



Mission Economic Development Corporation

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# FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2025



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956.585.0040

801 N. Bryan Rd. | Mission, TX

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**BOARD MEMBERS**  
**YEAR ENDED SEPTEMBER 30, 2025**

**PRESIDENT**

**Richard Hernandez**

**VICE PRESIDENT**

**Deborah L. Cordova**

**SECRETARY**

**Estella Saez**

**TREASURER**

**Julian Alvarez**

**MAYOR**

**Norie Gonzalez Garza**

**MEMBER**

**Carl Davis**

**MEMBER**

**Jose Vargas**

**ALTERNATE FOR MAYOR POSITION**

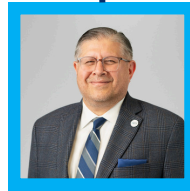
**Marissa Ortega Gerlach**



Mission Economic Development Corporation

### ORGANIZATIONAL STRUCTURE

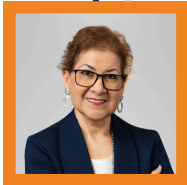
## MISSION EDC BOARD OF DIRECTORS



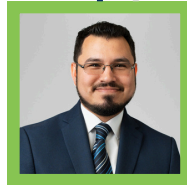
Tecló Garcia  
Chief Executive Officer



Belen Guerrero  
Chief Operating Officer



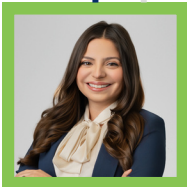
Judy Vega  
Executive Assistant



Joe Salazar  
Financial Officer



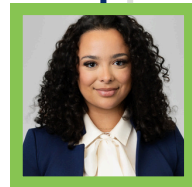
Candace Rodriguez  
Public Relations &  
Communications Manager



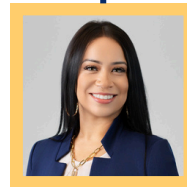
Brianna Casares  
Director of Programs &  
Strategic Partnerships



(VACANT)  
Business Outreach  
Manager



Stephanie Mendiola  
Business Development  
& Retention Director



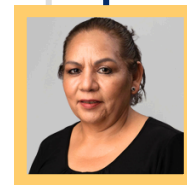
Catherine Hernandez  
Facility Manager



Manuel Rodriguez  
CEED Receptionist &  
Marketing Assistant



Imelda Cantu  
Office Coordinator



Maria Rojas  
Custodian



Lorena Schaldach  
Custodian

MEDDC Executive Staff

MEDDC Professional Staff

MEDDC Administrative Staff

CEED Operational Staff

## INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the Board  
Mission Economic Development Corporation  
Mission, Texas

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund, of Mission Economic Development Corporation, a component unit of the City of Mission, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Mission Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mission Economic Development Corporation as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mission Economic Development Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

##### ***Change in Accounting Principle***

As described in Note 2 to the financial statements, in 2025, Mission Economic Development Corporation adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

##### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mission Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mission Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 4-8 and 35-38, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, 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 the 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mission Economic Development Corporation's basic financial statements. The budgetary comparison schedules – debt service fund and capital projects fund on pages 40 and 41, respectively, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 budgetary comparison schedules – debt service fund and capital projects fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of Mission Economic Development Corporation'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mission Economic Development Corporation's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mission Economic Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Benton McCallister & Sons, LLP". The signature is written in a cursive, flowing style.

McAllen, Texas  
February 24, 2026

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2025**

As management of the Mission Economic Development Corporation (MEDC), we offer readers of the MEDC's financial statements this narrative overview and analysis of the financial activities of the MEDC for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and disclosures following this section.

**Financial Highlights**

- The assets of MEDC exceeded liabilities at the close of the most recent fiscal year by \$12,608,999 (net position).

**Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

The government-wide financial statements can be found on pages 10-11 of this report.

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

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

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

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

MEDC adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

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

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of MEDC, assets exceeded liabilities and deferred inflows by \$12,608,999 at the close of the fiscal year. Compared to the prior year, the net position decreased by \$3,771,378.

#### Net Position

	Governmental Activities	
	2025	2024
ASSETS:		
Current and other assets	\$ 22,110,898	\$ 11,953,773
Capital assets	9,391,896	12,881,108
Total assets	31,502,794	24,834,881
LIABILITIES:		
Long-term liabilities	15,748,590	7,526,397
Other liabilities	3,136,275	898,210
Total liabilities	18,884,865	8,424,607
DEFERRED INFLOWS:		
Deferred lease revenues	8,930	29,897
Total deferred inflows	8,930	29,897
NET POSITION:		
Net investment in capital assets	2,508,468	8,538,247
Restricted	2,333,292	1,277,155
Unrestricted	7,767,239	6,564,975
Total net position	\$ 12,608,999	\$ 16,380,377

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

The following table presents a summary of revenues and expenses for the governmental activities that affected net position.

**Changes in Net Position**

	Governmental Activities	
	2025	2024
<b>REVENUES:</b>		
Program revenues:		
Charges for services	\$ 334,369	\$ 327,824
Operating grants and contributions	10,000	30,000
Capital grants and contributions	-	927,454
General revenues:		
Sales taxes	7,303,070	6,994,694
Issuance and filing fees	487,706	219,780
Interest revenue	178,479	93,675
Investment gains (losses)	3,110	19,337
Miscellaneous	192,587	48,745
Total revenues	8,509,321	8,661,509
<b>EXPENSES:</b>		
Economic development	11,423,375	4,892,770
Interest on long-term debt	857,324	474,289
Total expenses	12,280,699	5,367,059
Changes in net position	(3,771,378)	3,294,450
Net position - beginning	16,380,377	13,085,927
Net position - ending	\$ 12,608,999	\$ 16,380,377

**Governmental activities.** Governmental activities for the fiscal year decreased MEDC’s net position by \$3,771,378.

Total revenues reflect a decrease of \$152,188, or 2%, compared to last year. This was primarily attributed to the decrease in capital grants and contributions as a multi-year improvement project was nearly concluded within fiscal year 2024. Expenses reflected an increase of \$6,913,640, or 129%, compared to prior year. The increase is most significantly attributed to a redevelopment project of a private-sector investment which MEDC began in fiscal year 2021. The project was concluded and transferred to the City of Mission within fiscal year 2025 in the amount of \$5,842,958. Other increases are attributed to additional assistance with City projects.

## Financial Analysis of Government's Funds

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

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

At the end of the current fiscal year, MEDC's governmental funds reported combined ending fund balances of \$19,011,998, an increase of \$7,923,296 in comparison with the prior year. Unassigned fund balance for all governmental funds, which is available for spending at MEDC's discretion, reflects a positive \$1,785,762. In accordance with GASB No. 54, \$11,448,662 of total fund balance is considered nonspendable for prepaid assets, long-term leases receivable and land held for resale; \$1,723,787 is restricted for debt service; \$609,505 is restricted for capital projects; and \$3,444,282 is committed for various economic development projects.

The **General Fund** is the chief operating fund of MEDC. At the end of the current fiscal year, unassigned fund balance was \$1,785,762; however the total fund balance of the General Fund was \$16,471,594. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Expenditures exceeded the unassigned fund balance by \$5,183,507, which was an increase of \$1,830,148 compared to prior year. Total fund balance exceeded expenditures by \$9,502,325, which was an increase of \$5,378,286 compared to prior year.

During the current fiscal year, the MEDC General Fund revenues decreased by \$117,374 or 1%, partially due to a decrease of \$927,454 in capital grants and contributions and increases in sales tax revenue of \$308,376, interest earned on investments of \$83,639 and conduit debt issuance fees of \$228,748 as compared to prior year. Total expenditures increased by \$1,450,072 or 26%, due to the combined effect of various changes: a reduction of \$927,454 in costs related to a private-sector redevelopment project that was completed at the end of 2024; an increase in assistance on City improvement projects of \$1,857,484; and an increase in incentive programs of \$249,230.

The **Debt Service Fund** has a total fund balance of \$1,723,787, all of which is reserved for the payment of debt service. Sufficient funds were available in the Debt Service Fund to meet principal and interest due for fiscal year 2026.

The **Capital Projects Fund** has a total fund balance of \$609,505, which is reserved for funding construction and improvement projects.

The **Special Revenue Fund** has a total fund balance of \$207,112. Within fiscal year 2025 the Special Revenue Fund received \$10,000 from Corporate Grants and awarded \$10,000 for the Ruby Red Venture Competition program.

### General Fund Budgetary Highlights

All budget amendments must be approved by the MEDC Board. During the year, the Board approved three budget amendments totaling \$1,939,635.

The three budget amendments increased expenditures by \$5,644,135 during the year for Shary Golf Course renovations and the Cimarron Golf Course and Country Club land acquisition. There was an increase of \$3,704,500 in revenues considered for Cimarron loan proceeds, rent fees and new conduit debt issuance fees.

## Capital Asset and Debt Administration

**Long-term debt.** At the end of the current fiscal year, MEDC had total long-term debt outstanding of \$15,748,590.

### Outstanding Sales Tax Revenue Notes and Lease Liabilities

	Governmental Activities	
	2025	2024
2016 Frost Loan	\$ -	\$ 3,139,409
2018 PNC Bank Loan	3,987,435	4,383,392
2025 KS StateBank Obligation	1,361,155	-
2025 Sales Tax Revenue and Refunding Bonds	10,400,000	-
	15,748,590	7,522,801
Lease liabilities	-	3,596
Total	\$ 15,748,590	\$ 7,526,397

Additional information on MEDC's long-term debt can be found on pages 28-29 of this report.

### Economic Factors and Next Year's Budget

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

- According to the Texas Labor Market Review, the unemployment rate for the McAllen-Edinburg-Mission MSA as of September 30, 2025 was 6.5 percent, which represents a compared 0.7 percent increase from prior year. The state and national average unemployment rates are at 4.4 percent and 4.3 percent respectively.
- The 2025-2026 General Fund operating budget was prepared using \$15,613,933 as the estimated total fund balance at September 30, 2025. The actual total fund balance for the General Fund was \$16,471,594, of which \$1,785,762 was unassigned. For the upcoming 2025-2026 fiscal year, \$15,619,316 is the projected total fund balance at September 30, 2026. Projected revenues reflect a 2.68% increase and expenditures reflect an 8.32% increase as compared to the FY 2025 original budget.

### Requests for Information

This financial report is designed to provide a general overview of MEDC's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the MEDC Finance Officer, 801 N Bryan Road, Mission, Texas, 78572.



Mission Economic Development Corporation

# **BASIC FINANCIAL STATEMENTS**

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**STATEMENT OF NET POSITION**  
**September 30, 2025**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,346,520
Investments	3,541,949
Receivables, net	1,225,489
Due from primary government	214,986
Prepaid expenses	36,783
Land held for resale	11,402,949
Lease receivable	8,930
Restricted assets	2,333,292
Capital assets:	
Land	2,100,959
Construction in progress	2,523,210
Capital assets, net of accumulated depreciation	4,767,727
Total assets	31,502,794
<b>LIABILITIES</b>	
Accounts payable	392,275
Accrued interest payable from restricted assets	46,305
Retainage payable	157,714
Due to primary government	2,539,031
Unearned revenue	950
Noncurrent liabilities:	
Due within one year	1,277,895
Due in more than one year	14,470,695
Total liabilities	18,884,865
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to leases	8,930
Total deferred inflows	8,930
<b>NET POSITION</b>	
Net investment in capital assets	2,508,468
Restricted for:	
Debt service	1,723,787
Capital projects	609,505
Unrestricted	7,767,239
Total net position	\$ 12,608,999

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2025**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expenses) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Component unit:				
Governmental activities:				
Economic development	\$ 11,423,375	\$ 334,369	\$ 10,000	\$ (11,079,006)
Interest and fiscal charges on long-term debt	857,324	-	-	(857,324)
Total governmental activities	\$ 12,280,699	\$ 334,369	\$ 10,000	(11,936,330)
General revenues:				
Sales taxes				7,303,070
Issuance and filing fees				487,706
Interest earned				178,479
Investment gains				3,110
Miscellaneous				192,587
Total general revenues				8,164,952
Change in net position				(3,771,378)
Net position, beginning of year				16,380,377
Net position, end of year				\$ 12,608,999

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**September 30, 2025**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,138,988	\$ -	\$ -	\$ 207,532	\$ 3,346,520
Restricted cash and cash equivalents	-	1,723,787	609,505	-	2,333,292
Investments	3,541,949	-	-	-	3,541,949
Prepaid expenses	36,783	-	-	-	36,783
Receivables, net:					
Sales tax	1,169,768	-	-	-	1,169,768
Accounts-other	55,721	-	-	-	55,721
Due from primary government	214,986	-	-	-	214,986
Lease receivable	8,930	-	-	-	8,930
Land held for resale	11,402,949	-	-	-	11,402,949
<b>Total assets</b>	<b>\$ 19,570,074</b>	<b>\$ 1,723,787</b>	<b>\$ 609,505</b>	<b>\$ 207,532</b>	<b>\$ 22,110,898</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 391,855	\$ -	\$ -	\$ 420	\$ 392,275
Retainage payable	157,714	-	-	-	157,714
Due to primary government	2,539,031	-	-	-	2,539,031
Unearned revenue	950	-	-	-	950
<b>Total liabilities</b>	<b>3,089,550</b>	<b>-</b>	<b>-</b>	<b>420</b>	<b>3,089,970</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred lease revenues	8,930	-	-	-	8,930
<b>Total deferred inflows of resources</b>	<b>8,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,930</b>
<b>FUND BALANCES</b>					
Nonspendable	11,448,662	-	-	-	11,448,662
Restricted for:					
Debt service	-	1,723,787	-	-	1,723,787
Capital projects	-	-	609,505	-	609,505
Committed	3,237,170	-	-	207,112	3,444,282
Unassigned	1,785,762	-	-	-	1,785,762
<b>Total fund balances</b>	<b>16,471,594</b>	<b>1,723,787</b>	<b>609,505</b>	<b>207,112</b>	<b>19,011,998</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 19,570,074</b>	<b>\$ 1,723,787</b>	<b>\$ 609,505</b>	<b>\$ 207,532</b>	<b>\$ 22,110,898</b>

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2025**

Total fund balances - governmental funds balance sheet	\$ 19,011,998
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in funds.	9,391,896
Principal on long-term debt not due within the current period are not reported in funds.	(15,748,590)
Interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	<u>(46,305)</u>
Net position of governmental activities - statement of net position	<u>\$ 12,608,999</u>

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2025**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
Revenues:					
Sales tax	\$ 7,303,070	\$ -	\$ -	\$ -	\$ 7,303,070
Intergovernmental	-	-	-	-	-
Charges for services	334,369	-	-	-	334,369
Interest	171,986	5,954	-	539	178,479
Investment gains	-	3,110	-	-	3,110
Miscellaneous	680,293	-	-	10,000	690,293
Total revenues	<u>8,489,718</u>	<u>9,064</u>	<u>-</u>	<u>10,539</u>	<u>8,509,321</u>
Expenditures:					
Current:					
General government:					
Economic development	5,264,536	-	-	22,420	5,286,956
Capital outlay:					
Economic development	1,701,133	-	946,074	-	2,647,207
Debt service:					
Principal	3,596	809,802	2,839,409	-	3,652,807
Interest and fiscal charges	4	451,948	422,103	-	874,055
Total expenditures	<u>6,969,269</u>	<u>1,261,750</u>	<u>4,207,586</u>	<u>22,420</u>	<u>12,461,025</u>
Excess (deficiency) of revenue over expenditures	<u>1,520,449</u>	<u>(1,252,686)</u>	<u>(4,207,586)</u>	<u>(11,881)</u>	<u>(3,951,704)</u>
Other Financing Sources (Uses):					
Transfers in	7,057,909	1,700,000	-	50,000	8,807,909
Transfers out	(1,750,000)	-	(7,057,909)	-	(8,807,909)
Debt issuance proceeds	-	-	11,875,000	-	11,875,000
Total other financing sources (uses)	<u>5,307,909</u>	<u>1,700,000</u>	<u>4,817,091</u>	<u>50,000</u>	<u>11,875,000</u>
Net change in fund balances	6,828,358	447,314	609,505	38,119	7,923,296
Fund balances - beginning of year	<u>9,643,236</u>	<u>1,276,473</u>	<u>-</u>	<u>168,993</u>	<u>11,088,702</u>
Fund balances - end of year	<u>\$ 16,471,594</u>	<u>\$ 1,723,787</u>	<u>\$ 609,505</u>	<u>\$ 207,112</u>	<u>\$ 19,011,998</u>

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**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, 2025**

Net change in fund balances - total governmental funds	\$ 7,923,296
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements but should be shown as an increase in capital assets in governmental activities on the statement of net position.	2,647,207
The depreciation and amortization of capital assets used in governmental activities are not reported in the fund financial statements, but should be shown as a decrease in governmental activities on the statement of net position.	(289,776)
Principal payments related to lease liabilities of \$3,596 and the amortization of lease assets of (\$3,685) are shown on the statement of activities.	(89)
Capital assets (prior capital outlays) contributed to another government would not be reflected in fund financial statements but should be shown as a decrease in capital assets on the statement of net position.	(5,842,958)
Debt proceeds provided current financial resources in the funds but are not reported as revenues in the statement of activities.	(11,875,000)
Repayment of principal on long-term debt is an expenditure in the fund financial statements, but is not an expense in the statement of activities. The net effect of these debt principal payments is to increase net position.	3,649,211
(Increase) decrease in accrued interest from beginning of the period to the end of the period.	16,731
	<hr/>
Change in net position of governmental activities - statement of activities	<u>\$ (3,771,378)</u>

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2025**

**NOTE 1 – THE REPORTING ENTITY**

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

On September 12, 1994, the MEDC was issued a Certificate of Incorporation by the State of Texas as a non-profit corporation under the Development Corporation Act of 1979 Vernon’s Ann Civ. St. Art. 5190.6 as amended. The 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. Funding for MEDC primarily comes from ½ of 1% of the 2% local sales tax earned and collected within the City of Mission as approved by the voters of the City of Mission. MEDC is operated and governed by a seven member board of directors, six of whom are appointed by the City Council. The seventh member is the Mayor of the City of Mission, Texas. The City Council also appoints an alternate board member to serve in instances when the Mayor is unable to serve. Any director may be removed from office by the City Council for cause or at will. Additionally, the City approves the programs and expenditures of MEDC and must approve amendments to MEDC’s bylaws and Articles of Incorporation. Therefore, these accompanying financial statements are not intended to present fairly the financial position, results of operations and cash flows, where appropriate, for the City of Mission, Texas. These financial statements are included in the annual comprehensive financial report for the City of Mission, Texas as a discretely presented component unit.

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

These purposes include:

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

***Blended Component Unit***

Mission Education Development Council, Inc. is a non-profit corporation developed to assist and support MEDC by promoting MEDC’s education initiatives and Center for Education and Economic Development to create a 21<sup>st</sup> century ready workforce. The Board of Directors consist of seven directors, one of whom is the Mayor of the City of Mission, Texas. The remaining six are appointed by the Mayor and City Council of the City of Mission, Texas. At September 30, 2025, the board of directors and chief executive for Mission Education were the same as those for MEDC.

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

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

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

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

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

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

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

MEDC reports the following major governmental funds:

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

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

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

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (*Continued*)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MEDC considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as claims and judgments, are recorded only when payment is due. Sales taxes collected and held by the intermediary collecting governments at year end on behalf of the MEDC are also recognized as revenue.

**C. Budgetary Information**

***Budgetary Basis of Accounting***

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

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

**1. Cash and Cash Equivalents**

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

**2. Investments**

At September 30, 2025, MEDC had investments comprised of public funds investment pools which are reported at fair market value.

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

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

**3. Receivables**

Receivables consist of uncollected sales tax revenue, accrued interest, and developer and grant-related receivables. Receivables are presented on the balance sheet net of estimated uncollectible amounts. MEDC records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. MEDC recorded an allowance for uncollectible accounts of (\$16,000) as of September 30, 2025.

**4. Interfund Activities and Transactions**

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

**5. Order of Expenditure of Funds**

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

**6. Capital Assets**

Capital assets are reported in the government-wide statement of net position. Capital assets are defined by MEDC as assets held with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are recorded at historical cost and depreciated using the straight line method over their estimated useful lives unless they are inexhaustible, such as land. Depreciation is not recorded on items classified as Construction in Progress (CIP). Depreciation expense is recorded in the government-wide statement of activities.

Assets	Estimated Useful Lives
Buildings and Improvements	30 years
Furniture and equipment	5 - 15 years
Vehicles	2 - 20 years

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

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

**7. Deferred Outflows/Inflows of Resources and Unavailable Revenue**

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

**8. Fund Balance Reporting**

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

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

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

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

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

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

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

**9. Land Held for Resale**

MEDC holds commercial real estate lots available for sale that were strategically acquired to promote economic development and attract private investment. These lots will be marketed and sold to attract development that will further benefit the City of Mission.

**10. Restricted Assets**

Certain proceeds of long-term debt, as well as certain resources set aside for repayment of debt, are classified as restricted assets on the statement of net position because their use is limited by applicable debt covenants. The “interest and sinking fund” account is used to segregate resources accumulated for debt service payments over the next twelve months. Additionally, certain proceeds of long-term debt are classified as restricted assets because their use is limited to capital projects.

**11. Long-Term Obligations**

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

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

**12. Leases**

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

**13. Use of Estimates**

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

**14. Rounding Adjustments**

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

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

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

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

**15. Recently Issued and Implemented Accounting Pronouncements**

*Current Accounting Standards*

Statement No. 102, *Certain Risk Disclosures* (GASB 102). The objective of this Statement is to provide users of government financial statements with essential information about risks related to the government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. MEDC implemented GASB 102 within the fiscal year ended September 30, 2025.

*Future Accounting Standards*

Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. MEDC is evaluating the requirements of GASB 103 and its impact on reporting for future years.

Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosure required by GASB 34. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. MEDC is evaluating the requirements of GASB 104 and its impact on reporting for future years.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits* - At September 30, 2025, the carrying value was \$5,679,812 and bank balance of MEDC's deposits was \$6,442,192. Deposits include demand accounts and certificates of deposit with an initial maturity of three months or less. At September 30, 2025, MEDC had deposits collateralized by pledged securities of \$7,556,058; all deposits were fully insured or collateralized.

*Investments* - At September 30, 2025, MEDC had investments comprised of public funds investment pools.

MEDC pools cash, based on its needs, into either deposits in bank accounts, short-term investments with TexPool, or in longer-term investments in U.S. Government bonds. However, each fund’s balance of cash and investments is maintained in the books of the MEDC.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

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

MEDC’s investments’ fair value measurements are as follows at September 30, 2025:

TexPool (at amortized cost)	\$ 3,541,949
Total investments	<u>\$ 3,541,949</u>

In fiscal year 2025, MEDC earned \$178,479 in interest on investments, which is included in MEDC’s interest income. Additionally, the amount of increase or (decrease) in fair value on investments of \$3,110 is included in MEDC’s investment income.

A reconciliation of cash and investments as shown on the statement of net position for MEDC at September 30, 2025 is as follows:

Cash and cash equivalents	\$ 3,346,520
Investments	3,541,949
Restricted assets	2,333,292
Cash and cash equivalents, investments and restricted assets (Exh. A-1)	<u>\$ 9,221,761</u>
Cash on hand	\$ 500
Carrying amount of deposits	5,679,312
Investments	3,541,949
Cash and cash equivalents and investments	<u>\$ 9,221,761</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.

MEDC’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. MEDC’s investment portfolio is required to have sufficient liquidity to meet anticipated cash flow requirements.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

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

The following is the Interest Rate Risk using Specific Identification, as of September 30, 2025:

Investment Type	Reported Amount	Maturity Period		
		3 Months or Less	4 to 12 Months	Over One Year
TexPool	\$ 3,541,949	\$ 3,541,949	\$ -	\$ -
	<u>\$ 3,541,949</u>	<u>\$ 3,541,949</u>	<u>\$ -</u>	<u>\$ -</u>

***Credit Risk***

Credit risk is the risk that the 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, 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.

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 Government or the State of Texas or their agencies; federally insured certificates of deposit issued by Texas bank or savings and loans; and fully collateralized direct repurchasing agreements secured by United States Government agency securities and placed through a primary government securities dealer. TexPool policies require that local government deposits be used to purchase investments authorized under the Public Funds Investment Act (PFIA) of 1987, as amended. 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, safe keep 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 used amortized cost rather than fair value to report net position to computer share prices. The fair value of the net position in TexPool is the same as the value of TexPool shares. As permitted by GASB No. 79, *Certain Investment Pools and Pool Participants*, MEDC’s investments in TexPool are stated at cost, which approximates fair value.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

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

MEDC’s investment policies and types of investments are governed by the Public Funds Investment Act (PFIA) of 1987, as amended. MEDC’s management believes that it has complied with the requirements of the PFIA and the MEDC’s investment policies.

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 PFIA (Chapter 2256, Texas Government Code).

***Concentrations of Credit Risk***

Portfolio diversification is critically important to MEDC to help mitigate the risk of loss. The following are employed terms of investment instruments, maturity scheduling and financial institutions to reduce the 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, 2025, the following was the composition of MEDC’s credit rating by investment:

Investment Type	Rating	Exposure
TexPool	AAAm	100%

***Custodial Credit Risk***

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

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

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

- a. Obligations whose payment represents the coupon payment 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 with 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, MEDC’s investment policy, and Government Code Chapter 2257 “Collateral for Public Funds” contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**B. Receivables**

Receivables consist of the following at September 30, 2025:

	Sales Tax	Accounts- Other	Total
Governmental Activities			
General	\$ 1,169,768	\$ 55,721	\$ 1,225,489
	\$ 1,169,768	\$ 55,721	\$ 1,225,489

**C. Interfund Transfers**

Interfund transfers consisted of the following for the year ended September 30, 2025:

General Fund	\$ 7,057,909 (1,700,000) (50,000) <u>\$ 5,307,909</u>	Transfers in from Capital Projects Fund Transfers out to Debt Service Fund Transfers out to Special Revenue Fund
Debt Service Fund	\$ 1,700,000 <u>\$ 1,700,000</u>	Transfers in from General Fund
Capital Projects Fund	\$ (7,057,909) <u>\$ (7,057,909)</u>	Transfers out to General Fund
Special Revenue Fund	\$ 50,000 <u>\$ 50,000</u>	Transfers in from General Fund

Transfers out of the General Fund to the Debt Service Fund were sales tax collections to cover debt service requirements that came due within the fiscal year. Transfers out of the General Fund to the Special Revenue Fund were made to support economic development projects. Transfers out of the Capital Projects Fund to the General Fund were made to reimburse the General Fund for project expenses made before the 2025 Bond proceeds were received.

**D. Land Held for Resale**

MEDC holds commercial real estate properties that were strategically acquired to promote economic development and attract private investment for the benefit of the City. Within 2025, MEDC acquired Cimarron Golf Course and Country Club, which is also available for sale. At September 30, 2025, these properties are stated at cost of \$11,402,949, which is less than their estimated fair value.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**E. Restricted Assets**

Restricted assets held by MEDC at September 30, 2025 consisted of the following:

	Cash and Cash Equivalents	Investments	Total Restricted Assets
Debt Service Fund	\$ 1,723,787	\$ -	\$ 1,723,787
Capital Projects Fund	609,505	-	\$ 609,505
<b>Total</b>	<b>\$ 2,333,292</b>	<b>\$ -</b>	<b>\$ 2,333,292</b>

**F. Capital Assets**

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance at September 30, 2024	Increases	Decreases	Balance at September 30, 2025
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,100,959	\$ -	\$ -	\$ 2,100,959
Construction in progress	5,842,958	2,523,210	(5,842,958)	2,523,210
Total capital assets not being depreciated	7,943,917	2,523,210	(5,842,958)	4,624,169
Capital assets being depreciated:				
Machinery and equipment	1,280,036	102,197	-	1,382,233
Building and improvements	6,368,101	21,800	-	6,389,901
Total capital assets being depreciated	7,648,137	123,997	-	7,772,134
Less accumulated depreciation for:				
Machinery and equipment	(1,207,427)	(43,316)	-	(1,250,743)
Building and improvements	(1,507,204)	(246,460)	-	(1,753,664)
Total accumulated depreciation	(2,714,631)	(289,776)	-	(3,004,407)
Total capital assets being depreciated, net	4,933,506	(165,779)	-	4,767,727
Lease assets being amortized:				
Lease assets	28,873	-	(28,873)	-
Less accumulated amortization	(25,188)	(3,685)	28,873	-
Total lease assets being amortized, net	3,685	(3,685)	-	-
Governmental activities capital assets, net	<b>\$ 12,881,108</b>	<b>\$ 2,353,746</b>	<b>\$( 5,842,958)</b>	<b>\$ 9,391,896</b>

Depreciation and amortization expense charged to governmental activities totaled \$293,461 for the year ended September 30, 2025.

The \$5,842,958 decrease was conveyed to the City within FY2025 (see Note 5).

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**G. Long-Term Debt Payable**

MEDC’s sales tax revenue notes payable at September 30, 2025 were comprised of the following:

\$7,919,131 - Sales and Use Tax Revenue Note payable to PNC Bank (formerly BBVA Compass Bank), bearing interest at 4.82%. Semi-annual interest payments are due on 2/15 and 8/15 with a fixed annual principal installment of \$395,957 on 2/15. Note matures on February 15, 2038. Note is collateralized by sales tax revenues collected.	\$ 3,987,435
\$1,475,000 - Government Obligation Contract to KS StateBank dated May 15, 2025, bearing interest at 5.81%. Payments of \$28,249 including both principal and interest are due on the 15th of each month until maturity on April 15, 2030. The obligation is collateralized by the underlying equipment it was used to purchase.	1,361,155
\$10,400,000 - Sales Tax Revenue and Refunding Bonds, Taxable Series 2025, bearing interest ranging from 4.25% to 5.91%. Semi-annual interest payments are due on 2/15 and 8/15 with a varying annual principal installments ranging from \$355,000 to \$615,000 on 8/15. Bonds mature on August 15, 2045. Bonds are collateralized by sales tax revenues collected.	<u>10,400,000</u>
	<u><u>\$ 15,748,590</u></u>

The annual requirements to retire these long-term liabilities, including interest are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 1,277,895	\$ 743,419	\$ 2,021,314
2027	1,253,824	729,578	1,983,402
2028	1,270,703	669,176	1,939,879
2029	1,293,590	607,365	1,900,955
2030	1,174,925	544,948	1,719,873
2031-2035	4,844,783	1,995,460	6,840,243
2036-2040	2,012,870	1,116,276	3,129,146
2041-2045	2,620,000	482,256	3,102,256
Total	15,748,590	6,888,478	22,637,068
Less: current portion	(1,277,895)	(743,419)	(2,021,314)
Payable after one year	<u>\$ 14,470,695</u>	<u>\$ 6,145,059</u>	<u>\$ 20,615,754</u>

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**G. 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, 2025:

	September 30, 2024	Additional Obligations and Net Increases	Retirements and Net Decreases	September 30, 2025	Due Within One Year
<b>Bonds:</b>					
Sales Tax Revenue & Refunding 2025	\$ -	\$ 10,400,000	\$ -	\$ 10,400,000	\$ 615,000
<b>Notes:</b>					
Sales Tax Revenue Note - Frost	3,139,409	-	(3,139,409)	-	-
Sales Tax Revenue Note - PNC	4,383,392	-	(395,957)	3,987,435	395,956
Government Obligation Note - KS StateBank	-	1,475,000	(113,845)	1,361,155	266,939
Total bonds and notes	<u>7,522,801</u>	<u>11,875,000</u>	<u>(3,649,211)</u>	<u>15,748,590</u>	<u>1,277,895</u>
<b>Other Liabilities:</b>					
Lease Liabilities	3,596	-	(3,596)	-	-
Total other liabilities	<u>3,596</u>	<u>-</u>	<u>(3,596)</u>	<u>-</u>	<u>-</u>
Total long-term debt obligations	<u>\$ 7,526,397</u>	<u>\$ 11,875,000</u>	<u>\$ (3,652,807)</u>	<u>\$ 15,748,590</u>	<u>\$ 1,277,895</u>

**H. Leases – Lessor**

MEDC entered into a 36 month lease as Lessor for the use of office space. The lessee is required to make monthly fixed payments of \$1,800. The lease is subject to interest at a rate of 3.113%. MEDC recognized lease revenue of \$20,325. The lessor receivable as of September 30, 2025 is \$8,930.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 8,930	\$ 70	\$ 9,000
Total	<u>\$ 8,930</u>	<u>\$ 70</u>	<u>\$ 9,000</u>

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**I. Conduit Debt Obligations**

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

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

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

As of September 30, 2025, there were 14 series of Industrial Development Bonds outstanding. There were three issuances in the current fiscal year. The aggregate principal amount payable for the ten series issued prior to October 1, 2025 was \$871.67 million. Issuance dates for the 14 series range from May 2007 to September 2025, and interest rates range from 2.900% to 10.875%. Maturity dates range from December 2021 to December 2064.

In connection with the process which ultimately may lead to the issuance of conduit debt, MEDC charges an application fee of \$2,500 per application, of which \$1,250 is paid to the financial advisor for local access fees. During the year ended September 30, 2025, there were two applications submitted, both of which were completed.

Upon issuance of conduit debt, an issuance fee is assessed based on the terms of the arrangements. For the year ended September 30, 2025, MEDC received \$617,496 of which \$308,748 was paid to the financial advisor for local access fees.

After conduit debt has been issued, MEDC charges an annual fee based upon the original par value of the bonds which range 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, 2025, MEDC received \$352,916 of which \$176,458 was paid to the financial advisor for local access fees.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (*Continued*)**

**J. Net Position**

Net position as of September 30, 2025 consisted of:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net of accumulated depreciation/amortization	\$ 9,391,896
Less related liabilities	(6,883,428)
Total net investment in capital assets	2,508,468
Restricted net position consists of the following:	
Debt service	1,723,787
Capital projects	609,505
Total restricted net position	2,333,292
Unrestricted net position	7,767,239
Total net position	\$ 12,608,999

**NOTE 4 – RISK MANAGEMENT**

MEDC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it obtains commercial insurance through the City of Mission, Texas, of which it is a component unit. There have been no significant reductions in insurance coverage from the previous year and there were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The City of Mission, Texas’ economic development activities via City Council Resolution has delegated all economic development activities to MEDC.

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

Within fiscal year 2025, MEDC entered into certain transactions with related parties, which are included in MEDC’s financial statements. These transactions include:

- Payment of \$1,000,000 made to the City for debt service on the Mission Event Center; the agreement is in place through the year 2031;
- MEDC earned \$6,500 in revenue from Mission Redevelopment Authority / TIRZ #1 (MRA) (a component unit of the City of Mission, Texas), for use of MEDC’s CEED building;
- MEDC earned \$113,579 from the City / MRA as compensation for providing administrative services to MRA.
- Within fiscal year 2025, MEDC completed a redevelopment project related to a private-sector investment. The improvements made to the underlying infrastructure totaled \$5,842,958; the rights and obligations of these improvements were conveyed to the City.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 5 – RELATED PARTY TRANSACTIONS (*Continued*)**

- As approved by the MEDC Board on January 22, 2025 and by the City of Mission, Texas City Council on February 6, 2025, MEDC entered into a memorandum of understanding (MOU) with the City, whereby the City agreed to provide MEDC with a short-term advance in the sum of \$4,950,000 for the purchase of Cimarron Golf Course and Country Club. The MOU identifies the intended terms for repayment, which include issuance of bonds as well as from the sales proceeds. Upon issuance of MEDC’s Sales Tax Revenue and Refunding Bonds, Taxable Series 2025 in September 2025, MEDC reimbursed the sum of \$2,500,000. The remaining balance is reflected in the balance due to primary government, and will be repaid in full when sold.
- On April 23, 2025, MEDC entered into a contract with VM Golf Services in the sum of \$1,585,235 for the purpose of renovating the back 9 greens at the Shary Golf Course (City of Mission). These funds were reimbursed to MEDC through the issuance of 2025 bonds.
- On May 15, 2025, MEDC entered into a 5-year Government Obligation Contract with KS StateBank in the amount of \$1,475,000 to be utilized for the lighting project at the Shary Golf Course (City of Mission) for night golf.
- Within fiscal year 2025, MEDC entered into a reimbursement agreement with the City of Mission whereby MEDC agreed to reimburse the City up to \$315,000 related to improvements made to the Shary Golf Course.
- MEDC holds accounts at various financial institutions. A member of MEDC’s Board of Directors is employed with one of these financial institutions. Accounts are maintained under standard terms and conditions.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

*Commitments* – The Corporation has published notices of intent and its Board of Directors has committed funds for the following projects:

<u>Incentives</u>	<u>Committed</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Cantu Bungalows	\$ 500,000	\$ 350,000	\$ 150,000
Ihop	338,000	202,800	135,200
Rodco	165,000	-	165,000
Bettcher	74,000	45,200	28,800
Scoters	100,000	50,000	50,000
Harbor Freight	150,000	-	150,000
Olive Garden	125,000	34,048	90,952
New Quest	1,750,000	-	1,750,000
Shops at 495	250,000	-	250,000
RGV Paddle Club	141,000	50,382	90,618
Ubiquity	401,600	100,000	301,600
Other Infra.	100,000	25,000	75,000
	<u>\$ 4,094,600</u>	<u>\$ 857,430</u>	<u>\$ 3,237,170</u>

*Litigation* – The Corporation is subject to claims and lawsuits that arise in the ordinary course of its operations. Such matters are evaluated on a case-by-case basis. No provision or loss has been recorded in the accompanying financial statements.

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO FINANCIAL STATEMENTS - *Continued***  
**September 30, 2025**

**NOTE 7 – SUBSEQUENT EVENTS**

MEDC has evaluated all events or transactions that occurred after September 30, 2025 through February 24, 2026, the date these financial statements were available to be issued.

Subsequent to year-end:

MEDC entered into a contract for the sale of the Cimarron Country Club and Golf Course. As of the date of the audited financial statements, the contract was still under negotiation.

MEDC entered into an agreement with the City to fund infrastructure and utility improvements on a 5+ acre tract of land owned by MEDC in efforts to improve marketability of the property. Funding from MEDC shall not exceed \$237,000, and was paid to the City in advance.

MEDC's improvement project for the renovation of the 9 back greens of Shary Golf Course was completed and will be conveyed to the City.

MEDC's improvement project for the lighting of Shary Golf Course for night golf was completed and will be conveyed to the City.



Mission Economic Development Corporation

# **REQUIRED SUPPLEMENTARY INFORMATION**

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**GENERAL FUND BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended September 30, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Sales tax	\$ 7,315,000	\$ 7,315,000	\$ 7,303,070	\$ (11,930)
Total taxes	7,315,000	7,315,000	7,303,070	(11,930)
Charges for services:				
Cimarron rental fees	-	68,000	68,298	298
CEED rental fees	275,000	275,000	292,408	17,408
CEED reservation fees	5,000	5,000	12,060	7,060
CEED membership fees	20,000	20,000	27,676	7,676
CEED food truck rental fees	1,000	1,000	2,225	1,225
CEED miscellaneous fees	500	500	2,868	2,368
Total charges for services	301,500	369,500	405,535	36,035
Interest:				
Interest earned on investments	60,000	60,000	168,058	108,058
Interest earned on demand deposit	24,000	24,000	3,928	(20,072)
Total interest	84,000	84,000	171,986	87,986
Miscellaneous:				
Application fees - ind. dev. bonds	10,000	10,000	2,500	(7,500)
Annual filing fee - ind. dev. bonds	150,000	150,000	176,458	26,458
Issuance fee - ind. dev. bonds	-	240,000	308,748	68,748
MRA rental fees	6,500	6,500	6,500	-
MRA reimbursement	83,300	83,300	113,579	30,279
Misc. income	-	1,500	1,342	(158)
Total miscellaneous	249,800	491,300	609,127	117,827
Total revenues	7,950,300	8,259,800	8,489,718	229,918
Expenditures:				
Current:				
Economic Development:				
Administration:				
Personal services	1,062,710	1,062,710	893,946	168,764
Employee benefits	304,894	304,894	249,449	55,445
Professional and technical services	357,000	403,160	299,011	104,149
Purchased property services	626,000	554,000	164,566	389,434
Other purchased services	259,500	254,210	204,635	49,575
Supplies	103,500	147,320	119,977	27,343
Capital outlays	170,000	162,500	123,998	38,502
Debt service	18,000	-	3,600	(3,600)
Miscellaneous	202,700	197,510	157,820	39,690
	3,104,304	3,086,304	2,217,002	869,302

**EXHIBIT B-1(Continued)**

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**GENERAL FUND BUDGETARY COMPARISON SCHEDULE - *Continued***  
**For the Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Positive (Negative)
Development:				
Professional and technical services	211,000	211,000	208,621	2,379
Other purchased services	195,000	190,000	173,149	16,851
Supplies	25,000	30,000	27,445	2,555
Capital outlays	10,000	6,537,135	1,577,135	4,960,000
Miscellaneous	45,000	45,000	45,000	-
Projects	1,388,275	1,452,125	1,387,025	65,100
Incentives	1,490,000	1,426,150	1,333,892	92,258
	<u>3,364,275</u>	<u>9,891,410</u>	<u>4,752,267</u>	<u>5,139,143</u>
Total expenditures	<u>6,468,579</u>	<u>12,977,714</u>	<u>6,969,269</u>	<u>6,008,445</u>
Excess (deficiency) of revenues over expenditures	<u>1,481,721</u>	<u>(4,717,914)</u>	<u>1,520,449</u>	<u>6,238,363</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Other	80,000	-	-	-
Operating transfers in	-	-	7,057,909	7,057,909
Operating transfers out	(1,140,000)	(1,750,000)	(1,750,000)	-
Proceeds from debt issuance	-	4,950,000	-	(4,950,000)
Total other financing sources (uses)	<u>(1,059,000)</u>	<u>3,201,000</u>	<u>5,307,909</u>	<u>2,106,909</u>
Net change in fund balance	<u>422,721</u>	<u>(1,516,914)</u>	<u>6,828,358</u>	<u>8,345,272</u>
Fund balance - beginning of year	<u>9,643,236</u>	<u>9,643,236</u>	<u>9,643,236</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,065,957</u>	<u>\$ 8,126,322</u>	<u>\$ 16,471,594</u>	<u>\$ 8,345,272</u>

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended September 30, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Miscellaneous:				
Corporate and business grants	\$ 20,000	\$ 20,000	\$ 10,000	\$ (10,000)
Interest	400	400	539	139
Total revenues	<u>20,400</u>	<u>20,400</u>	<u>10,539</u>	<u>(9,861)</u>
Expenditures:				
Current:				
Economic Development:				
Administration:				
Meals and entertainment	500	500	-	500
Awards and grants	20,000	20,000	10,000	10,000
Sponsorship/contributions	10,000	3,000	-	3,000
Business expenses	250	250	-	250
Contract services	500	500	420	80
Special event expenses	5,000	12,000	12,000	-
Operations	250	250	-	250
	<u>36,500</u>	<u>36,500</u>	<u>22,420</u>	<u>14,080</u>
Total expenditures	<u>36,500</u>	<u>36,500</u>	<u>22,420</u>	<u>14,080</u>
Excess (deficiency) of revenues over expenditures	<u>(16,100)</u>	<u>(16,100)</u>	<u>(11,881)</u>	<u>4,219</u>
Other financing sources (uses):				
Operating transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>33,900</u>	<u>33,900</u>	<u>38,119</u>	<u>4,219</u>
Fund balance - beginning of year	<u>168,993</u>	<u>168,993</u>	<u>168,993</u>	<u>-</u>
Fund balance - end of year	<u>\$ 202,893</u>	<u>\$ 202,893</u>	<u>\$ 207,112</u>	<u>\$ 4,219</u>

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2025**

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

1. The City Manager submits a proposed operating budget for all funds, as mandated by the City Charter, to the City Council 60 to 90 days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council selects the time and place of a public hearing on the budget to obtain taxpayer comments.
3. The 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.

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

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



Mission Economic Development Corporation

## **OTHER SUPPLEMENTARY INFORMATION**

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Interest earned on investments	\$ 500	\$ 500	\$ 2,558	\$ 2,058
Interest earned on demand deposit	-	-	3,396	3,396
Investment gains	-	-	3,110	3,110
Total revenues	<u>500</u>	<u>500</u>	<u>9,064</u>	<u>8,564</u>
Expenditures:				
Current:				
Debt service:				
Principal retirement	695,957	809,802	809,802	-
Interest and fiscal agent charges	426,548	453,948	451,948	2,000
Total debt service	<u>1,122,505</u>	<u>1,263,750</u>	<u>1,261,750</u>	<u>2,000</u>
Total expenditures	<u>1,122,505</u>	<u>1,263,750</u>	<u>1,261,750</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,122,005)</u>	<u>(1,263,250)</u>	<u>(1,252,686)</u>	<u>10,564</u>
Other financing sources (uses):				
Operating transfers	<u>1,090,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,090,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>-</u>
Net change in fund balance	<u>(32,005)</u>	<u>436,750</u>	<u>447,314</u>	<u>10,564</u>
Fund balance - beginning of year	<u>1,276,473</u>	<u>1,276,473</u>	<u>1,276,473</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,244,468</u>	<u>\$ 1,713,223</u>	<u>\$ 1,723,787</u>	<u>\$ 10,564</u>

**MISSION ECONOMIC DEVELOPMENT CORPORATION**  
**(a component unit of the City of Mission)**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended September 30, 2025**

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlays	-	1,475,000	946,074	528,926
Debt service	1,122,505	1,263,750	3,261,512	(1,997,762)
Total expenditures	1,122,505	2,738,750	4,207,586	(1,468,836)
Excess (deficiency) of revenues over expenditures	(1,122,505)	(2,738,750)	(4,207,586)	(1,468,836)
Other financing sources (uses):				
Issuance of debt	-	1,475,000	11,875,000	10,400,000
Operating transfers out	-	-	(7,057,909)	(7,057,909)
Total other financing sources (uses)	-	1,475,000	4,817,091	3,342,091
Net change in fund balance	(1,122,505)	(1,263,750)	609,505	1,873,255
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ (1,122,505)	\$ (1,263,750)	\$ 609,505	\$ 1,873,255



Mission Economic Development Corporation

## **COMPLIANCE SECTION**

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

Chairman and Members of the Board  
Mission Economic Development Corporation  
Mission, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mission Economic Development Corporation, a component unit of the City of Mission, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Mission Economic Development Corporation's basic financial statements, and have issued our report thereon dated February 24, 2026.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mission Economic Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mission Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Mission Economic Development Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Burton McClure & Lange, L.P.*

McAllen, Texas  
February 24, 2026