</u>	<u>4,501,890</u>	<u>4,118,841</u>	<u>383,049</u>
Debt Service:				
Principal retirement	49,467	49,467	49,452	15
Interest	9,913	9,913	9,927	(14)
	<u>59,380</u>	<u>59,380</u>	<u>59,379</u>	<u>1</u>
Total Expenditures	<u>41,177,854</u>	<u>41,367,514</u>	<u>37,321,716</u>	<u>4,045,798</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(5,490,539)</u>	<u>(5,640,539)</u>	<u>(2,558,243)</u>	<u>3,082,296</u>

CITY OF MISSION, TEXAS*GENERAL FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Other Financing Sources (Uses):				
Sale of capital assets	-	-	1,575	1,575
Transfers in	4,400,000	4,400,000	4,400,000	-
Transfers out	(3,341,281)	(3,537,741)	(2,483,276)	1,054,465
Total Other Financing Sources (Uses)	<u>(1,058,719)</u>	<u>(862,259)</u>	<u>(1,918,299)</u>	<u>1,056,040</u>
Net Change in Fund Balance	(4,431,820)	(4,778,280)	(639,944)	4,138,336
Fund Balance at Beginning of Year	<u>7,960,804</u>	<u>7,960,804</u>	<u>7,960,804</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,528,984</u>	<u>\$ 3,182,524</u>	<u>\$ 7,320,860</u>	<u>\$ 4,138,336</u>

CITY OF MISSION, TEXAS

EXHIBIT B-2

*RECONCILIATION OF THE GENERAL FUND BUDGETARY SCHEDULE
TO THE STATEMENT OF REVENUES AND EXPENDITURES
SEPTEMBER 30, 2016*

Net Changes in the General Fund Fund Balance \$ (639,944)

Amounts included in the Statement of Revenues and Expenditures for funds which did not meet the requirements for GASB 54 and were merged into the General Fund. Budgets were approved for these funds.

Revenues:

Capital Assets Fund revenues and transfers-in	80,298
Boys and Girls Club Fund revenues and transfers-in	549,399

Expenditures:

Capital Assets expenditures	(49)
Boys and Girls Club expenditures	<u>(685,812)</u>

Net Change in Fund Balances \$ (696,108)

The accompanying notes are an integral part of this statement.

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

	2016	2015
Total Pension Liability		
Service cost	\$ 3,146,606	\$ 2,887,755
Interest (on the total pension liability)	5,036,145	4,642,161
Changes of benefit terms	-	-
Difference between expected and actual experience	(255,681)	270,001
Changes of assumptions	1,263,377	-
Benefit payments, including refunds of employee contributions	(2,443,370)	(2,158,651)
Net change in total pension liability	\$ 6,747,077	\$ 5,641,266
Total pension liability - beginning	71,593,306	65,952,040
Total pension liability - ending (a)	\$ 78,340,383	\$ 71,593,306
 Plan Fiduciary Net Position		
Contributions - employer	\$ 2,068,394	\$ 1,973,751
Contributions - employee	1,563,024	1,528,747
Net investment income	97,759	3,514,549
Benefit payments, including refunds of employee contributions	(2,443,370)	(2,158,651)
Administrative expense	(59,540)	(36,688)
Other	(2,941)	(3,016)
Net change in plan fiduciary net position	\$ 1,223,327	\$ 4,818,692
Plan fiduciary net position - beginning	66,246,284	61,427,592
Plan fiduciary net position - ending (b)	\$ 67,469,611	\$ 66,246,284
 Net Pension Liability (a-b)	\$ 10,870,772	\$ 5,347,022
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability [b/a]	86.12%	92.53%
 Covered - Employee Payroll	\$ 26,048,066	\$ 25,321,089
 Net Pension Liability as a Percentage of Covered Employee Payroll	41.73%	21.12%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios
 GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

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

	2016	2015
City's proportion of the net pension liability	0.064%	0.079%
City's proportionate share of the net pension liability	\$ 17,083	\$ 14,356
City's number of active members*	3	7
City's net pension liability per active member	\$ 5,694	\$ 2,051
Plan fiduciary net position as a percentage of the total pension liability	76.9%	83.5%

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

Notes to Schedule of City's Proportionate Share of the Net Pension Liabilities
 GASB 68 requires 10 fiscal years of data to be provided in this schedule. However, until a full 10-year trend is compiled, this schedule provides the information of those years for which information is available.

CITY OF MISSION, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS FOR ALL PENSION PLANS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016

	2016	2015
Texas Emergency Services Retirement System (TESRS)		
Contractually required contribution	\$ 2,496	\$ 4,224
Contributions in relation to the contractually required contribution	\$ 2,496	\$ 4,224
Contribution deficiency (excess)	\$ -	\$ -
Number of active members*	3	7
Contributions per active member	\$ 832	\$ 603

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

	2016	2015
Texas Municipal Retirement System (TMRS)		
Actuarially determined contribution	\$ 2,068,394	\$ 2,041,476
Contributions in relation to the actuarially determined contribution	\$ 2,068,394	\$ 2,041,476
Contribution deficiency (excess)	-	0
Covered employee payroll	\$ 28,187,323	\$ 25,843,740
Contribution as a percentage of covered employee payroll	7.34%	7.90%

Notes to Schedule of Contributions

Valuation Date-Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

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

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Percent Funded (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
2012	\$ -	\$ 1,386,881	0.0%	\$ 1,386,881	\$ 19,719,814	7.0%
2014	\$ -	\$ 1,520,543	0.0%	\$ 1,520,543	\$ 20,262,429	7.5%
2016	\$ -	\$ 1,545,005	0.0%	\$ 1,545,005	\$ 18,094,923	8.5%

* Estimated

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

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	\$ 3,493,580
Capital Project Funds	\$ 27,659,819

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

During the year ended September 30, 2016, only one General Fund Department expenditures exceeded appropriations by a total of \$265. See Exhibit B-1.

CITY OF MISSION, TEXAS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016

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)	\$ 34,763,473
Adjustments due to GASB Statement 54:	
Capital Asset Replacement Fund revenues	298
Boys and Girls Club revenues	<u>249,399</u>
 Total adjustments necessary	 <u>249,697</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	 <u>\$ 35,013,170</u>

Note: Does not include other financing resources.

CITY OF MISSION, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

Budget to GAAP Reconciliation (Continued)

<u>Expenditures:</u>	<u>General Fund</u>
Actual expenditures (budgetary basis) from the budgetary comparison schedule (Exhibit B-1)	\$37,321,716
Adjustments due to GASB Statement 54:	
Capital Asset Replacement Fund expenditures	49
Boys and Girls Club expenditures	<u>685,812</u>
Total adjustments necessary	<u>685,861</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds (Exhibit A-5)	<u>\$38,007,577</u>

*OTHER
SUPPLEMENTARY
INFORMATION*



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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (CONT'D)

SPECIAL REVENUE FUNDS (Cont'd)

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 2016

EXHIBIT C-1

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Cash and cash equivalents	\$ 4,915,657	\$ 138,206	\$ 5,053,862
Investments	1,026,801	90,344	1,117,145
Prepaid items	1,261	-	1,261
Receivables:			-
Accounts	191,159	-	191,159
Special assessments	139,065	-	139,065
Less: allowance for uncollectibles	(3,271)	-	(3,271)
Due from other governments	121,670	962,858	1,084,528
Due from Component Unit	-	12,271	12,271
Due from other funds	297,558	-	297,558
Land held for resale	764,338	-	764,338
Total Assets	<u>\$ 7,454,238</u>	<u>\$ 1,203,679</u>	<u>\$ 8,657,916</u>
LIABILITIES			
Accounts payable	\$ 342,221	\$ 273,618	\$ 615,839
Other liabilities	7,774	-	7,774
Retainage payable	148,448	168,478	316,926
Accrued payroll	5,881	-	5,881
Due to other funds	88,019	161,316	249,335
Due to component unit	125,737	-	125,737
Unearned revenue	267,408	-	267,408
Total Liabilities	<u>985,488</u>	<u>603,412</u>	<u>1,588,900</u>
FUND BALANCES			
Nonspendable	764,338	-	764,338
Restricted	5,704,411	600,267	6,304,678
Total Fund Balances	<u>6,468,749</u>	<u>600,267</u>	<u>7,069,016</u>
 Total Liabilities and Fund Balances	 <u>\$ 7,454,237</u>	 <u>\$ 1,203,679</u>	 <u>\$ 8,657,916</u>



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CITY OF MISSION, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES			
Taxes and special assessments	\$ 1,604,678	\$ -	\$ 1,604,678
Intergovernmental	4,688,310	2,464,450	7,152,760
Charges for services	251,884	-	251,884
Interest	18,653	1,765	20,418
Miscellaneous	328,329	176,858	505,187
Total Revenues	<u>6,891,854</u>	<u>2,643,073</u>	<u>9,534,927</u>
EXPENDITURES			
Current:			
General government	983,822	-	983,822
Public safety	1,427,863	-	1,427,863
Highways and streets	619,351	-	619,351
Culture and recreation	864,238	-	864,238
Health and welfare	70,049	-	70,049
Economic development	4,933,314	-	4,933,314
Capital projects	-	3,340,965	3,340,965
Total Expenditures	<u>8,898,637</u>	<u>3,340,965</u>	<u>12,239,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,006,783)</u>	<u>(697,892)</u>	<u>(2,704,675)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	(14,891)	-	(14,891)
Transfers in	2,581,618	-	2,581,618
Transfers out	(5,910)	-	(5,910)
Total Other Financing Sources (Uses)	<u>2,560,817</u>	<u>-</u>	<u>2,560,817</u>
Net Change in Fund Balances	554,034	(697,892)	(143,858)
Fund Balances at Beginning of Year	<u>5,914,715</u>	<u>1,298,159</u>	<u>7,212,874</u>
Fund Balances at End of Year	<u>\$ 6,468,749</u>	<u>\$ 600,267</u>	<u>\$ 7,069,016</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016

	<u>CDBG</u>	<u>Aquatics Fund</u>	<u>Police Department Special Fund</u>
ASSETS			
Cash and cash equivalents	\$ (5,701)	\$ (167,156)	\$ 117,413
Investments	-	-	323,904
Prepaid items	483	-	778
Receivables:			
Accounts	-	100	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Due from other governments	16,252	-	-
Due from other funds	-	192,600	-
Land held for resale	-	-	-
Total Assets	<u>\$ 11,034</u>	<u>\$ 25,544</u>	<u>\$ 442,095</u>
LIABILITIES			
Accounts payable	\$ 7,936	\$ 21,495	\$ 237,295
Other liabilities	1,094	766	779
Retainage payable	-	-	-
Accrued payroll	1,996	1,819	-
Due to other funds	8	1,464	-
Due to component unit	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>11,034</u>	<u>25,544</u>	<u>238,074</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	204,021
Total Fund Balances	<u>-</u>	<u>-</u>	<u>204,021</u>
Total Liabilities and Fund Balances	<u>\$ 11,034</u>	<u>\$ 25,544</u>	<u>\$ 442,095</u>

<u>Police Federal Sharing Fund</u>	<u>Municipal Court Technology Fund</u>	<u>Designated Purpose Fund</u>	<u>Drainage Assessment Fund</u>	<u>Cemetery Fund</u>	<u>Records Preservation Fund</u>
\$ 597,623	\$ 205,822	\$ -	\$ 1,259,560	\$ 35,335	\$ 6,850
151,609	-	-	250,412	-	-
-	-	-	-	-	-
-	-	28,460	109	-	-
-	-	-	139,065	-	-
-	-	-	(3,271)	-	-
-	-	105,418	-	-	-
-	-	104,958	-	-	-
-	-	-	-	-	-
<u>\$ 749,232</u>	<u>\$ 205,822</u>	<u>\$ 238,836</u>	<u>\$ 1,645,875</u>	<u>\$ 35,335</u>	<u>\$ 6,850</u>
\$ 6,167	\$ 9,401	\$ 11	\$ 59,711	\$ -	\$ -
-	-	4,595	413	-	-
-	-	148,448	-	-	-
-	-	735	1,063	-	-
-	-	83,937	1,649	-	-
-	-	-	-	-	-
-	-	1,110	-	-	-
<u>6,167</u>	<u>9,401</u>	<u>238,836</u>	<u>62,836</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>743,065</u>	<u>196,421</u>	<u>-</u>	<u>1,583,039</u>	<u>35,335</u>	<u>6,850</u>
<u>743,065</u>	<u>196,421</u>	<u>-</u>	<u>1,583,039</u>	<u>35,335</u>	<u>6,850</u>
<u>\$ 749,232</u>	<u>\$ 205,822</u>	<u>\$ 238,836</u>	<u>\$ 1,645,875</u>	<u>\$ 35,335</u>	<u>\$ 6,850</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
ASSETS			
Cash and cash equivalents	\$ 25,826	\$ 827,910	\$ 69,319
Investments	-	100,252	-
Prepaid items	-	-	-
Receivables:			
Accounts	-	140,281	-
Special assessments	-	-	-
Less: allowance for uncollectibles	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 25,826</u>	<u>\$ 1,068,443</u>	<u>\$ 69,319</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Other liabilities	-	-	-
Retainage payable	-	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	-
Due to component unit	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	-	-
Total Fund Balances	<u>25,826</u>	<u>1,068,442</u>	<u>69,319</u>
Total Liabilities and Fund Balances	<u>\$ 25,826</u>	<u>\$ 1,068,442</u>	<u>\$ 69,319</u>

Park Dedication Fund	Juvenile Case Manager Fund	PEG Capital Fund	Tax Increment Reinvestment Zone Fund	Mission Economic Development Authority	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 266,708	\$ 100,702	\$ 247,165	\$ 129,291	\$ 1,198,990	\$ 4,915,657
-	50,233	150,391	-	-	1,026,801
-	-	-	-	-	1,261
-	-	22,209	-	-	191,159
-	-	-	-	-	139,065
-	-	-	-	-	(3,271)
-	-	-	-	-	121,670
-	-	-	-	-	297,558
-	-	-	-	764,338	764,338
<u>\$ 266,708</u>	<u>\$ 150,935</u>	<u>\$ 419,765</u>	<u>\$ 129,291</u>	<u>\$ 1,963,328</u>	<u>\$ 7,454,238</u>
\$ -	\$ 205	\$ -	\$ -	\$ -	\$ 342,221
-	127	-	-	-	7,774
-	-	-	-	-	148,448
-	268	-	-	-	5,881
410	551	-	-	-	88,019
-	-	-	125,737	-	125,737
266,298	-	-	-	-	267,408
<u>266,708</u>	<u>1,151</u>	<u>-</u>	<u>125,737</u>	<u>-</u>	<u>985,488</u>
-	-	-	-	764,338	764,338
-	149,784	419,765	3,554	1,198,990	5,704,411
-	149,784	419,765	3,554	1,963,328	6,468,749
<u>\$ 266,708</u>	<u>\$ 150,935</u>	<u>\$ 419,765</u>	<u>\$ 129,291</u>	<u>\$ 1,963,328</u>	<u>\$ 7,454,237</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, 2016

	<u>CDBG</u>	<u>Aquatics Fund</u>	<u>Police Department Special Fund</u>
REVENUES			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	964,739	-	6,133
Charges for services	-	51,393	-
Interest	-	-	2,126
Miscellaneous	-	349	3,161
Total Revenues	<u>964,739</u>	<u>51,742</u>	<u>11,420</u>
EXPENDITURES			
Current:			
General government	894,690	-	-
Public safety	-	-	314,479
Highways and streets	-	-	-
Culture and recreation	-	254,342	-
Health and welfare	70,049	-	-
Economic development	-	-	-
Total Expenditures	<u>964,739</u>	<u>254,342</u>	<u>314,479</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	<u>-</u>	<u>(202,600)</u>	<u>(303,059)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	-	(14,891)
Transfers in	-	192,600	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>192,600</u>	<u>(14,891)</u>
Net Change in Fund Balances	-	(10,000)	(317,950)
Fund Balances at Beginning of Year	<u>-</u>	<u>10,000</u>	<u>521,971</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,021</u>

Police Federal Sharing Fund	Municipal Court Technology Fund	Designated Purpose Fund	Drainage Assessment Fund	Cemetery Fund	Records Preservation Fund
\$ -	\$ -	\$ -	\$ 918,844	\$ -	\$ -
477,584	-	832,067	-	-	-
-	32,497	-	-	11,600	6,821
2,523	1,223	-	4,859	115	16
67,478	-	-	213	-	-
<u>547,585</u>	<u>33,720</u>	<u>832,067</u>	<u>923,916</u>	<u>11,715</u>	<u>6,837</u>
-	16,709	-	-	28,867	6,905
328,220	-	785,163	-	-	-
-	-	-	619,351	-	-
-	-	52,814	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>328,220</u>	<u>16,709</u>	<u>837,977</u>	<u>619,351</u>	<u>28,867</u>	<u>6,905</u>
219,365	17,011	(5,910)	304,565	(17,152)	(68)
-	-	-	-	-	-
-	-	5,910	-	-	-
<u>(5,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,910)</u>	<u>-</u>	<u>5,910</u>	<u>-</u>	<u>-</u>	<u>-</u>
213,455	17,011	-	304,565	(17,152)	(68)
529,610	179,410	-	1,278,474	52,487	6,918
<u>\$ 743,065</u>	<u>\$ 196,421</u>	<u>\$ -</u>	<u>\$ 1,583,039</u>	<u>\$ 35,335</u>	<u>\$ 6,850</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, 2016*

	Speer Memorial Library	Hotel/Motel Tax Fund	Municipal Court Building Security Fund
REVENUES			
Taxes and special assessments	\$ -	\$ 685,834	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	24,250
Interest	-	2,666	997
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>688,500</u>	<u>25,247</u>
EXPENDITURES			
Current:			
General government	-	-	10,177
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	469,484	-
Health and welfare	-	-	-
Economic development	-	-	-
Total Expenditures	<u>-</u>	<u>469,484</u>	<u>10,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>219,016</u>	<u>15,070</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	219,016	15,070
Fund Balances at Beginning of Year	<u>25,826</u>	<u>849,426</u>	<u>54,249</u>
Fund Balances at End of Year	<u>\$ 25,826</u>	<u>\$ 1,068,442</u>	<u>\$ 69,319</u>

Park Dedication Fund	Juvenile Case Manager Fund	PEG Capital Fund	Tax Increment Reinvestment Zone Fund	Mission Economic Development Authority	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,604,678
-	-	-	2,407,788	-	4,688,311
87,598	37,727	-	-	-	251,886
-	526	2,588	78	933	18,650
-	-	90,246	-	166,882	328,329
<u>87,598</u>	<u>38,253</u>	<u>92,834</u>	<u>2,407,866</u>	<u>167,815</u>	<u>6,891,854</u>
-	26,225	250	-	-	983,823
-	-	-	-	-	1,427,862
-	-	-	-	-	619,351
87,598	-	-	-	-	864,238
-	-	-	-	-	70,049
-	-	-	4,790,956	142,358	4,933,314
<u>87,598</u>	<u>26,225</u>	<u>250</u>	<u>4,790,956</u>	<u>142,358</u>	<u>8,898,637</u>
-	12,028	92,584	(2,383,090)	25,457	(2,006,783)
-	-	-	-	-	(14,891)
-	-	-	2,383,108	-	2,581,618
-	-	-	-	-	(5,910)
-	-	-	2,383,108	-	2,560,817
-	12,028	92,584	18	25,457	554,034
-	137,756	327,181	3,536	1,937,871	5,914,715
<u>\$ -</u>	<u>\$ 149,784</u>	<u>\$ 419,765</u>	<u>\$ 3,554</u>	<u>\$ 1,963,328</u>	<u>\$ 6,468,749</u>

CITY OF MISSION, TEXAS
COMMUNITY DEVELOPMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-5

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Community Development Block Grant	\$ 1,293,580	\$ 964,739	\$ (328,841)
Total Intergovernmental	<u>1,293,580</u>	<u>964,739</u>	<u>(328,841)</u>
Total Revenues	<u>1,293,580</u>	<u>964,739</u>	<u>(328,841)</u>
Expenditures:			
Current:			
General Government:			
General administration	213,312	198,557	14,755
Housing rehabilitation	<u>1,008,018</u>	<u>696,133</u>	<u>311,885</u>
Total General Government	<u>1,221,330</u>	<u>894,690</u>	<u>326,640</u>
Health and Welfare:			
Other social services	<u>72,250</u>	<u>70,049</u>	<u>2,201</u>
Total Health and Welfare	<u>72,250</u>	<u>70,049</u>	<u>2,201</u>
Total Expenditures	<u>1,293,580</u>	<u>964,739</u>	<u>328,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MISSION, TEXAS

EXHIBIT C-6

AQUATICS FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Miscellaneous	\$ -	\$ 349	\$ 349
Total Intergovernmental	<u>-</u>	<u>349</u>	<u>349</u>
Charges for Service:			
Aquatics	55,000	51,393	(3,607)
Total Charges for Services	<u>55,000</u>	<u>51,393</u>	<u>(3,607)</u>
 Total Revenues	 <u>55,000</u>	 <u>51,742</u>	 <u>(3,258)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Personal services	181,693	116,228	65,465
Employee benefits	41,513	31,064	10,449
Professional and technical	-	420	(420)
Purchased property services	86,500	54,491	32,009
Other purchased services	9,500	8,761	739
Supplies	39,025	28,653	10,372
Capital outlays	460,900	13,941	446,959
Miscellaneous	150	783	(633)
Total Expenditures	<u>819,281</u>	<u>254,341</u>	<u>564,940</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(764,281)</u>	 <u>(202,599)</u>	 <u>561,682</u>
Other Financing Sources (Uses):			
Transfers in	764,281	192,600	(571,681)
Total Other Financing Sources (Uses)	<u>764,281</u>	<u>192,600</u>	<u>(571,681)</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>\$ 10,000</u>	 <u>\$ -</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, 2016

EXHIBIT C-7

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
State seizures	\$ -	\$ 6,133	\$ 6,133
Miscellaneous	-	3,161	3,161
Total Intergovernmental	<u>-</u>	<u>9,294</u>	<u>9,294</u>
Interest:			
Interest earned on investments	-	1,904	1,904
Interest earned on demand deposits	-	222	222
Total Interest	<u>-</u>	<u>2,126</u>	<u>2,126</u>
Total Revenues	<u>-</u>	<u>11,420</u>	<u>11,420</u>
Expenditures:			
Current:			
Public Safety:			
Professional & technical services	35,000	32,311	2,689
Purchased property services	41,000	16,547	24,453
Other purchased services	52,000	16,562	35,438
Supplies	55,000	11,182	43,818
Capital outlays	310,000	234,416	75,584
Miscellaneous	1,000	3,461	(2,461)
Total Expenditures	<u>494,000</u>	<u>314,479</u>	<u>179,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(494,000)</u>	<u>(303,059)</u>	<u>190,941</u>
Other Financing Sources (Uses):			
Sale of capital assets	-	(14,891)	(14,891)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,891)</u>	<u>(14,891)</u>
Net Change in Fund Balance	(494,000)	(317,950)	176,050
Fund Balance at Beginning of Year	<u>521,971</u>	<u>521,971</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 27,971</u>	<u>\$ 204,021</u>	<u>\$ 176,050</u>

CITY OF MISSION, TEXAS
POLICE FEDERAL SHARING FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-8

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Equitable sharing	\$ 306,688	\$ 477,584	\$ 170,896
Miscellaneous revenue	-	67,478	67,478
Total Intergovernmental	<u>306,688</u>	<u>545,062</u>	<u>238,374</u>
Interest:			
Interest earned on investments	-	1,208	1,208
Interest earned on demand deposits	-	1,315	1,315
Total Interest	<u>-</u>	<u>2,523</u>	<u>2,523</u>
 Total Revenues	 <u>306,688</u>	 <u>547,585</u>	 <u>240,897</u>
Expenditures:			
Current:			
Public Safety:			
Purchased property services	46,187	43,319	2,868
Other purchased services	81,000	273	80,727
Supplies	31,823	14,117	17,706
Capital outlays	553,189	268,508	284,681
Miscellaneous	2,490	2,003	487
Total Expenditures	<u>714,689</u>	<u>328,220</u>	<u>386,469</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(408,001)</u>	 <u>219,365</u>	 <u>627,366</u>
Other Financing Sources (Uses):			
Transfers out	<u>(9,678)</u>	<u>(5,910)</u>	<u>3,768</u>
Total Other Financing Sources (Uses)	<u>(9,678)</u>	<u>(5,910)</u>	<u>3,768</u>
 Net Change in Fund Balance	 (417,679)	 213,455	 631,134
 Fund Balance at Beginning of Year	 <u>529,610</u>	 <u>529,610</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 111,931</u>	 <u>\$ 743,065</u>	 <u>\$ 631,134</u>

CITY OF MISSION, TEXAS

EXHIBIT C-9

MUNICIPAL COURT TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
Court technology fees	\$ 40,000	\$ 32,496	\$ (7,504)
Total Charges for Services	<u>40,000</u>	<u>32,496</u>	<u>(7,504)</u>
Interest:			
Interest earned on investments	625	972	347
Interest earned on demand deposits	300	252	(48)
Total Interest	<u>925</u>	<u>1,224</u>	<u>299</u>
Total Revenues	<u>40,925</u>	<u>33,720</u>	<u>(7,205)</u>
Expenditures:			
Current:			
General Government:			
Purchased property services	3,425	1,906	1,519
Supplies	1,500	1,312	188
Capital outlays	60,000	12,598	47,402
Miscellaneous	1,675	893	782
Total Expenditures	<u>66,600</u>	<u>16,709</u>	<u>49,891</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,675)	17,011	42,686
Fund Balance at Beginning of Year	<u>179,410</u>	<u>179,410</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 153,735</u>	<u>\$ 196,421</u>	<u>\$ 42,686</u>

CITY OF MISSION, TEXAS*DESIGNATED PURPOSE FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
DHS-Stonegarden Grant 2011	\$ 390,000	\$ 361,901	\$ (28,099)
Bullet Proof Vest Grant	9,679	5,910	(3,769)
Idea Grant-B&G Club	2,630	2,315	(315)
Urban County Grant-B&G Club	41,400	40,604	(796)
OVAG Grant# 0802439	42,000	41,998	(2)
2008 SHSP/SHSP-LEAP	107,998	101,459	(6,539)
2009 SHSP Grant	13,995	13,545	(450)
Local Border Security Program 2016	178,000	178,000	-
Tx. Dept of Transportation-STEP Grant	82,544	66,892	(15,652)
FTA Grant	771,095	-	(771,095)
FTA Freedom Funds Grant	51,269	-	(51,269)
TSLAC Grant	9,895	9,895	-
LEOSE-Peace Officer Allocation	9,548	9,548	-
Total Intergovernmental	<u>1,710,053</u>	<u>832,067</u>	<u>(877,986)</u>
Total Revenues	<u>1,710,053</u>	<u>832,067</u>	<u>(877,986)</u>
Expenditures:			
Current:			
Bullet Proof Vest Grant:			
Capital outlays	19,357	11,821	7,536
	<u>19,357</u>	<u>11,821</u>	<u>7,536</u>
VCLG Grant:			
Personal services	35,069	32,408	2,661
Employee benefits	6,931	9,589	(2,658)
	<u>42,000</u>	<u>41,997</u>	<u>3</u>
TXDOT-Step Grant:			
Personal services	69,386	55,833	13,553
Employee benefits	13,158	11,059	2,099
	<u>82,544</u>	<u>66,892</u>	<u>15,652</u>
2009 SHSP Grant:			
Capital outlays	13,995	13,545	450
	<u>13,995</u>	<u>13,545</u>	<u>450</u>

CITY OF MISSION, TEXAS*DESIGNATED PURPOSE FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
2008 SHSP/SHSP-LEAP Grant:			
Capital outlays	107,998	101,459	6,539
	<u>107,998</u>	<u>101,459</u>	<u>6,539</u>
LEOSE Grant:			
Other purchased services	9,548	9,548	-
	<u>9,548</u>	<u>9,548</u>	<u>-</u>
Local Border Security Program 2016:			
Personal services	136,315	148,235	(11,920)
Employee benefits	27,195	29,765	(2,570)
Supplies	14,490	-	14,490
	<u>178,000</u>	<u>178,000</u>	<u>-</u>
Stonegarden Grant:			
Personal services	218,852	222,852	(4,000)
Employee benefits	43,659	35,755	7,904
Supplies	13,104	13,076	28
Capital outlays	114,385	90,218	24,167
	<u>390,000</u>	<u>361,901</u>	<u>28,099</u>
 Total Public Safety	 <u>843,442</u>	 <u>785,163</u>	 <u>58,279</u>
FTA Grant:			
Capital outlay	771,095	-	771,095
	<u>771,095</u>	<u>-</u>	<u>771,095</u>
FTA Freedom Funds Grant:			
Capital outlay	79,729	-	79,729
	<u>79,729</u>	<u>-</u>	<u>79,729</u>
 Total Highways and Streets	 <u>850,824</u>	 <u>-</u>	 <u>850,824</u>
Culture and Recreation:			
Urban County Grant-Boys & Girls Club:			
Personal services	31,768	31,768	-
Employee benefits	2,632	2,504	128
Capital outlays	7,000	6,331	669
	<u>41,400</u>	<u>40,603</u>	<u>797</u>

CITY OF MISSION, TEXAS*DESIGNATED PURPOSE FUND**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Idea -B&G Club Grant:			
Personal services	2,312	2,151	161
Employee benefits	318	165	153
	<u>2,630</u>	<u>2,316</u>	<u>314</u>
TSLAC Grant:			
Supplies	350	350	-
Capital outlay	1,845	1,845	-
Miscellaneous	7,700	7,700	-
	<u>9,895</u>	<u>9,895</u>	<u>-</u>
 Total Culture and Recreation	 <u>53,925</u>	 <u>52,814</u>	 <u>1,111</u>
 Total Expenditures	 <u>1,748,191</u>	 <u>837,977</u>	 <u>910,214</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(38,138)</u>	 <u>(5,910)</u>	 <u>(32,228)</u>
 Other Financing Sources (Uses)			
Transfers in	38,138	5,910	(32,228)
Total Other Financing Sources (Uses)	<u>38,138</u>	<u>5,910</u>	<u>(32,228)</u>
 Net Change in Fund Balance	 -	 -	 -
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

CITY OF MISSION, TEXAS

EXHIBIT C-11

DRAINAGE ASSESSMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special Assessments:			
Drainage assessments	\$ 870,000	\$ 915,929	\$ 45,929
Drainage assessments-Granjeno	-	2,915	2,915
Total Assessments	<u>870,000</u>	<u>918,844</u>	<u>48,844</u>
Interest:			
Interest earned on investments	600	2,169	1,569
Interest earned on demand deposits	1,100	2,690	1,590
Total Interest	<u>1,700</u>	<u>4,859</u>	<u>3,159</u>
Miscellaneous:			
Miscellaneous income	-	213	213
Total Miscellaneous	<u>-</u>	<u>213</u>	<u>213</u>
 Total Revenues	 <u>871,700</u>	 <u>923,916</u>	 <u>52,216</u>
Expenditures:			
Current:			
Highways and Streets:			
Personal services	72,309	68,136	4,173
Employee benefits	29,329	24,340	4,989
Professional and technical services	9,988	3,750	6,238
Purchased property services	78,483	77,733	750
Other purchased services	-	437	(437)
Capital outlays	728,579	350,371	378,208
Supplies	90,000	92,514	(2,514)
Miscellaneous	9,050	2,070	6,980
Total Expenditures	<u>1,017,738</u>	<u>619,351</u>	<u>398,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(146,038)	304,565	450,603
Fund Balance at Beginning of Year	<u>1,278,474</u>	<u>1,278,474</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,132,436</u>	<u>\$ 1,583,039</u>	<u>\$ 450,603</u>

CITY OF MISSION, TEXAS

EXHIBIT C-12

CEMETERY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on demand deposits	\$ -	\$ 115	\$ 115
Perpetual care	8,000	11,600	3,600
Total Interest	<u>8,000</u>	<u>11,715</u>	<u>3,715</u>
Total Revenues	<u>8,000</u>	<u>11,715</u>	<u>3,715</u>
Expenditures:			
Current:			
General Government			
Supplies	2,000	982	1,018
Miscellaneous	150	89	61
Capital outlay	28,000	27,796	204
Total Expenditures	<u>30,150</u>	<u>28,867</u>	<u>1,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,150)	(17,152)	4,998
Fund Balance at Beginning of Year	<u>52,487</u>	<u>52,487</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 30,337</u></u>	<u><u>\$ 35,335</u></u>	<u><u>\$ 4,998</u></u>

CITY OF MISSION, TEXAS

EXHIBIT C-13

RECORDS PRESERVATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Service:			
Vital statistics preservation fee	\$ 6,000	\$ 6,821	\$ 821
Total Charges for Service	<u>6,000</u>	<u>6,821</u>	<u>821</u>
Interest:			
Interest earned on demand deposits	-	16	16
Total Interest	<u>-</u>	<u>16</u>	<u>16</u>
Total Revenues	<u>6,000</u>	<u>6,837</u>	<u>837</u>
Expenditures:			
Current:			
Record Preservation:			
Purchased property services	1,047	1,047	-
Other purchased service	1,663	1,663	-
Supplies	4,337	4,182	155
Miscellaneous	53	13	40
Total Expenditures	<u>7,100</u>	<u>6,905</u>	<u>195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,100)	(68)	1,032
Fund Balance at Beginning of Year	<u>6,918</u>	<u>6,918</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 5,818</u>	<u>\$ 6,850</u>	<u>\$ 1,032</u>

CITY OF MISSION, TEXAS
SPEER MEMORIAL LIBRARY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-14

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest:			
Interest earned on investments	\$ -	\$ -	\$ -
Interest earned on demand deposits	-	-	-
Total Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</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 Revenues Over (Under) Expenditures	-	-	-
Fund Balance at Beginning of Year	<u>25,826</u>	<u>25,826</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 25,826</u></u>	<u><u>\$ 25,826</u></u>	<u><u>\$ -</u></u>

CITY OF MISSION, TEXAS

EXHIBIT C-15

HOTEL/MOTEL TAX FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes:			
Hotel occupancy tax	\$ 600,000	\$ 685,834	\$ 85,834
Total Taxes	<u>600,000</u>	<u>685,834</u>	<u>85,834</u>
Interest:			
Interest earned on demand deposits	350	1,710	1,360
Interest earned on investments	300	956	656
Total Interest	<u>650</u>	<u>2,666</u>	<u>2,016</u>
 Total Revenues	 <u>600,650</u>	 <u>688,500</u>	 <u>87,850</u>
Expenditures:			
Current:			
Culture and Recreation:			
Tourist Promotion & Advertising:			
Miscellaneous	503,500	465,316	38,184
Other purchased services	10,000	4,168	5,832
	<u>513,500</u>	<u>469,484</u>	<u>44,016</u>
 Total Expenditures	 <u>513,500</u>	 <u>469,484</u>	 <u>44,016</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 87,150	 219,016	 131,866
 Fund Balance at Beginning of Year	 <u>849,426</u>	 <u>849,426</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 936,576</u>	 <u>\$ 1,068,442</u>	 <u>\$ 131,866</u>

CITY OF MISSION, TEXAS
MUNICIPAL COURT BLDG SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-16

	<u>Budgeted</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services:			
Municipal court security fees	\$ 26,600	\$ 24,250	\$ (2,350)
Total Charges for Services	<u>26,600</u>	<u>24,250</u>	<u>(2,350)</u>
Interest:			
Interest earned on investments	450	972	522
Interest earned on demand deposits	100	25	(75)
Total Interest	<u>550</u>	<u>997</u>	<u>447</u>
Total Revenues	<u>27,150</u>	<u>25,247</u>	<u>(1,903)</u>
Expenditures:			
Current:			
Other purchased services	12,721	9,595	3,126
Supplies	500	265	235
Capital outlay	10,000	298	9,702
Miscellaneous	124	19	105
Total Expenditures	<u>23,345</u>	<u>10,177</u>	<u>13,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,805	15,070	11,265
Fund Balance at Beginning of Year	<u>54,249</u>	<u>54,249</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 58,054</u>	<u>\$ 69,319</u>	<u>\$ 11,265</u>

CITY OF MISSION, TEXAS

EXHIBIT C-17

PARK DEDICATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
Park dedication fee	\$ 196,434	\$ 87,598	\$ (108,836)
Total Charges for Services	<u>196,434</u>	<u>87,598</u>	<u>(108,836)</u>
Total Revenues	<u>196,434</u>	<u>87,598</u>	<u>(108,836)</u>
Expenditures:			
Current:			
Culture and Recreation:			
Zone 1-Northwest:			
Capital outlays	135,274	40,436	94,838
	<u>135,274</u>	<u>40,436</u>	<u>94,838</u>
Zone 2-Northeast:			
Capital outlays	37,517	36,877	640
	<u>37,517</u>	<u>36,877</u>	<u>640</u>
Zone 3-Southwest:			
Capital outlays	4,333	-	4,333
	<u>4,333</u>	<u>-</u>	<u>4,333</u>
Zone 4-Southeast:			
Capital outlays	97,572	10,285	87,287
	<u>97,572</u>	<u>10,285</u>	<u>87,287</u>
Zone 5 -Central:			
Capital outlays	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>274,696</u>	<u>87,598</u>	<u>187,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,262)	-	78,262
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 78,262</u>	<u>\$ -</u>	<u>\$ 78,262</u>

CITY OF MISSION, TEXAS

JUVENILE CASE MANAGER FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-18

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
Juvenile case manager fee	\$ 40,000	\$ 37,727	\$ (2,273)
Total Charges for Services	<u>40,000</u>	<u>37,727</u>	<u>(2,273)</u>
Interest:			
Interest earned on investments	150	233	83
Interest earned on demand deposits	100	293	193
Total Interest	<u>250</u>	<u>526</u>	<u>276</u>
Total Revenues	<u>40,250</u>	<u>38,253</u>	<u>(1,997)</u>
Expenditures:			
Current:			
Personal services	19,864	16,884	2,980
Employee benefits	7,869	7,064	805
Other purchased services	2,000	700	1,300
Supplies	1,500	1,351	149
Miscellaneous	250	226	24
Total Expenditures	<u>31,483</u>	<u>26,225</u>	<u>5,258</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,767	12,028	3,261
Fund Balance at Beginning of Year	<u>137,756</u>	<u>137,756</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 146,523</u>	<u>\$ 149,784</u>	<u>\$ 3,261</u>

CITY OF MISSION, TEXAS
PEG CAPITAL FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-19

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services:			
PEG capital fee	\$ 84,000	\$ 90,246	\$ 6,246
Total Charges for Services	<u>84,000</u>	<u>90,246</u>	<u>6,246</u>
Interest:			
Interest earned on investment	-	2,262	2,262
Interest earned on demand deposit	-	326	326
Total Interest	<u>-</u>	<u>2,588</u>	<u>2,588</u>
 Total Revenues	 <u>84,000</u>	 <u>92,834</u>	 <u>8,834</u>
Expenditures:			
Miscellaneous:			
Depository charges	300	250	50
Total Expenditures	<u>300</u>	<u>250</u>	<u>50</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 83,700	 92,584	 8,884
 Fund Balance at Beginning of Year	 <u>327,181</u>	 <u>327,181</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 410,881</u>	 <u>\$ 419,765</u>	 <u>\$ 8,884</u>

CITY OF MISSION, TEXAS
TAX INCREMENT REINVESTMENT ZONE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-20

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Contribution-Hidalgo County	\$ 2,000,000	\$ 2,407,788	\$ 407,788
Total Intergovernmental	<u>2,000,000</u>	<u>2,407,788</u>	<u>407,788</u>
Interest:			
Interest earned on demand deposits	-	78	78
Total Interest	<u>-</u>	<u>78</u>	<u>78</u>
 Total Revenues	 <u>2,000,000</u>	 <u>2,407,866</u>	 <u>407,866</u>
Expenditures:			
Current:			
Economic Development	4,320,800	4,790,956	(470,156)
Total Expenditures	<u>4,320,800</u>	<u>4,790,956</u>	<u>(470,156)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(2,320,800)</u>	 <u>(2,383,090)</u>	 <u>(62,290)</u>
Other Financing Sources (Uses):			
Transfers in	2,320,000	2,383,108	63,108
Total Other Financing Sources (Uses)	<u>2,320,000</u>	<u>2,383,108</u>	<u>63,108</u>
 Net Change in Fund Balance	 (800)	 18	 818
 Fund Balance at Beginning of Year	 <u>3,536</u>	 <u>3,536</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 2,736</u>	 <u>\$ 3,554</u>	 <u>\$ 818</u>



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CITY OF MISSION, TEXAS

EXHIBIT C-21

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes:			
Current ad valorem taxes	\$ 3,660,000	\$ 3,663,324	\$ 3,324
Delinquent ad valorem taxes	110,000	112,359	2,359
Interest & penalties on taxes	75,000	88,482	13,482
Total Taxes	<u>3,845,000</u>	<u>3,864,165</u>	<u>19,165</u>
Interest:			
Interest earned on investments	4,000	758	(3,242)
Interest earned on demand deposits	3,000	6,897	3,897
Total Interest	<u>7,000</u>	<u>7,655</u>	<u>655</u>
 Total Revenues	 <u>3,852,000</u>	 <u>3,871,820</u>	 <u>19,820</u>
Expenditures:			
Current:			
Debt Service:			
Principal retirement	2,050,000	2,050,000	-
Interest and fiscal agent charges	962,554	1,084,529	(121,975)
Total Debt Service	<u>3,012,554</u>	<u>3,134,529</u>	<u>(121,975)</u>
 Total Expenditures	 <u>3,012,554</u>	 <u>3,134,529</u>	 <u>(121,975)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>839,446</u>	 <u>737,291</u>	 <u>(102,155)</u>
Other Financing Sources (Uses):			
Issuance of debt	-	8,085,000	8,085,000
Bond premium	-	1,425,173	1,425,173
Payment to refunded bond escrow agent	-	(9,385,029)	(9,385,029)
Transfers out	(460,000)	(472,433)	(12,433)
Total Other Financing Sources (Uses)	<u>(460,000)</u>	<u>(347,289)</u>	<u>112,711</u>
 Net Change in Fund Balance	 379,446	 390,002	 10,556
 Fund Balance at Beginning of Year	 <u>2,429,498</u>	 <u>2,429,498</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 2,808,944</u>	 <u>\$ 2,819,500</u>	 <u>\$ 10,556</u>

CITY OF MISSION, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2016

EXHIBIT C-22

	Capital Projects Fund	2009 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS				
Cash and cash equivalents	\$ -	\$ 138,100	\$ 106	\$ 138,206
Investments	-	90,344	-	90,344
Due from other governments	962,858	-	-	962,858
Due from Component Unit	12,271	-	-	12,271
Total Assets	<u>\$ 975,129</u>	<u>\$ 228,444</u>	<u>\$ 106</u>	<u>\$ 1,203,679</u>
LIABILITIES				
Accounts payable	\$ 273,618	\$ -	\$ -	\$ 273,618
Retainage payable	168,478	-	-	168,478
Due to other funds	161,316	-	-	161,316
Total Liabilities	<u>603,412</u>	<u>-</u>	<u>-</u>	<u>603,412</u>
FUND BALANCES				
Reserved for capital projects	371,717	228,444	106	600,267
Total Fund Balances	<u>371,717</u>	<u>228,444</u>	<u>106</u>	<u>600,267</u>
Total Liabilities and Fund Balances	<u>\$ 975,129</u>	<u>\$ 228,444</u>	<u>\$ 106</u>	<u>\$ 1,203,679</u>

CITY OF MISSION, TEXAS

EXHIBIT C-23

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Capital Projects Fund	2009 Certificates of Obligation	2012 Certificates of Obligation	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:				
Intergovernmental	\$ 2,464,450	\$ -	\$ -	\$ 2,464,450
Interest	-	1,764	1	1,765
Miscellaneous	-	176,858	-	176,858
Total Revenues	<u>2,464,450</u>	<u>178,622</u>	<u>1</u>	<u>2,643,073</u>
Expenditures:				
Current:				
Capital projects	<u>2,943,749</u>	<u>396,370</u>	<u>846</u>	<u>3,340,965</u>
Total Expenditures	<u>2,943,749</u>	<u>396,370</u>	<u>846</u>	<u>3,340,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(479,299)</u>	<u>(217,748)</u>	<u>(845)</u>	<u>(697,892)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(479,299)	(217,748)	(845)	(697,892)
Fund Balance at Beginning of Year	<u>851,017</u>	<u>446,191</u>	<u>951</u>	<u>1,298,159</u>
Fund Balance at End of Year	<u>\$ 371,718</u>	<u>\$ 228,443</u>	<u>\$ 106</u>	<u>\$ 600,267</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

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

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

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

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Water sales, net of adjustment	\$ 11,700,000	\$ 10,516,388	\$ (1,183,612)
Connection fee	115,000	116,512	1,512
Reconnect fee	95,000	100,340	5,340
W/W system cap. recovery fee	-	110,989	110,989
Sewage service	6,100,000	5,431,211	(668,789)
Wastewater assessment	60,000	80,510	20,510
Service charge	60,000	61,124	1,124
Industrial sewer surcharge	37,000	55,124	18,124
Waterline and sewer line	1,100	2,837	1,737
TIRZ reimbursement	5,132,000	983,751	(4,148,249)
AGUA reimbursement	-	3,500,000	3,500,000
5% credit card fee	20,000	27,362	7,362
Miscellaneous income	20,000	49,585	29,585
Operating Revenues	<u>23,340,100</u>	<u>21,035,733</u>	<u>(2,304,367)</u>
Nonoperating Revenues:			
Interest earned	57,000	74,527	17,527
Gain (loss) on disposal of capital assets	-	(7,559)	(7,559)
Insurance settlement	-	59,269	59,269
Nonoperating Revenues	<u>57,000</u>	<u>126,237</u>	<u>69,237</u>
Total Revenues	<u>23,397,100</u>	<u>21,161,970</u>	<u>(2,235,130)</u>
Operating Expenses:			
Utility Administration:			
Personal services	717,808	729,841	(12,033)
Employee benefits	197,063	244,921	(47,858)
Purchased property services	20,526	18,119	2,407
Other purchased services	21,650	21,184	466
Supplies	6,550	6,513	37
Miscellaneous	700	847	(147)
	<u>964,297</u>	<u>1,021,425</u>	<u>(57,128)</u>
Water Distribution:			
Personal services	1,003,603	978,504	25,099
Employee benefits	375,618	420,568	(44,950)
Professional & technical services	-	258	(258)

CITY OF MISSION, TEXAS*UTILITY FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Purchased property services	581,145	495,665	85,480
Other purchased services	37,200	34,980	2,220
Supplies	682,098	583,129	98,969
Capital outlays	5,032,500	1,516,033	3,516,467
Miscellaneous	13,300	13,421	(121)
	<u>7,725,464</u>	<u>4,042,558</u>	<u>3,682,906</u>
Water Treatment:			
Personal services	407,524	371,222	36,302
Employee benefits	140,361	154,715	(14,354)
Professional & technical services	100,000	91,343	8,657
Purchased property services	296,800	280,544	16,256
Other purchased services	6,070	6,160	(90)
Supplies	823,580	739,375	84,205
Capital outlays	17,500	13,214	4,286
Miscellaneous	51,300	50,506	794
	<u>1,843,135</u>	<u>1,707,079</u>	<u>136,056</u>
Wastewater Treatment and Collection:			
Personal services	420,645	409,585	11,060
Employee benefits	141,628	163,431	(21,803)
Professional & technical services	60,000	54,394	5,606
Purchased property services	1,011,050	843,364	167,686
Other purchased services	10,150	9,797	353
Supplies	213,700	204,456	9,244
Capital outlays	1,408,200	636,645	771,555
Miscellaneous	234,100	216,086	18,014
	<u>3,499,473</u>	<u>2,537,758</u>	<u>961,715</u>
Industrial Pretreatment:			
Personal services	49,292	57,012	(7,720)
Employee benefits	14,384	17,323	(2,939)
Purchased property services	160,941	119,156	41,785
Other purchased services	500	435	65
Supplies	9,650	8,310	1,340
Capital outlays	17,468	17,468	-
Miscellaneous	76,659	75,659	1,000
	<u>328,894</u>	<u>295,363</u>	<u>33,531</u>

CITY OF MISSION, TEXAS*UTILITY FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Utility Billing and Collection:			
Personal services	246,938	230,700	16,238
Employee benefits	81,891	93,829	(11,938)
Purchased property services	23,507	16,126	7,381
Other purchased services	156,400	154,428	1,972
Supplies	14,200	13,753	447
Capital outlays	5,563	5,562	1
Miscellaneous	2,244	2,252	(8)
	<u>530,743</u>	<u>516,650</u>	<u>14,093</u>
Organizational Expense:			
Professional & technical services	466,500	7,316	459,184
Other purchased services	107,400	82,782	24,618
Capital outlays	50,000	31,425	18,575
Miscellaneous	248,639	200,799	47,840
	<u>872,539</u>	<u>322,322</u>	<u>550,217</u>
Meter Readers:			
Personal services	233,725	225,278	8,447
Employee benefits	94,569	105,731	(11,162)
Purchased property services	11,600	11,057	543
Other purchased services	4,000	4,095	(95)
Supplies	100,550	72,874	27,676
Capital outlays	25,000	24,657	343
Miscellaneous	1,200	180	1,020
	<u>470,644</u>	<u>443,872</u>	<u>26,772</u>
Northside Water Treatment Plant:			
Personal services	268,817	267,885	932
Employee benefits	97,885	111,960	(14,075)
Professional & technical services	10,000	3,851	6,149
Purchased property services	452,843	432,700	20,143
Other purchased services	6,300	5,769	531
Supplies	1,137,857	1,076,773	61,084
Capital outlays	276,282	274,233	2,049
Miscellaneous	20,650	15,633	5,017
	<u>2,270,634</u>	<u>2,188,804</u>	<u>81,830</u>

CITY OF MISSION, TEXAS

UTILITY FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
2014 TWDB:			
Professional & technical services	473,759	181,879	291,880
	<u>473,759</u>	<u>181,879</u>	<u>291,880</u>
2015 TWDB:			
Capital outlays	15,369,000	772,500	14,596,500
	<u>15,369,000</u>	<u>772,500</u>	<u>14,596,500</u>
Total Operating Expenses	<u>34,348,582</u>	<u>14,030,210</u>	<u>20,318,372</u>
Nonoperating Expenses:			
Bond interest expense	937,302	920,777	16,525
Bond fiscal charges	479,300	502,371	(23,071)
Bond principal	2,360,000	2,360,000	-
Nonoperating Expenses	<u>3,776,602</u>	<u>3,783,148</u>	<u>(6,546)</u>
Transfers:			
Transfers in (out)	<u>(4,400,000)</u>	<u>(4,400,000)</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>924,194</u>	<u>924,194</u>
Operating and Nonoperating Expenses, and Capital Contributions (Budgetary Basis)	<u>42,525,184</u>	<u>21,289,164</u>	<u>21,236,020</u>
Net Position (Budgetary Basis)	<u><u>\$ (19,128,084)</u></u>	<u>(127,194)</u>	<u><u>\$ 19,000,890</u></u>
Adjustments:			
Current year depreciation of capital assets, not budgeted		(5,033,237)	
Bond principal		2,360,000	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>3,473,616</u>	
		<u>800,379</u>	
Net Position (GAAP Basis)		<u><u>\$ 673,185</u></u>	

CITY OF MISSION, TEXAS*GOLF COURSE FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Pro shop sales	\$ 90,000	\$ 62,812	\$ (27,188)
Cart and club rental	185,000	153,881	(31,119)
Pull carts and club rentals	2,600	784	(1,816)
Food and beverage sales	115,000	95,225	(19,775)
Daily green fees	375,000	318,534	(56,466)
Trail fees	62,000	41,205	(20,795)
Juniors' fees	28,000	32,508	4,508
Capital fees	43,000	43,525	525
Prepaid members	200,000	119,316	(80,684)
Driving range	42,000	33,126	(8,874)
Miscellaneous income	1,000	2,501	1,501
Operating Revenues	<u>1,143,600</u>	<u>903,417</u>	<u>(240,183)</u>
Nonoperating Revenues:			
Interest earned	-	147	147
Nonoperating Revenues	<u>-</u>	<u>147</u>	<u>147</u>
Total Revenues	<u>1,143,600</u>	<u>903,564</u>	<u>(240,036)</u>
Operating Expenses:			
Cost of sales-pro shop	75,000	50,677	24,323
Cost of sales-restaurant	58,000	49,337	8,663
Total Cost of Sales	<u>133,000</u>	<u>100,014</u>	<u>32,986</u>
Golf Course Operation:			
Club House:			
Personal services	242,849	212,833	30,016
Employee benefits	76,324	80,104	(3,780)
Purchased property services	129,346	90,946	38,400
Other purchased services	6,510	7,779	(1,269)
Supplies	21,250	5,847	15,403
Capital outlays	750	639	111
Miscellaneous	450	149	301
	<u>477,479</u>	<u>398,297</u>	<u>79,182</u>
Grounds:			
Personal services	279,309	276,954	2,355
Employee benefits	108,248	122,955	(14,707)

CITY OF MISSION, TEXAS*GOLF COURSE FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Purchased property services	17,000	12,879	4,121
Other purchased services	600	343	257
Supplies	109,600	55,023	54,577
Capital outlays	750	750	-
	<u>515,507</u>	<u>468,904</u>	<u>46,603</u>
Restaurant:			
Personal services	33,680	28,893	4,787
Employee benefits	14,299	14,626	(327)
Supplies	400	-	400
Miscellaneous	300	46	254
	<u>48,679</u>	<u>43,565</u>	<u>5,114</u>
Organizational Expense:			
Other purchased services	7,200	7,062	138
Miscellaneous	17,715	16,987	728
	<u>24,915</u>	<u>24,049</u>	<u>866</u>
Total Golf Course Operation	<u>1,199,580</u>	<u>1,034,829</u>	<u>164,751</u>
Depreciation	-	229,559	(229,559)
Total Operating Expenses	<u>1,199,580</u>	<u>1,264,388</u>	<u>(64,808)</u>
Nonoperating Expenses:			
Capital lease interest expense	1,100	5,677	(4,577)
Bond and capital lease principal	13,118	46,882	(33,764)
Nonoperating Expenses	<u>14,218</u>	<u>52,559</u>	<u>(38,341)</u>
Transfers:			
Transfers in (out)	-	-	-
Capital Contributions	-	500	500

CITY OF MISSION, TEXAS*GOLF COURSE FUND**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating and Nonoperating Expenses, and Capital Contributions (Budgetary Basis)	1,213,798	1,316,447	(102,649)
Net Position (Budgetary Basis)	<u>\$ (70,198)</u>	(412,883)	<u>\$ (342,685)</u>
Adjustments:			
Bond and capital lease principal		46,882	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		1,389	
		<u>48,271</u>	
Net Position (GAAP Basis)		<u>\$ (364,612)</u>	

CITY OF MISSION, TEXAS*SOLID WASTE**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	Budgeted Amounts	Actual Budget Basis	Variance Positive (Negative)
Operating Revenues:			
Garbage fees	\$ 5,695,000	\$ 5,758,003	\$ 63,003
Brush fees	640,000	663,558	23,558
Roll-off fees	5,000	10,214	5,214
Franchise fees	-	133,181	133,181
Miscellaneous income	3,000	3,609	609
Operating Revenues	<u>6,343,000</u>	<u>6,568,565</u>	<u>225,565</u>
Nonoperating Revenues:			
Interest earned	6,000	14,611	8,611
Nonoperating Revenues	<u>6,000</u>	<u>14,611</u>	<u>8,611</u>
Total Revenues	<u>6,349,000</u>	<u>6,583,176</u>	<u>234,176</u>
Operating Expenses:			
Personal services	806,093	767,348	38,745
Employee benefits	228,524	274,810	(46,286)
Purchase property services	108,300	104,273	4,027
Other purchased services	42,700	36,377	6,323
Supplies	493,400	413,426	79,974
Capital outlays	97,826	92,049	5,777
Solid waste disposal	75,000	95,581	(20,581)
Landfill-Waste disposal service	2,620,000	2,562,726	57,274
Landfill charges-Brush	190,000	201,979	(11,979)
Miscellaneous	47,674	7,639	40,035
Total Expenses	<u>4,709,517</u>	<u>4,556,208</u>	<u>153,309</u>
Depreciation	-	396,599	(396,599)
Total Operating Expenses	<u>4,709,517</u>	<u>4,952,807</u>	<u>(243,290)</u>
Non Operating Expenses:			
Bond interest	80,457	78,716	1,741
Bond fiscal charges	1,100	300	800
Bond principal	745,000	745,000	-
Non-operating Expenses	<u>826,557</u>	<u>824,016</u>	<u>2,541</u>

CITY OF MISSION, TEXAS*SOLID WASTE**ENTERPRISE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED SEPTEMBER 30, 2016*

	<u>Budgeted Amounts</u>	<u>Actual Budget Basis</u>	<u>Variance Positive (Negative)</u>
Operating and Nonoperating Expenses, and Capital Contributions (Budgetary Basis)	<u>5,536,074</u>	<u>5,776,823</u>	<u>(240,749)</u>
Net Position (Budgetary Basis)	<u>\$ 812,926</u>	806,353	<u>\$ (6,573)</u>
Adjustments:			
Bond and capital lease principal		745,000	
Amount budgeted as expense per budget basis, capitalized per GAAP basis		<u>92,049</u>	
		<u>837,049</u>	
		<u>\$ 1,643,402</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, 2016 and 2015

	2016	2015
Governmental Funds Capital Assets:		
Land	\$ 34,155,340	\$ 33,704,031
Buildings and structures	21,328,890	21,462,917
Improvements other than buildings	16,982,901	16,586,824
Furniture and equipment	27,493,470	26,949,304
Construction in progress	16,311,920	12,224,221
Infrastructure	91,502,877	89,858,296
Total Governmental Funds Capital Assets	\$ 207,775,398	\$ 200,785,593
Investment in Governmental Funds Capital Assets by Source:		
General fund revenues	\$ 101,426,702	\$ 97,339,359
Bond funds	35,558,699	35,201,744
Enterprise funds	1,264	1,264
Special funds	25,458,475	24,616,059
Donations	15,293,194	15,113,808
Developers	30,037,063	28,513,359
Total Governmental Funds Capital Assets	\$ 207,775,398	\$ 200,785,593

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, 2016

<u>Function and Activity:</u>	<u>Governmental Funds Capital Assets September 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2016</u>
General Government	\$ 10,211,906	\$ 346,074	\$ 772,171	\$ 9,785,809
Public Safety	31,183,370	886,636	283,299	31,786,707
Highways and Streets	132,180,570	7,132,341	83,924	139,228,987
Health and Welfare	234,728	30,279	40,947	224,060
Cultural and Recreational	<u>26,975,020</u>	<u>566,170</u>	<u>791,356</u>	<u>26,749,834</u>
Total Governmental Funds Capital Assets	<u>\$ 200,785,593</u>	<u>\$ 8,961,501</u>	<u>\$ 1,971,696</u>	<u>\$ 207,775,398</u>

CITY OF MISSION, TEXAS
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2016

Function and Activity	Land	Buildings and Structures	Improvements Other Than Buildings	Furniture and Equipment	Infrastructure	Construction In Progress	Total
General Government	\$ 2,886,896	\$ 3,445,015	\$ 578,628	\$ 1,785,206	\$ 36,930	\$ 1,079,927	\$ 9,812,603
Public Safety	729,497	11,374,028	263,838	19,417,719	1,625		31,786,707
Highways and Streets	29,017,450		354,916	3,676,801	91,235,335	14,949,672	139,234,174
Health and Welfare		17,406		204,921			222,327
Cultural and Recreational	1,521,497	6,492,441	15,785,518	2,408,822	228,987	282,321	26,719,587
Total Governmental Funds Capital Assets	\$ 34,155,340	\$ 21,328,890	\$ 16,982,901	\$ 27,493,470	\$ 91,502,877	\$ 16,311,920	\$ 207,775,398



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*SUPPLEMENTARY
SCHEDULES*

CITY OF MISSION, TEXAS
UTILITY FUND
SCHEDULE OF REVENUE BOND COVERAGE
Year Ended September 30, 2016

Operating Revenues	\$	21,035,734	
Interest Earned by funds Created by the Bond Indenture		<u>12,082</u>	
Gross Revenues Per Bond Ordinance			<u>\$ 21,047,816</u>
Operating Expenses		15,589,832	
Less: Depreciation Expense		<u>(5,033,237)</u>	
Operating Expenses Per Bond Ordinance			<u>10,556,595</u>
Net Revenue Per Bond Ordinance			<u>\$ 10,491,221</u>
Average Annual Debt Service Requirements			<u>\$ 2,857,042</u>
Succeeding Fiscal Year Debt Service Requirement			<u>\$ 3,624,530</u>
Required Coverage Ratio			<u>125%</u>
Calculated Coverage Ratio			
A)	Based upon Average Annual Debt Service Requirements		<u>367%</u>
B)	Based upon Succeeding Fiscal Year Debt Service Requirements		<u>289%</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, 2016

	Interest and Sinking Cash	Reserve Cash	Extension and Improvement Cash	Total
Cash	\$ 903,566	\$ 40,342	\$ 66,444	\$ 1,010,352
Investments	144,393	424,077	244,535	813,005
Cash and investments September 30, 2015	<u>\$ 1,047,959</u>	<u>\$ 464,419</u>	<u>\$ 310,979</u>	<u>\$ 1,823,357</u>
Cash receipts:				
Transfer from operating cash	3,676,992	-	-	3,676,992
Bond proceeds	11,344,845	-	-	11,344,845
Interest received	1,124	1,280	763	3,167
Total cash receipts	<u>15,022,961</u>	<u>1,280</u>	<u>763</u>	<u>15,025,004</u>
Total cash and investments available	<u>16,070,920</u>	<u>465,698</u>	<u>311,743</u>	<u>16,848,361</u>
Cash disbursements:				
Principal payments	2,360,000	-	-	2,360,000
Interest and fiscal charges	992,051	-	-	992,051
Total cash disbursements	<u>3,352,051</u>	<u>-</u>	<u>-</u>	<u>3,352,051</u>
Cash and investments, September 30, 2016	<u>\$ 12,718,869</u>	<u>\$ 465,698</u>	<u>\$ 311,743</u>	<u>\$ 13,496,310</u>
Total Cash and investments Restricted at September 30, 2016 is composed of the following:				
Cash and cash equivalents	\$ 12,574,059	\$ 194,627	\$ 153,770	\$ 12,922,456
Investments	<u>144,810</u>	<u>271,071</u>	<u>157,973</u>	<u>573,854</u>
Total	<u>\$ 12,718,869</u>	<u>\$ 465,698</u>	<u>\$ 311,743</u>	<u>\$ 13,496,310</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	191
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed overtime.	
Revenue Capacity	198
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	202
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	207
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	209
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	



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

	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013 ⁽²⁾	2014 ⁽³⁾	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 70,919,116	\$ 80,154,508	\$ 81,796,368	\$ 83,887,342	\$ 84,133,258	\$ 83,493,816	\$ 86,989,075	\$ 90,947,382	\$ 89,565,993	\$ 90,942,556
Restricted	2,061,067	3,366,072	3,176,789	3,438,023	5,637,112	6,781,018	6,968,743	8,343,486	8,551,701	9,418,977
Unrestricted	6,276,658	8,107,109	7,831,393	7,082,454	7,201,682	3,784,019	3,619,351	(1,587,640)	2,462,989	170,518
Total governmental activities net position	\$ 79,256,841	\$ 91,627,689	\$ 92,804,550	\$ 94,407,819	\$ 96,972,052	\$ 94,058,853	\$ 97,577,169	\$ 97,703,228	\$ 100,580,683	\$ 100,532,051
Business-Type Activities										
Net investment in capital assets	\$ 53,882,018	\$ 59,781,770	\$ 58,872,531	\$ 58,268,682	\$ 59,964,330	\$ 58,362,060	\$ 56,518,755	\$ 54,832,203	\$ 55,987,441	\$ 41,651,937
Restricted	3,673,491	4,611,532	5,054,584	4,891,629	4,324,052	4,357,163	4,116,713	3,451,514	3,394,903	18,219,378
Unrestricted	6,735,489	6,311,881	6,694,247	6,126,919	8,521,237	10,924,800	10,480,521	10,588,851	8,329,980	9,660,134
Total business-type activities net position	\$ 64,290,998	\$ 70,705,183	\$ 70,621,362	\$ 69,287,230	\$ 72,809,619	\$ 73,644,022	\$ 71,115,988	\$ 68,872,567	\$ 67,712,324	\$ 69,531,449
Primary Government										
Net investment in capital assets	\$ 124,801,134	\$ 139,936,278	\$ 140,668,899	\$ 142,156,024	\$ 144,097,588	\$ 141,855,876	\$ 143,507,830	\$ 145,779,585	\$ 145,553,434	\$ 132,594,493
Restricted	5,734,558	7,977,604	8,231,373	8,329,652	9,961,164	11,138,181	11,085,456	11,795,000	11,946,604	27,638,355
Unrestricted	13,012,147	14,418,990	14,525,640	13,209,373	15,722,919	14,708,819	14,099,872	9,001,211	10,792,969	9,830,652
Total primary government net position	\$ 143,547,839	\$ 162,332,872	\$ 163,425,912	\$ 163,695,049	\$ 169,781,671	\$ 167,702,875	\$ 168,693,157	\$ 166,575,796	\$ 168,293,007	\$ 170,063,500

(1) The 2011 net position was restated to include Mission Economic Development Authority (MEDA), a blended component unit of the City as of September 30, 2012.

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

(3) The 2014 net position was restated due to the implementation of GASB Statement No. 68.

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

	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014 ⁽²⁾	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 7,742,186	\$ 8,100,542	\$ 7,742,072	\$ 14,511,545	\$ 7,570,043	\$ 8,764,781	\$ 7,937,668	\$ 8,446,306	\$ 8,014,892	\$ 8,405,138
Public Safety	14,890,373	16,907,573	20,240,072	19,309,796	19,387,472	21,485,642	21,229,856	23,499,056	21,729,071	23,957,241
Highways and streets	5,479,786	5,654,237	4,223,462	6,427,413	6,255,895	6,532,351	7,297,376	6,963,677	7,450,999	7,493,232
Health and welfare	359,073	334,726	374,867	570,197	903,935	1,354,970	988,923	1,200,976	1,290,357	1,306,154
Economic development	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	3,585,902	4,840,988	4,231,038	4,544,891	4,933,314
Culture and recreation	4,320,014	4,905,126	5,125,473	5,661,309	6,044,088	5,904,008	6,247,020	7,073,892	6,499,768	7,220,861
Interest on long-term debt	1,027,984	1,512,067	1,730,135	1,525,661	1,582,058	1,457,105	2,363,699	1,458,261	1,334,983	1,314,872
Total governmental activities expenses	\$ 34,966,607	\$ 39,716,265	\$ 42,520,546	\$ 51,472,503	\$ 45,413,759	\$ 49,084,759	\$ 50,905,530	\$ 52,873,206	\$ 50,864,961	\$ 54,630,812
Business-type Activities										
Utility system	12,225,436	14,665,301	15,343,467	15,305,547	15,376,432	15,668,400	16,626,432	16,581,213	16,226,988	17,110,233
Golf course operations	1,319,407	1,276,139	1,388,041	1,288,879	1,374,400	1,414,494	1,403,124	1,396,091	1,272,835	1,285,977
Solid waste operations	3,970,782	4,372,005	4,780,337	4,931,714	5,188,079	5,500,676	5,785,151	7,360,428	4,727,683	4,958,069
Total business-type activities expenses	\$ 17,515,625	\$ 20,313,445	\$ 21,511,845	\$ 21,526,140	\$ 21,938,911	\$ 22,583,570	\$ 23,814,707	\$ 25,337,732	\$ 22,227,506	\$ 23,354,279
Total primary government expenses	\$ 52,482,232	\$ 60,029,710	\$ 64,032,391	\$ 72,998,643	\$ 67,352,670	\$ 71,668,329	\$ 74,720,237	\$ 78,210,938	\$ 73,092,467	\$ 77,985,091
Program Revenues										
Governmental Activities										
Charges for services										
General government	\$ 2,494,543	\$ 2,038,016	\$ 1,658,320	\$ 1,625,962	\$ 1,647,709	\$ 1,810,743	\$ 1,848,350	\$ 2,086,383	\$ 1,940,954	\$ 2,025,367
Public Safety	94,884	98,736	121,003	110,007	105,723	83,142	67,164	118,310	61,898	106,985
Highways and streets	571,890	593,759	565,910	630,054	644,298	541,497	682,323	884,355	902,318	918,844
Sanitation	-	-	-	-	-	-	-	-	-	-
Health and welfare	308,457	284,437	256,293	274,502	134,981	235,708	153,223	237,738	225,047	263,320
Culture and recreation	283,201	350,394	351,378	279,180	306,294	337,112	328,626	371,962	554,618	413,331
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,659,478	6,453,451	6,389,650	7,271,889	6,152,917	7,475,190	4,937,211	7,905,942	5,896,938	6,538,968
Capital grants and contributions	5,251,523	11,098,136	1,962,259	7,701,238	1,170,433	1,067,989	6,673,301	1,962,278	4,870,238	4,950,222
Total governmental activities program revenues	\$ 13,663,976	\$ 20,916,929	\$ 11,304,813	\$ 17,892,832	\$ 10,162,355	\$ 11,551,381	\$ 14,690,198	\$ 13,566,968	\$ 14,452,011	\$ 15,217,037
Business-type activities										
Charges for services										
Utility system	14,184,351	15,716,066	16,114,327	15,140,398	17,412,060	17,643,636	18,012,998	19,207,446	17,674,185	20,983,312
Golf course operation	1,056,872	1,077,578	1,047,543	905,113	1,137,503	1,080,635	1,031,598	909,563	874,434	900,914
Solid waste operation	3,951,204	4,505,551	4,777,898	5,187,400	5,813,098	6,032,202	6,242,554	6,348,108	6,425,096	6,564,955
Operating grants and contributions	778,236	518,466	172,971	26,525	17,397	14,463	13,216	24,921	13,587	12,082
Capital grants and contributions	2,866,803	5,629,521	684,120	677,685	3,157,395	393,825	483,302	836,355	324,385	924,694
Total business-type activities program revenues	\$ 22,837,466	\$ 27,447,182	\$ 22,796,839	\$ 21,937,121	\$ 27,537,453	\$ 25,164,761	\$ 25,783,668	\$ 27,326,393	\$ 25,311,687	\$ 29,383,957
Total primary government program revenues	\$ 36,501,442	\$ 48,364,111	\$ 34,101,672	\$ 39,829,953	\$ 37,699,808	\$ 36,716,142	\$ 40,473,866	\$ 40,893,361	\$ 39,763,698	\$ 44,602,994

	2007	2008	2009	2010	2011	2012	2013 (1)	2014 (2)	2015	2016
Net (expense)/revenue	\$ (21,302,634)	\$ (18,799,336)	\$ (31,215,733)	\$ (33,579,671)	\$ (35,251,404)	\$ (37,533,378)	\$ (36,215,332)	\$ (39,306,238)	\$ (36,412,950)	\$ (39,413,775)
Governmental activities	5,321,841	7,133,738	1,285,014	410,981	5,598,542	2,581,191	1,988,961	1,988,661	3,084,181	6,031,678
Business-type activities	\$ (15,980,793)	\$ (11,665,598)	\$ (29,930,719)	\$ (33,168,690)	\$ (29,652,862)	\$ (34,952,187)	\$ (34,246,371)	\$ (37,317,577)	\$ (33,328,769)	\$ (33,382,097)
Total primary government net expense	\$ (10,658,952)	\$ (4,531,860)	\$ (30,645,705)	\$ (32,757,709)	\$ (24,054,320)	\$ (32,370,996)	\$ (32,257,410)	\$ (35,328,916)	\$ (30,244,588)	\$ (27,350,419)
General Revenue and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 13,778,424	\$ 16,335,934	\$ 17,798,280	\$ 17,795,460	\$ 18,143,896	\$ 18,087,005	\$ 18,099,459	\$ 18,913,123	\$ 19,020,437	\$ 19,481,719
Sales taxes	8,859,345	9,784,575	9,552,728	9,814,665	10,234,485	10,857,234	10,917,924	11,496,695	11,479,463	11,376,026
Franchise taxes	2,069,904	2,248,558	2,265,859	2,326,751	2,396,994	2,790,119	2,542,621	2,636,048	2,650,031	2,668,473
Hotel/motel taxes	358,276	479,950	400,690	490,446	496,759	537,574	577,711	650,142	748,812	685,834
Alcoholic beverage taxes	59,529	79,084	86,136	79,864	78,066	73,518	69,167	48,018	36,258	31,131
Shared revenue-tax increment zone	421,603	113,975	137,427	2,013,239	1,395,342	201,902	274,030	520,000	210,674	239,545
Unrestricted grants and contributions	-	80,883	1,002	-	-	2	-	724	-	-
Investment earnings	371,301	328,642	110,515	29,131	41,545	54,703	66,153	99,730	101,357	97,218
Miscellaneous	678,123	718,583	636,427	533,384	965,999	18,122	2,586,583	667,816	643,372	385,199
Special item	-	-	(196,470)	-	-	-	-	-	-	-
Transfers	680,000	1,000,000	1,600,000	2,100,000	2,200,000	2,000,000	4,600,000	4,400,000	4,400,000	4,400,000
Total governmental activities	27,276,505	31,170,184	32,392,594	35,182,940	35,953,087	34,620,179	39,733,648	39,432,296	39,290,404	39,365,145
Business-type activities										
Investment earnings	317,265	179,189	71,342	17,060	16,782	34,678	50,944	77,145	81,229	77,203
Miscellaneous	104,376	101,258	159,822	221,302	107,065	218,534	52,061	90,774	74,346	110,242
Transfers	(680,000)	(1,000,000)	(1,600,000)	(2,100,000)	(2,200,000)	(2,000,000)	(4,600,000)	(4,400,000)	(4,400,000)	(4,400,000)
Total business-type activities	(258,359)	(719,553)	(1,368,836)	(1,861,638)	(2,076,153)	(1,746,788)	(4,496,995)	(4,232,081)	(4,244,425)	(4,212,555)
Total primary government	\$ 27,018,146	\$ 30,450,631	\$ 31,023,758	\$ 33,321,302	\$ 33,876,934	\$ 32,873,391	\$ 35,236,653	\$ 35,200,215	\$ 35,045,979	\$ 35,152,590
Change in Net Position										
Governmental activities	\$ 5,973,871	\$ 12,370,848	\$ 1,176,861	\$ 1,603,269	\$ 701,683	\$ (2,913,199)	\$ 3,518,316	\$ 126,058	\$ 2,877,454	\$ (48,630)
Business-type activities	5,063,483	6,414,185	(83,822)	(1,450,657)	3,522,389	834,403	(2,528,034)	(2,243,420)	(1,160,244)	1,819,124
Total primary government	\$ 11,037,354	\$ 18,785,033	\$ 1,093,039	\$ 152,612	\$ 4,224,072	\$ (2,078,797)	\$ 990,282	\$ (2,117,362)	\$ 1,717,210	\$ 1,770,494

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

(2) The 2014 net position was restated due to the implementation of GASB Statement No. 68.

**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
2007	\$ 13,778,424	\$ 8,859,345	\$ 2,069,904	\$ 358,276	\$ 59,529	\$ 25,125,478
2008	\$ 16,335,934	\$ 9,784,577	\$ 2,248,558	\$ 479,950	\$ 79,084	\$ 28,928,103
2009	\$ 17,798,280	\$ 9,552,728	\$ 2,265,859	\$ 400,690	\$ 86,136	\$ 30,103,693
2010	\$ 17,795,460	\$ 9,814,665	\$ 2,326,751	\$ 490,446	\$ 79,864	\$ 30,507,186
2011	\$ 18,143,897	\$ 10,234,485	\$ 2,396,994	\$ 496,759	\$ 78,066	\$ 31,350,202
2012	\$ 18,087,005	\$ 10,857,234	\$ 2,790,119	\$ 537,574	\$ 73,518	\$ 32,345,450
2013	\$ 18,099,459	\$ 10,917,924	\$ 2,542,621	\$ 577,711	\$ 69,167	\$ 32,206,882
2014	\$ 18,913,123	\$ 11,496,695	\$ 2,636,048	\$ 650,142	\$ 48,018	\$ 33,744,026
2015	\$ 19,020,437	\$ 11,479,463	\$ 2,650,031	\$ 748,812	\$ 36,258	\$ 33,935,001
2016	\$ 19,481,719	\$ 11,376,026	\$ 2,668,473	\$ 685,834	\$ 31,131	\$ 34,243,183

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

	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
GENERAL FUND										
Pre GASB 54										
Reserved	\$ 252,164	\$ 1,643,102	\$ 194,874	\$ 189,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,121,470	4,206,593	7,083,203	7,861,173	-	-	-	-	-	-
Total Pre GASB 54	\$ 5,373,634	\$ 5,849,695	\$ 7,278,077	\$ 8,050,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Post GASB 54										
Nonspendable										
Long term receivable	\$ -	\$ -	\$ -	\$ -	\$ 34,400	\$ 32,000	\$ 29,600	\$ 27,200	\$ 24,800	\$ 22,400
Inventory	-	-	-	-	713	885	796	1,332	500	826
Prepaid	-	-	-	-	9,079	16,380	12,795	14,336	16,290	23,750
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Significant encumbrance	-	-	-	-	707,546	625,681	172,579	1,357,108	183,359	580,875
Funds assigned for asset replacement	-	-	-	-	95,006	175,221	5,589	85,909	6,000	86,250
Funds assigned for Boys & Girls Club	-	-	-	-	267,196	295,768	320,422	163,271	87,141	-
Funds assigned for recreation programs	-	-	-	-	32,829	-	-	-	-	-
Subsequent year budget appropriation	-	-	-	-	1,119,142	2,871,133	4,157,048	4,248,461	2,570,662	-
Unassigned	-	-	-	-	9,179,554	4,984,804	3,880,888	2,591,168	3,487,394	4,073,075
Total Post GASB 54	\$ -	\$ -	\$ -	\$ -	\$ 10,336,323	\$ 7,249,882	\$ 7,293,802	\$ 8,397,372	\$ 8,053,945	\$ 7,357,838
ALL OTHER GOVERNMENTAL FUNDS										
Pre GASB 54										
Reserved	\$ 4,322,710	\$ 8,976,608	\$ 10,796,738	\$ 9,412,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in	768,423	936,206	1,161,627	1,218,688	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total Pre GASB 54	\$ 5,091,133	\$ 9,912,814	\$ 11,958,365	\$ 10,631,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Post GASB 54										
Nonspendable										
MEDA Land for Resale	\$ -	\$ -	\$ -	\$ -	\$ 1,862,550	\$ 1,862,550	\$ 1,468,341	\$ 1,435,359	\$ 804,955	\$ 764,338
Restricted										
Capital Improvements	-	-	-	-	3,265,269	3,124,863	1,663,852	1,251,969	1,625,340	20,525,988
Economic Development	-	-	-	-	-	-	507,035	716,134	1,132,916	1,198,990
Debt Service	-	-	-	-	1,114,955	1,315,076	1,688,433	2,065,837	2,429,498	2,819,500
Aquatics Programs	-	-	-	-	10,000	10,000	10,000	10,000	10,000	-
Municipal Court	-	-	-	-	414,497	464,588	451,861	345,637	371,415	415,524
PD Asset Sharing	-	-	-	-	935,693	1,773,041	1,210,028	1,680,978	1,051,581	947,086
Drainage Improvements	-	-	-	-	533,047	514,275	1,623,508	1,028,237	1,278,474	1,583,039
Scholarships and Books	-	-	-	-	25,453	25,594	25,703	25,799	25,826	25,826
Tourism	-	-	-	-	437,435	412,953	319,997	539,027	849,426	1,068,442
Perpetual Care	-	-	-	-	33,859	37,541	46,572	45,074	52,487	35,335
Records Preservation	-	-	-	-	9,929	13,016	10,733	8,184	6,918	6,850
Tax Increment	-	-	-	-	4,402	3,999	3,818	3,487	3,536	3,554
Total Post GASB 54	\$ -	\$ -	\$ -	\$ -	\$ 8,647,069	\$ 9,557,498	\$ 9,029,881	\$ 9,155,722	\$ 9,642,372	\$ 29,814,237

(1) The 2011 fund balances were restated to include Mission Economic Development Authority (MEDA), a blended component unit of the City as of September 30, 2012.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 25,120,622	\$ 28,690,115	\$ 29,812,749	\$ 30,541,631	\$ 31,444,318	\$ 32,411,636	\$ 32,297,592	\$ 33,758,579	\$ 33,951,830	\$ 34,238,861
Licenses and permits	1,048,873	696,135	515,229	552,496	643,827	554,324	497,739	573,875	550,463	634,871
Intergovernmental	4,593,260	5,624,673	5,002,401	15,305,799	7,161,137	7,340,271	5,086,832	8,414,336	10,068,205	8,596,963
Charges for services	1,126,575	1,131,486	954,560	853,506	718,021	905,492	893,511	1,048,380	1,249,275	1,191,107
Fines	928,498	845,877	820,359	775,992	613,174	811,498	814,104	1,016,847	848,264	807,026
Investment earnings	519,103	570,477	132,095	41,819	54,112	57,649	59,252	87,731	90,628	83,949
Special assessments	472,710	494,579	506,520	523,299	531,715	540,032	682,323	884,355	902,318	918,844
Miscellaneous	1,397,770	1,896,000	2,636,184	1,639,861	1,711,765	1,160,974	2,111,479	1,792,201	1,137,003	1,782,135
Total Revenues	35,207,411	39,949,342	40,380,098	50,234,403	42,878,069	43,781,876	42,442,832	47,576,304	48,797,986	48,253,756
Expenditures										
General government	7,509,552	7,906,361	7,708,433	14,177,581	7,338,930	8,810,604	7,950,398	9,391,353	9,057,775	8,878,525
Public safety	15,400,283	16,849,849	17,265,004	18,642,783	18,575,214	20,738,298	20,502,038	20,727,655	21,544,530	21,601,527
Highways and streets	2,689,557	3,547,259	3,598,796	5,327,032	4,356,144	4,504,778	4,127,714	7,276,217	5,336,817	5,304,862
Health and Welfare	357,778	343,248	373,037	566,753	872,624	1,351,381	960,761	426,376	426,037	459,716
Economic and physical development	1,147,191	2,301,994	3,084,465	3,466,582	3,670,268	5,512,540	4,840,988	4,231,038	4,544,891	4,933,314
Culture and recreation	4,625,680	4,759,234	4,778,975	4,883,052	5,092,616	3,585,902	5,632,998	5,518,783	5,454,124	5,668,891
Capital projects	951,640	4,174,716	4,388,605	2,664,844	6,274,155	3,104,751	1,547,860	797,446	3,862,838	3,629,593
Debt service										
Principal	1,479,385	1,803,502	1,723,765	2,010,834	2,299,748	2,202,765	2,143,719	1,970,000	2,088,321	2,099,452
Interest	1,160,599	1,230,572	1,253,891	1,297,107	1,291,973	1,302,540	1,186,585	1,139,237	1,029,937	1,088,156
Other charges	8,503	8,630	8,630	7,450	5,950	5,950	8,239	5,450	5,650	6,300
Total expenditures	35,330,168	42,925,365	44,183,600	53,044,018	49,777,622	51,119,509	48,901,300	51,483,555	53,350,920	53,670,336
Excess of revenues over (under) expenditures	(122,757)	(2,976,023)	(3,803,503)	(2,809,615)	(6,899,553)	(7,337,633)	(6,458,468)	(3,907,251)	(4,552,934)	(5,416,580)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses)										
Transfers in	4,580,409	2,867,662	5,593,315	6,267,545	4,997,949	4,725,834	7,420,764	7,399,432	7,706,335	7,361,618
Transfers out	(3,900,410)	(1,867,662)	(3,993,315)	(4,167,545)	(2,797,949)	(2,725,835)	(2,820,764)	(2,999,433)	(3,306,334)	(2,961,619)
Refunding bond issued	-	-	-	-	-	3,165,000	-	-	-	8,085,000
Bonds issued	-	7,000,000	5,804,678	-	2,930,000	2,635,000	-	2,653,865	-	17,610,000
Long-term debt proceeds	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	168,426	168,441	-	84,236	298,283	-	-	-	4,028,801
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	(3,185,773)	-	(2,232,849)	-	(9,385,029)
Capital leases	384,344	-	-	108,326	-	-	-	-	-	-
Sale of capital assets	-	105,340	-	46,800	114,205	259,112	190,027	53,325	-	-
Proceeds from sale of assets	-	-	-	-	-	-	1,184,744	262,322	296,156	153,566
Total other financing sources (uses)	1,064,343	8,273,766	7,573,120	2,255,126	5,328,441	5,171,621	5,974,771	5,136,662	4,696,157	24,892,337
Special and extraordinary items:										
Special item	-	-	(295,683)	-	-	-	-	-	-	-
Total special and extraordinary items	-	-	(295,683)	-	-	-	-	-	-	-
Net change in fund balances	\$ 941,586	\$ 5,297,743	\$ 3,473,934	\$ (554,489)	\$ (1,571,112)	\$ (2,166,012)	\$ (483,697)	\$ 1,229,411	\$ 143,224	\$ 19,475,758

Debt service as a percentage of noncapital expenditures⁽¹⁾

8.15% 8.16% 7.91% 7.15% 8.90% 7.90% 7.54% 7.00% 6.94% 6.75%

**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
2007	13,773,567	8,859,345	2,069,905	358,276	59,529	25,120,622
2008	16,097,946	9,784,577	2,248,558	479,950	79,084	28,690,115
2009	17,507,334	9,552,728	2,265,859	400,690	86,136	29,812,747
2010	17,829,903	9,814,665	2,326,751	490,446	79,864	30,541,629
2011	18,236,586	10,234,485	2,396,994	496,759	78,066	31,442,891
2012	18,151,725	10,857,234	2,790,119	537,574	73,518	32,410,170
2013	18,190,169	10,917,924	2,542,621	577,711	69,167	32,297,592
2014	18,927,676	11,496,695	2,636,049	650,142	48,018	33,758,580
2015	19,037,265	11,479,463	2,650,031	748,812	36,258	33,951,829
2016	19,477,396	11,376,027	2,668,473	685,834	31,131	34,238,861

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	Property					
2007	997,313,190	1,512,771,351	277,201,924	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	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	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	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	268,558,129	532,302,145	3,232,561,565	0.5566	3,764,863,710	0.86%
2012	1,468,867,159	2,043,740,424	366,527,219	366,527,219	558,744,227	3,320,390,575	0.5388	3,879,134,802	0.86%
2013	1,500,235,907	2,085,403,055	376,726,890	376,726,890	555,879,190	3,406,486,662	0.5288	3,962,365,852	0.86%
2014	1,503,272,817	2,208,552,001	384,505,956	384,505,956	575,539,632	3,520,791,142	0.5288	4,096,330,774	0.86%
2015	1,509,471,690	2,242,310,656	371,410,887	371,410,887	582,674,815	3,540,518,418	0.5188	4,123,193,233	0.86%
2016	1,652,176,687	2,408,822,295	411,528,454	411,528,454	628,526,679	3,844,000,757	0.4988	4,472,527,436	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			Hidalgo County			Mission ISD			Sharyland ISD			La Joya ISD			South Texas ISD			Drainage Dist. No. 1 Tax Rate	South Texas College Tax Rate	
				Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate		Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate			Tax Rate
2006-07	0.4455	0.1111	0.5566	0.5900	1.4574	1.5451	1.5800	0.0392	0.0413	0.1548	5.96													
2007-08	0.4455	0.1111	0.5566	0.5900	1.1800	1.1850	1.2520	0.0492	0.0492	0.1540	5.02													
2008-09	0.4609	0.1057	0.5666	0.5900	1.1240	1.1850	1.3216	0.0492	0.0700	0.1498	5.06													
2009-10	0.4413	0.1153	0.5566	0.5900	1.2800	1.2000	1.3110	0.0492	0.0725	0.1491	5.21													
2010-11	0.4498	0.1068	0.5566	0.5900	1.3000	1.2000	1.3110	0.0492	0.0725	0.1497	5.23													
2011-12	0.4221	0.1167	0.5388	0.5900	1.3000	1.2000	1.3110	0.0492	0.0733	0.1507	5.21													
2012-13	0.4086	0.1202	0.5288	0.5900	1.3000	1.2855	1.3110	0.0492	0.0750	0.1507	5.29													
2013-14	0.4212	0.1076	0.5288	0.5900	1.3000	1.2855	1.3110	0.0492	0.0957	0.1500	5.31													
2014-15	0.4140	0.1048	0.5188	0.5900	1.3300	1.3355	1.3110	0.0492	0.0957	0.1850	5.42													
2015-16	0.4000	0.0988	0.4988	0.5900	1.3672	1.3355	1.3110	0.0492	0.0951	0.1850	5.43													

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

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

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

**City of Mission
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	Tax Year 2016			Tax Year 2007		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Frontera Generation LTD	\$ 60,508,140	1	1.57%	-	-	-
Sharyland Utilities LP	55,721,920	2	1.45%	15,625,610	3	0.66%
Shary Retail LTD	28,798,244	3	0.75%	-	-	-
AEP Texas Central Co	23,125,510	4	0.60%	14,081,790	6	0.60%
Bert Ogden Chevrolet	19,668,372	5	0.51%	22,174,266	1	0.94%
Wal-Mart Real Estate Business	18,101,797	6	0.47%	15,310,795	4	0.65%
Shary Retail LTD	17,107,025	7	0.45%	20,043,580	2	0.85%
Royal Technologies Corp.	14,388,954	8	0.37%	-	-	0.00%
CNMK Texas Properties, LTD	13,523,677	9	0.35%	-	-	0.00%
Royal Technologies Corp.	13,047,133	10	0.34%	-	-	0.00%
Halliburton Energy Serv (HS)	-	-	-	14,811,240	5	0.63%
Rio Grande Snack Co	-	-	-	13,181,662	7	0.56%
Southwestern Bell Telephone	-	-	-	11,406,070	8	0.48%
H. E. Butt Grocery Company	-	-	-	10,155,916	9	0.43%
Spikes Motor Company, Inc.	-	-	-	10,143,455	10	0.43%
Total	<u>\$ 263,990,772</u>		<u>6.87%</u>	<u>\$ 146,934,384</u>		<u>6.25%</u>

Source: Hidalgo County Tax Assessor.

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

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collection within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collection to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	12,045,882	11,347,253	94.2%	656,464	12,003,717	99.6%
2007	13,241,161	12,684,294	95.8%	506,810	13,191,104	99.6%
2008	15,893,072	15,035,133	94.6%	793,826	15,828,959	99.6%
2009	17,305,109	16,251,424	93.9%	968,270	17,219,694	99.5%
2010	17,361,554	16,529,835	95.2%	732,458	17,262,293	99.4%
2011	17,803,116	16,989,023	95.4%	693,116	17,682,139	99.3%
2012	17,798,270	17,102,655	96.1%	557,278	17,659,933	99.2%
2013	17,835,988	17,194,844	96.4%	470,427	17,665,271	99.0%
2014	18,585,075	17,937,794	96.5%	414,781	18,352,575	98.7%
2015	18,689,445	18,034,797	96.5%	281,401	18,316,198	98.0%
2016	19,097,947	18,465,405	96.7%	-	18,465,405	96.7%

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				
2007	21,531,842	50,000	284,958	41,320,103	845,000	84,651	64,116,554	0.49%	1,048	
2008	27,030,268	-	186,457	39,277,568	430,000	46,603	66,970,896	0.48%	1,025	
2009	31,369,184	272,001	81,739	37,251,918	220,000	300,706	69,495,548	0.45%	1,013	
2010	29,502,057	168,000	143,232	29,959,204	-	206,332	59,978,825	0.37%	833	
2011	30,348,323	96,000	70,484	32,089,427	-	113,252	62,717,486	0.37%	814	
2012	30,982,042	24,000	24,719	31,659,650	-	40,730	62,731,141	0.35%	790	
2013	28,877,394	-	-	30,142,873	-	41,282	59,061,549	0.32%	734	
2014	27,903,296	-	-	29,032,906	4,880,000	28,762	61,844,964	0.33%	763	
2015	25,758,810	-	-	26,861,210	4,675,000	15,644	57,310,664	0.29%	707	
2016	44,118,902	-	-	40,719,199	3,930,000	198,500	88,966,601	0.43%	1,068	

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⁾
2007	22,376,842	828,009	845,000	20,703,833	0.88%	338.34
2008	27,460,268	989,173	430,000	26,041,095	0.95%	398.73
2009	31,589,184	1,140,526	220,000	30,228,658	1.04%	440.81
2010	29,502,057	1,472,816	-	28,029,241	0.90%	389.28
2011	30,348,323	1,114,955	-	29,233,368	0.90%	379.37
2012	30,982,042	1,315,076	-	29,666,966	0.89%	373.79
2013	28,877,394	1,688,433	-	27,188,961	0.80%	337.95
2014	32,783,296	2,065,837	4,880,000	25,837,459	0.73%	318.78
2015	30,433,810	2,429,499	4,675,000	23,329,311	0.66%	287.84
2016	48,048,902	2,819,500	3,930,000	41,299,402	1.07%	495.80

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, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Hidalgo County	\$ 198,210,000	11.83%	\$ 23,448,243
Hidalgo County Drainage District #1	137,910,000	12.32%	16,990,512
Hidalgo Independent School District	36,115,000	0.35%	126,403
La Joya Independent School District	246,101,728 ⁽¹⁾	15.12%	37,210,581
Mission Consolidated Independent School District	123,463,222 ⁽¹⁾	72.33%	89,300,948
Sharyland Independent School District	112,981,999 ⁽¹⁾	60.08%	67,879,585
South Texas College District	161,905,000	10.24%	16,579,072
Subtotal Overlapping Debt			<u>\$ 251,535,345</u>
City of Mission	43,335,000	100.00%	43,335,000
Total Direct and Overlapping Debt			<u><u>\$ 294,870,345</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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 117,627,740	\$ 136,455,901	\$ 145,652,934	\$ 156,318,534	\$ 161,628,078	\$ 166,019,529	\$ 170,324,333	\$ 176,039,557	\$ 177,025,921	\$ 192,200,038
Total net debt applicable to limit	20,576,990	25,760,826	30,079,474	28,055,184	29,233,368	29,489,924	27,021,567	24,739,163	23,329,311	41,299,402
Legal debt margin	\$ 97,050,750	\$ 110,695,075	\$ 115,573,460	\$ 128,263,350	\$ 132,394,710	\$ 136,529,605	\$ 143,302,766	\$ 151,300,394	\$ 153,696,610	\$ 150,900,636
Total net debt applicable to the limit as a percentage of debt limit	17.49%	18.88%	20.65%	17.95%	18.09%	17.76%	15.86%	14.05%	13.18%	21.49%
Legal Debt Margin Calculation for Fiscal Year										
Assessed value	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682	\$ 3,232,561,565	\$ 3,320,390,575	\$ 3,406,486,662	\$ 3,520,791,142	\$ 3,540,518,418	\$ 3,844,000,757
Add back: exempt real property	-	-	-	-	-	-	-	-	-	-
Total assessed value	\$ 2,352,099,983	\$ 2,729,646,025	\$ 2,913,058,674	\$ 3,126,370,682	\$ 3,232,561,565	\$ 3,320,390,575	\$ 3,406,486,662	\$ 3,520,791,142	\$ 3,540,518,418	\$ 3,844,000,757
Debt limit (5% of total assessed value)	117,604,999	136,482,301	145,652,934	156,318,534	161,628,078	166,019,529	170,324,333	176,039,557	177,025,921	192,200,038
Debt applicable to limit:										
General obligation bonds	22,250,000	27,180,000	31,440,000	29,528,000	30,135,000	30,805,000	28,710,000	31,685,000	30,433,810	48,048,902
Less: Amount set aside for repayment of general obligation debt	(828,010)	(989,174)	(1,140,526)	(1,472,816)	(1,114,955)	(1,315,076)	(1,688,433)	(2,065,837)	(2,429,499)	(2,819,500)
Less: Business-type general obligations	(845,000)	(430,000)	(220,000)	-	-	-	-	(4,880,000)	(4,675,000)	(3,930,000)
Total net debt applicable to limit	20,576,990	25,760,826	30,079,474	28,055,184	29,020,045	29,489,924	27,021,567	24,739,163	23,329,311	41,299,402
Legal debt margin	\$ 97,028,009	\$ 110,721,475	\$ 115,573,460	\$ 128,263,350	\$ 132,608,033	\$ 136,529,605	\$ 143,302,766	\$ 151,300,394	\$ 153,696,610	\$ 150,900,636

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: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾		Coverage ⁽⁴⁾
				Principal	Interest	
2007	15,000,320	8,016,670	6,983,650	2,073,759	1,406,974	2.01%
2008	16,339,351	9,205,146	7,134,205	2,056,873	1,691,463	1.90%
2009	16,289,267	9,016,007	7,273,260	2,172,316	1,966,747	1.76%
2010	15,272,007	9,197,669	6,074,338	2,056,000	1,339,718	1.79%
2011	17,530,504	9,422,969	8,107,535	1,856,000	1,265,272	2.60%
2012	17,754,118	10,004,211	7,749,907	1,933,000	1,192,441	2.48%
2013	18,053,516	10,087,267	7,966,249	2,000,000	1,115,474	2.56%
2014	19,289,418	10,112,569	9,176,849	2,091,000	888,111	3.08%
2015	17,748,586	10,453,361	7,295,225	2,360,000	792,799	2.31%
2016	21,047,816	10,556,595	10,491,221	2,755,000	869,530	2.89%

(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				
2007	61,193	13,052,934,000	18,771	32.0	85.3	15,536	5.60%
2008	65,309	14,055,483,000	19,651	32.7	80.0	15,451	7.30%
2009	68,575	15,409,425,000	20,917	32.2	79.6	15,439	9.30%
2010	72,004	16,036,052,000	21,171	30.9	82.4	15,341	9.90%
2011	77,058	16,965,278,000	21,771	30.9	82.9	15,517	10.20%
2012	79,368	17,789,208,000	22,390	29.8	89.0	25,845	8.10%
2013	80,452	18,341,843,000	22,757	27.2	88.9	25,766	7.90%
2014	81,050	18,827,748,000	23,073	29.3	90.7	25,645	6.90%
2015	82,431	19,740,566,000	23,753	30.3	94.6	25,676	6.10%
2016	83,298	20,702,880,000	24,579	30.5	89.7	25,819	6.20%

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

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

(3) Source: Texas Education Agency, Local School Directory.com, Mission CISD & added Sharyland ISD 2012

(4) Source: Labor Market & Career Information, Texas Workforce Commission, Tracer (Data Link - Data Types)

**City of Mission
Principal Employers
Current Year and Nine Years Ago**

Employer	2016⁽¹⁾			2007⁽¹⁾		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mission CISD	2,400	1	3.51%	2,140	1	3.81%
Sharyland ISD	1,685	2	2.46%	1,045	2	1.86%
Mission Regional Medical Center	1,000	3	1.46%	910	3	1.62%
T-Mobile	830	4	1.21%	893	4	1.59%
City of Mission	684	5	1.00%	562	5	1.00%
H.E.B.	647	6	0.95%	334	7	0.59%
Wal-Mart Super Center	328	7	0.48%	410	6	0.73%
Home Depot	180	8	0.26%			0.00%
Royal Technologies	178	9	0.26%			
Target	170	10	0.25%	240	9	0.43%
Vanity Fair				315	8	0.56%
Frito Lay				173	10	0.31%
Total	<u>8,102</u>			<u>7,022</u>		<u>12.49%</u>

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

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

Function	Full-time Equivalent Employees as of September 30										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	75	76	80	80	79	77	77	76	82	87	89
Public Safety											
Police											
Officers	116	116	120	126	130	140	146	146	146	146	149
Civilians	42	44	46	51	52	53	53	51	50	50	46
Fire											
Firefighters and Officers	63	63	64	67	67	66	67	67	67	67	67
Civilians	2	6	6	6	6	8	7	7	7	7	7
Highways and Streets											
Streets	26	27	30	33	33	33	32	32	32	32	28
Health and Welfare											
Health	7	7	7	7	7	7	8	8	8	8	8
Culture and recreation											
Aquatics	2	2	2	3	3	3	2	3	2	2	2
Museum	2	2	2	3	4	4	4	4	5	5	5
Parks and Recreation	35	35	38	47	44	45	45	44	45	45	52
Library	20	20	20	20	20	22	21	19	19	19	19
Golf Course	20	20	27	17	16	17	17	17	17	17	15
Sanitation											
Water distribution	78	78	78	79	83	87	86	88	87	87	88
Wastewater	12	13	13	13	12	12	15	13	14	14	13
Solid Waste ⁽¹⁾	-	-	-	-	-	-	-	-	17	17	19
Community Development	3	3	3	3	5	4	3	3	3	3	3
Total	503	512	536	555	561	578	583	578	601	606	610

Source: City of Mission Finance Department-Budget Office.

(1) City began in-house solid waste collection in FY2014

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police											
Physical arrests	3,943	4,592	4,081	4,002	4,373	3,000	4,305	4,079	3,632	3,050	3,135
Parking Violation	44	96	64	67	41	35	75	55	29	75	45
Traffic Violations	12,042	13,217	22,473	20,757	10,957	12,970	13,685	8,093	12,071	19,882	12,112
Fire											
Number of calls answered	1,977	2,159	2,270	1,967	2,450	2,738	3,239	2,818	3,715	3,888	3,636
Inspections	790	2,945	2,479	3,015	2,392	2,154	1,803	2,599	1,773	2,116	2,474
Highways and Streets											
Streets resurfacing (miles)	20,000	8,564	6,088	3,750	5,596	4,240	5,530	5,130	6,070	10,110	4,860
Potholes repaired	13,006	24,729	10,217	6,438	12,449	6,710	15,783	21,122	30,911	23,898	21,031
Sanitation											
Refuse collected (tons/day) ⁽¹⁾	159	193	146	150	173	176	218	225	377	443	451
Recyclables collected (tons/day)	0.03	0.05	0.08	0.21	0.16	0.26	0.26	0.24	0.27	0.34	0.44
Culture and recreation											
Golf Course											
Rounds	53,464	54,125	68,173	65,942	52,491	59,162	54,056	60,306	46,388	36,971	46,477
Recreation											
Programs	34	32	32	32	32	32	32	37	31	22	14
Parks Maintained	24	24	24	25	25	25	25	25	28	28	28
Water											
New connections (year)	1,237	1,202	650	1,748	463	512	370	353	297	486	398
Water mains breaks (year)	563	459	603	557	649	452	507	395	463	344	258
Average daily consumption (millions of gallons)	12.56	10.85	12.44	13.23	11.00	13.63	12.63	13.02	12.56	10.62	12.42
Wastewater											
Average daily sewage treatment	6.00	6.03	6.06	5.97	6.57	6.32	6.68	7.09	7.19	7.42	7.39

Sources: Various City departments.

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

(1) Information for 2006 estimated.

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety											
Police Protection											
Stations	1	1	1	1	1	2	2	2	2	2	2
Patrol Units	85	88	94	96	87	100	111	111	111	111	111
Fire Protection											
Fire Stations	4	4	4	4	4	5	5	5	5	5	5
Highways and Streets											
Streets (miles)	535	539.52	543.46	548.67	549.02	554.20	555.66	560.79	387.14	387.45	389.06
Number of Streetlights	4,767	2,636	2,679	2,726	4,856	4,945	4,473	4,158	4,261	4,281	4,332
Culture and recreation											
Parks acreage	310	310	419	419	419	419	419	419	419	419	419
Parks	24	24	24	25	25	25	25	25	28	28	28
Swimming pools	2	2	2	2	2	2	3	3	3	3	2
Tennis Courts	2	2	3	4	4	4	4	9	9	9	9
Community Centers	2	2	2	2	2	2	2	2	2	2	2
Water											
Water Plants	2	2	2	2	2	2	2	2	2	2	2
Water mains (miles)	410	415.86	422.56	425.36	429.07	436.35	442.21	457.45	460.79	459.23	461.33
Fire hydrants	2,254	2,408	2,444	2,457	2,481	2,496	2,784	2,803	2,813	2,820	2,835
Number of Service connections	21,995	22,902	23,308	23,785	24,248	24,734	25,157	25,510	25,807	26,293	26,713
Number of Gallons Sold (in millions)	4,172.14	3,425.39	3,906.65	4,228.78	3,613.76	4,513.88	4,678.99	4,844.63	4,305.08	3,609.67	3,973.49
Daily Average Consumption (gallons) ⁽¹⁾	12.56	10.85	12.44	11.59	9.90	12.37	12.81	13.27	11.80	9.89	10.88
Sewer											
Number of Treatment plants	1	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	315	319.45	323.16	325.11	325.93	328.70	328.707	356.75	357.77	358.14	359.99
Number of Service connections	18,606	18,632	20,510	21,285	21,694	22,110	22,439	22,815	23,028	23,437	23,871
Storm sewers (miles)	110	112.17	114.95	115.91	116.83	118.99	121.16	145.03	145.92	146.02	146.79
Daily average treatment in gallons ⁽¹⁾	6.00	6.03	6.06	5.97	6.57	6.60	6.70	7.10	7.20	7.40	7.40
Maximum daily treatment capacity ⁽¹⁾	7.00	7.34	8.12	6.70	12.92	7.87	8.60	9.18	12.00	9.98	11.90

Source: City departments.

(1) Amount is in millions.

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



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