

*City of*  
**Mexico, Missouri**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**CITY OF MEXICO, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2013**

**Prepared By:**  
**Administrative Services Department**  
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**Administrative Services Director**  
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**Financial Analyst/Accountant**

**CITY OF MEXICO, MISSOURI  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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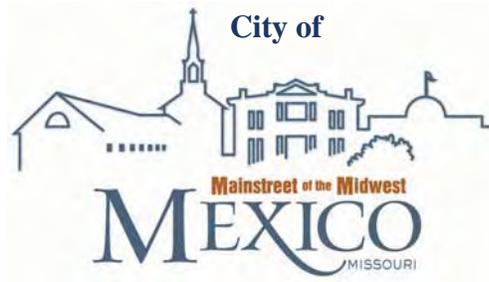
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## **INTRODUCTORY SECTION**



January 8, 2014

Honorable Mayor, City Council and City Manager  
City of Mexico, Missouri

Transmitted herewith is the annual financial report for the City of Mexico, Missouri (the City) for the fiscal year ended September 30, 2013. This report was prepared by the City's Administrative Services Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation of financial statements, supporting schedules and statistical tables, including all disclosures. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

For purposes of preparing this comprehensive annual financial report, all funds that are controlled by or dependent on the City of Mexico are included. This comprises such services as public safety, public works, parks and recreation, community development, economic development, sanitary sewerage utility, aviation, and sanitary landfill disposal of refuse. The Governmental Accounting Standards Board (GASB) has established the criteria to determine the financial reporting entity for a municipal government's financial report. Therefore, the City used these criteria to examine the relationship of the City to other associated but legally separate entities, to determine if their inclusion in the report would be necessary to fairly represent the financial position of the City. Based on these criteria, the City does disclose one legally separate organization, the Missouri Plant Science Research Center, as a joint venture within this report. The MPSRC's operating agreement was formalized and signed during the last month of the 2009 fiscal year and the newly formed joint venture company, for which the City of Mexico is one of three members. There are no entities meeting the criteria of a component unit of the City.

Statistics pertaining to the Mexico Public School District Number 59 and Audrain County are also contained in this report. However, it should be clearly noted these self-governed entities are not part of the City of Mexico and are excluded from the Introductory and Financial Sections.

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

## **PROFILE OF THE GOVERNMENT**

The City of Mexico, the county seat of Audrain County, is incorporated as a third-class city under the Missouri statutes utilizing the Council-Manager form of government since 1949. In accordance with these statutes, the registered voters within the City elect five council members on an at-large nonpartisan basis serving three year staggered terms. The City Council appoints a City Manager to serve as the chief administrative officer to the City.

The City encompasses approximately 4.5-square miles and is centrally located within the State and is well served by State Highway 54 and located eighteen miles north of one of the nation's busiest Interstates, I-70.

The City of Mexico provides a full range of services including police and fire protection, construction and maintenance of streets and other infrastructure; and recreational and cultural activities through the parks system. The City also operates an airport, animal shelter, cemetery, wastewater treatment facility, and provides residential sanitation services. For financial reporting purposes, all funds and trusts involved in the provision of these services are included if the City is financially accountable.

Utility service in the City is mixed between public and private companies. Sanitary sewerage and Residential Refuse services are provided by the City. Water is supplied by Missouri American Water and two Public Water Supply Districts. Electricity is supplied to the City by both Ameren and Consolidated Electric Cooperative. Natural gas is provided by Ameren. Both traditional and cellular phone service is provided by several companies. Commercial Refuse service is provided by a number of local and non-local suppliers.

All major commercial television networks, independent local stations as well as public television and one cable television companies service the City, and a number of AM and FM stations broadcast throughout the area.

In addition to the St. Louis Post Dispatch daily newspaper, the City is served by the Mexico Ledger and Columbia Tribune.

## **EDUCATION**

The City of Mexico has within its boundaries one public school, one parochial school, one vocational school, a technical college, and one military academy. The public school, Mexico School District #59, has the largest enrollment of students, which totaled 2,404 as of the date of this report. St. Brendan's enrollment for 2013 was 157, which includes Preschool through Eighth Grade. The Advanced Technical College is a two year college and enrolls approximately 550 students per semester. The ATC provides educational opportunities in nursing, photonics, information systems, and nuclear technology. The Missouri Military Academy, which has 206 students enrolled for 2013, provides accelerated learning opportunities for young men from grades 6 through 12 and is recognized for its one hundred percent college graduate placement record.

## **RECREATION AND CULTURAL FACILITIES**

The City of Mexico has eleven developed park areas encompassing approximately 450 acres of park land. Park amenities include adult softball fields, soccer fields, lighted tennis courts, swimming pool, outdoor basketball courts, picnic shelters, bike, walking and hiking trails, a skate park, horseshoe pits, RV camping areas, multiple playground units, and over 100 acres of well stocked fishing lakes.

Both the City Council and Park Board continue to support significant improvements to existing parks and recreation facilities. These projects are funded through user fees, sales tax, and property taxes.

The City of Mexico is home of the Miss Missouri Pageant, which takes place during the first week of June each year. Year 2013 represented the forty-third pageant in Mexico and qualified another outstanding candidate to participate in the Miss America Pageant in Atlantic City. The City also provides cultural activities and historical perspective through the Presser Performing Arts Center and the Audrain County Historical Museum. The Presser Performing Arts Center provides venue for pre-professional dance programs, various theatre productions, musical productions, lecture series for both youth and adults, and art workshops and classes.

The Audrain County Historical Museum, which is located within the setting of R. S. Green Park, provides a terrific learning experience for those who wish to obtain a flavor for the County's rich heritage in agriculture, horses, and fire brick manufacturing.

## ECONOMIC CONDITION AND OUTLOOK

As of September 30, 2013, local unemployment is 5.70 %, which compares favorably to the State of Missouri unemployment rate of 6.00% and that of the national unemployment rate, which was reported at 7.00%.

Assessed real estate value in Mexico increased by \$3,293,581 in fiscal year 2013 as compared to fiscal year 2012. The increase in total valuation was attributed to both gains in valuation in personal and real property value. Adjustments in the overall tax levy were reduced by ten cents per one hundred dollars of assessed valuation for fiscal year 2013, of which the reduction of the mill rate tied to property taxes collected for Parks & Recreation Fund operations.

As of the date of this report, the City of Mexico has noted that assessed values for real and personal property increased by 1.58% for the upcoming fiscal year 2014 due to a combination of new construction and added personal property.

## MAJOR INITIATIVES

Council and City Management place on top of the City's agenda: expansion of arterial roads, wastewater treatment plant improvements, new business development, residential development, airport runway and terminal improvements, and quality of life issues to meet the current and future needs of its' citizens and visitors.

The following summary is being provided so that the reader can get a quick overview of initiatives realized from year 2008 and forward.

In 2008, 2009, and 2010, the City of Mexico utilized non-primary entitlement grant funds to begin the design phase for a new airport terminal. The City of Mexico retained the engineering services of Bucher-Willis-Ratliff to design a 2200 square foot terminal facility. The City completed construction of the new facility in September of the 2010 fiscal year. The building phase was funded largely in part (95%) through 2006, 2007, 2008, and 2009 non-primary entitlement grant funds with the remaining cost being funded by Capital Improvement Sales Tax revenue. The terminal improvement cost \$511,000.

In addition to a new airport terminal, remaining non-primary entitlement grant funds of approximately \$173,000 were utilized to widen certain taxi-lanes approaching the runway area and make apron repairs. The City's cash match investment for the project was \$9,107. This project was completed during fiscal year 2011.

During 2008 and 2009, the City of Mexico began the process of assessing improvement needs to the wastewater treatment plant with \$12.6 million of required improvements being identified. In April of 2009, voters approved for the City to issue up to \$16 million in Wastewater Treatment Improvement Bonds.

In early 2010, the City of Mexico received its first rating by Standard and Poor's, which resulted in an AA-Rating.

In May of 2010, the City of Mexico issued \$5,765,000 in Sewerage System Revenue Bonds. The City issued \$595,000 as tax exempt bonds and \$5,170,000 were issued as taxable Build America Bonds. These bond issuances represented funds to complete Phase I of three phases to make wastewater treatment improvements and pay off the City's previously obtained \$500,000 Revenue Anticipation Note. The two revenue bonds have amortization periods of six and thirty years, respectively, and are described in more detail within the financial section of this year's report.

During the latter part of fiscal year 2009, the City of Mexico entered into a Joint Venture Company to organize the establishment and operation of an incubator type business facility providing opportunities in light and pilot-scale manufacturing involving agriculture/biotechnology utilizing plant-based products.

The members of the Joint Venture overseeing the project, known as the Plant Science Research Center, include the City of Mexico, Missouri Technology Corporation, and the Curators of the University of Missouri. This project, which completed construction in 2011, is a multi-million dollar facility and is expected to provide excellent future economic benefits to the community. The Joint Venture has received financial support commitments from the Missouri Department of Economic Development through various State and Federal Grants.

The City of Mexico served as Administrator of three grants totaling \$6,000,000 that relate to the Plant Science Research Center and surrounding area, from construction of the building to necessary infrastructure development. A \$4,000,000 construction grant was awarded and passed down through the State's Community Development Block Grant Program. This grant provided for land acquisition, facility construction, and legal costs associated with the Center's development.

In fiscal year 2012, with \$240,000 in grant funds being available after construction of the Plant Science Research Center, the City optioned to utilize the funds to expand the geographic footprint of the Research Industrial Park. The City of Mexico and Audrain County partnered to purchase 52.68 acres of land adjacent to the Plant Science Research Center.

A second grant administered by the City for the benefit of the Plant Science Research Center is in the amount of \$1,050,000. This grant also flows through the City from the Missouri Department of Economic Development via an Industrial Infrastructure Grant and Supplemental Disaster Funds. This grant provides funding for street and infrastructure improvements to the Center such as water, sewer, electric, and gas. As of the close of fiscal year 2013, the grant remains open with \$21,166 remaining to expend.

The third grant obtained in connection to the Plant Science Research Center flows through the Missouri Department of Transportation (MoDOT) and is in the amount of \$950,000. This grant provides funding to pave an existing gravel road, known as Audrain County Road 820, leading to the Center. The first segment of road construction was completed in fiscal year 2012. A second phase expanding the scope of road surface to be paved has been approved for funding through MoDOT and will be constructed during fiscal year 2014.

With the road and utility infrastructure in place and additional land purchased, the City is well positioned for more economic development opportunity along the City's southern corridor.

Another large project relates to redeveloping a closed refractory brick manufacturing facility, formerly known as A.P. Green Refractory, into a face brick manufacturing facility to be known as Mid America Brick (MAB).

The City of Mexico, to make the revitalization possible, worked with MAB to develop a Neighborhood Improvement District and issued \$1,930,000 in bonds during August of 2010. This NID loan is structured so that property owners within the NID make an annual payment through yearly property tax assessments for funding annual debt service requirements. In 2013, MAB was unable to remain in operation due to lack of demand for face brick products. Through an Asset Purchase Agreement, Shamrock Assets, LLC purchased the property and equipment with intent to utilize the facility for a proppants production operation. Shamrock Assets, LLC assumes future NID payment obligations. The NID is considered as a General Obligation by the City and has a thirty year amortization. More detail on this NID is shown within the financial section of this report.

In April of 2011, the City of Mexico issued \$5,695,000 in Sewerage System Revenue Bonds to begin Phase II of the City's wastewater treatment facility improvements. This bond has a twenty year amortization and afforded the City with \$5,032,320 for improvements, \$547,805 for debt service reserve, with the remaining covering issuance costs. The first scheduled bond payment on this issue was made during fiscal 2012. Additional information on this revenue bond transaction can be found within the financial section of this report.

On August 7, 2012, voters approved a one-half of one percent parks sales tax and reduction of property tax levied for public parks by ten cents per one hundred dollars assessed valuation. The sales tax became effective January 1, 2013 and the property tax levy reduction became effective for the 2012 assessment.

The passage of this park sales tax allows for the Park Fund to be more closely self-funded and removes a significant strain off of the General Fund, which heavily supported the Parks Fund through inter-fund transfers for the past several years.

As part of the City's continued focus on economic development, on August 27, 2012, City Council approved funding for a Technology Park Feasibility Analysis pertaining to the development of the 52.68 acres purchased by the City and Audrain County. Marketing opportunities are currently underway to locate potential purchasers and/or tenants for the technology park.

In addition to the feasibility study, another development initiative, the process of hiring a firm for updating the City's Comprehensive Plan began in 2012 with the final selection of Hoefer Wysocki Architects, LLC being approved by City Council at the start of fiscal year 2013. The plan is expected to be finalized and presented to the public during the second quarter of fiscal year 2014.

In June of 2013, a local manufacturer, Gold Crest Distributing, LLC, announced its intent to expand its operation by 35,000 square feet and add up to twenty-five employment opportunities. The City authorized the issuance of \$1,000,000 in Industrial Development Revenue Bonds (Chapter 100 Bonds) to assist in the company's expansion. This bond issuance, under Chapter 100 of Missouri State Statute, is not regarded as a debt obligation to the City of Mexico.

## **FINANCIAL INFORMATION**

### **Internal Budgeting Controls**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the costs of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, equities, revenues and expenditures, or expenses, as appropriate. The various funds are grouped by type in the financial statements.

Budgetary control is maintained at the activity level by the encumbrance of purchase orders with material balances before the release to vendors. Purchase orders which result in an overrun of activity balances are not released until alternative sources of payment are made available.

## Cash Management

The City's Finance Department strives to keep abreast of current trends and best practices of cash management and forecasting to insure efficient and profitable use of the City's cash resources. State statutes for third-class cities, however, do restrict the City's ability to incorporate as policy many investment methods.

All funds, except those restricted, constitute the pooled cash resources. Interest income is allocated to various funds based on their cash and investment balances. The pooled cash concept provides for investing larger amounts of funds to achieve more favorable interest rates and incorporates better liquidity for operational demands.

The City invested totally with local financial institutions in money market accounts. As of September 30, 2013, the City had pooled cash resources of \$8,581,170, consisting primarily of fully insured or security collateralized money market accounts. The City, during fiscal year 2013, earned \$169,689 in interest income, inclusive of Build America Bond Interest Credits, on all fund types and account groups. For additional information regarding investments and cash deposits, see financial statement Note 3.

## Fund Balance Management

The GFOA recommends that local governments maintain an unreserved fund balance in their general fund between 5% and 15% of regular general fund operating expenditures. The City follows this recommended GFOA practice in the development of its annual budget and has an established fund balance policy.

The City of Mexico targets similar unreserved balances, 8% to 17%, of regular operating expenditures when developing budget for other Special Revenue Funds, such as the Parks and Recreation Fund and Public Health Fund, to remain flexible in operations given unforeseen events or changes in economic conditions.

The City of Mexico opts to reserve 90 days of operating cash or approximately 25% of operating expenditures in its wastewater operations fund and 60 days of operating cash or approximately 17% of operating expenditures in the sanitation operations fund.

As a general practice, the City will expend restricted funds first, within the parameters set forth by official action, followed by committed, assigned, and unassigned funds to meet City objectives.

Cash reserves that are established for each fund are based on the historical, projected stability, and predictability of the underlying revenues and expenditures. Reserves are to be used for the following:

- Provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature.
- Permit orderly budgetary adjustments in the event of unanticipated revenue shortfalls.
- Meet unexpected increases in service delivery costs.
- Fund planned capital projects, thereby avoiding debt.
- Assist in paying down debt on outstanding obligations.

The General Fund is the main operating fund for the City of Mexico. The unassigned fund balance of the General Fund may fall below the approved minimum level due to fluctuations between planned and actual revenues and expenditures, other financial emergencies or catastrophic events of an unforeseen nature. When an audited shortfall is reported in the CAFR, it shall be rebuilt during the following three fiscal years through an annual appropriation during the budgeting process of a minimum of 10% of the difference between the unassigned fund balance policy level and the unassigned fund balance presented in the latest available audited statements.

If restoration of the unassigned fund balance (reserves) cannot be accomplished within three years without severe hardship to the City, then the City Manager will submit to Council for approval a revised recoupment rate.

### **Risk Management**

Because cities have been placed in the high-risk category in recent years, insurance has become more difficult to obtain and, in general, more expensive. The City carries a variety of insurance coverage such as worker's compensation, hospital and medical, auto, general liability, police liability, airport liability, error and omissions blanket bond and collector/administrator honesty bonds, with cost of \$877,498 in 2013. All insurance coverage is periodically reviewed for cost and coverage.

### **Financial Trend Monitoring System**

Through the assembly and compilation of this report, the City has developed a Financial Trend Monitoring System that is used as a valuable tool in discovering existing problems previously not recognized. The monitoring system also assists in identifying emerging problems before they reach serious proportions. This system has also been used to present a clear picture of the City's financial strengths and weaknesses. The use of historical trends assists management to better facilitate the projection of future budgets in a concise form.

### **Long-term Financial Planning**

The City of Mexico utilizes a five-year capital improvement program to prioritize public projects, which will be scheduled over a number of years on a pay-as-you go basis, as financial resources are available. The City has utilized in the past Tax Increment Financing, General Obligation Bonds, Lease Purchase Agreements, and inter-governmental agreements to meet necessary community improvements and will continue to use these financing options in the future. The City always looks for creative funding solutions such as grants, cost sharing with other area governmental agencies, public-private cooperative efforts, and any other source of funding for projects that becomes available.

## **OTHER INFORMATION**

### **Independent Audit**

Although not mandated by Missouri law, an annual audit of the City's financial statements has been performed since 1950 by certified public accountants. The firm of Williams-Keepers LLC was contracted to perform this audit. The audit was conducted in such a manner as to enable the accountants to form an opinion on the combined financial statements taken as a whole. Williams-Keepers have issued an unmodified ("clean") opinion on the City's general-purpose financial statements. An unmodified opinion is the best an organization can receive on its financial statements from an independent certified public accountant. It indicates that the auditor's examination has disclosed no conditions, which cause them to believe that the general-purpose financial statements are not fairly stated in all material respects.

Their audit was made in accordance with U.S. generally accepted auditing standards. The report of the accountants has been included as part of this document.

### **Certificates of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mexico for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the twenty-third consecutive year the City received this award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

### **Concluding Comments**

The City's greatest areas of need continue to be capital improvements and equipment replacement. The community has many infrastructure and reconstruction demands. Funds available for City services will continue to present challenges going forward. The City targeted cutbacks of operating expenditures and will continue to work diligently to seek improvements that hold potential of increasing revenues.

As noted earlier in this report, in 2012, residents of the City of Mexico supported increased local funding by passing a one-half of one percent parks tax, which did provide additional cash resources in fiscal year 2013, and signifies a big step forward in funding operational and capital improvement needs into the future.

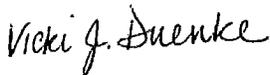
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire finance department staff. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Special thanks must be extended to the firm of Williams-Keepers, LLC for their thorough and competent service and cooperation in the conduct of the annual audit and assistance in making this report available.

Finally, we would like to express our thanks to you and the governing council for the interest and support displayed during the past fiscal year in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Roger D. Haynes  
Deputy City Manager



Vicki J. Duenke  
Financial Analyst

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Missouri**

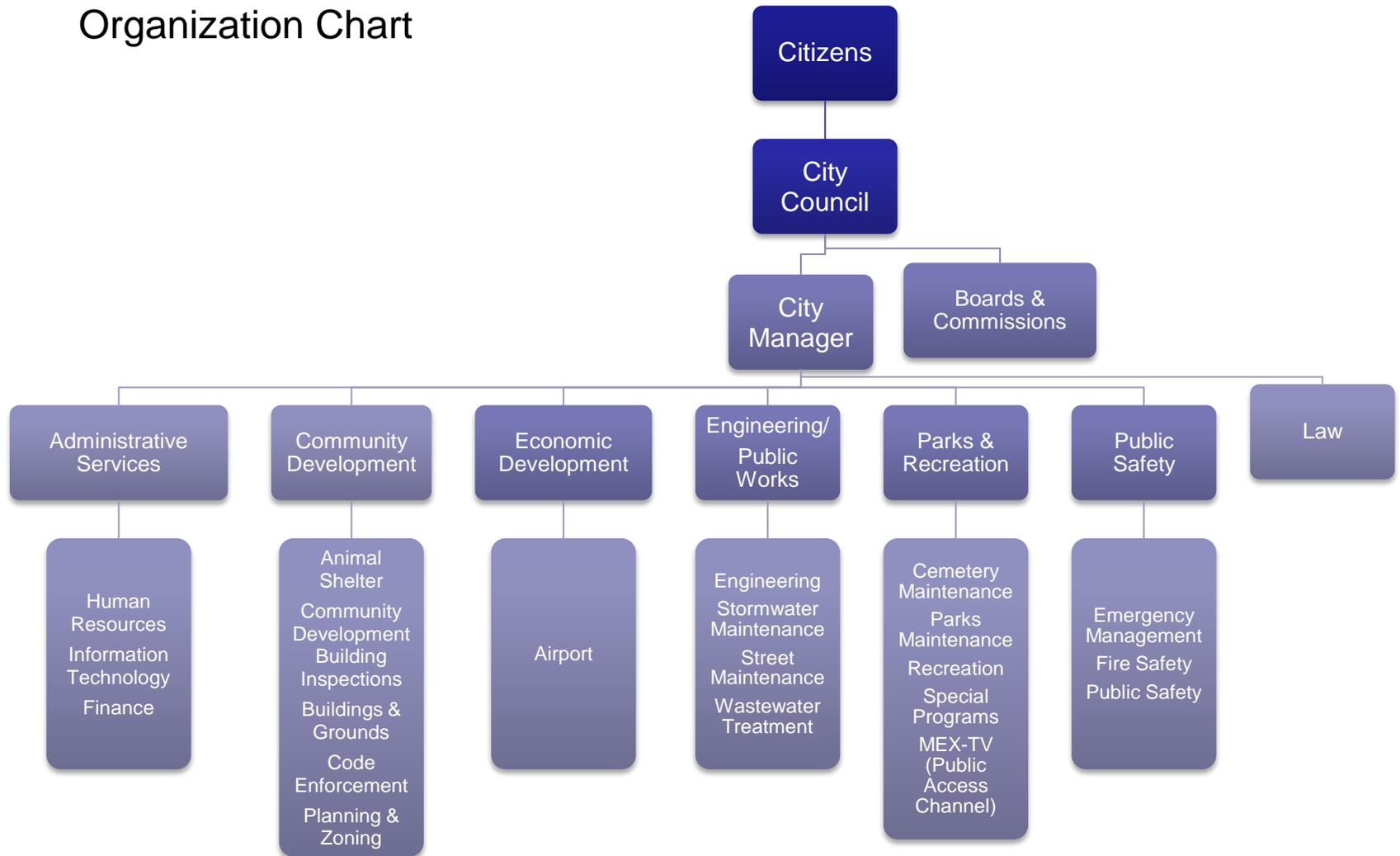
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# City of Mexico, Missouri

## Organization Chart



CITY OF MEXICO, MISSOURI

PRINCIPAL OFFICERS

CITY COUNCIL

Ron Loesch, Mayor

Steve Nichols, Mayor Pro-tem

Dan Botts

Greg Miller

Chris Williams

ADMINISTRATION

Bruce R. Slagle – City Manager

Roger D. Haynes – Administrative Services Director

Susan Rockett – Public Safety Director

Kensey Russell – Public Works Director

Rita Jackson – Community Development Director

Chad Shoemaker – Parks & Recreation Director

Russell Runge – Economic Development Director

Paul Stingley – Municipal Court Judge

Jay Jacobi – Airport Manager

LEGAL COUNSEL

Lou Leonatti

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers, LLC

## **FINANCIAL SECTION**



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Mexico, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Mexico, Missouri (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mexico, Missouri, as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements, non-major fund budgetary comparison schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements and non-major fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the non-major fund financial statements and non-major fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*William Keppers LLC*

January 8, 2014

# CITY OF MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

As management of the City of Mexico, Missouri, we offer readers of the City of Mexico's financial statements this narrative overview and analysis of the financial activities of the City of Mexico for the fiscal year ended September 30, 2013. The City of Mexico, Missouri has prepared financial statements in accordance with the guidelines prescribed in the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), since 2004. This discussion and analysis is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - viii of this report, and the accompanying basic financial statements.

### Financial Highlights

- The assets of the City of Mexico exceeded its entity-wide liabilities at the close of the most recent fiscal year by \$59,263,031 on the entity-wide statements. Of this amount, \$49,954,733 represents investment in capital assets; \$3,420,040 is restricted and the remaining \$5,888,258 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,264,510. Of that total, \$687,767 is attributable to governmental activities and \$576,743 is attributable to business-type activities.
- As of the close of the current fiscal year, the City of Mexico's governmental activities reported net position of \$48,105,160, an increase of \$687,767 in comparison with the prior year. Of this total amount, \$42,356,412 represents investment in capital assets, \$2,316,964 is restricted, and \$3,431,784 is available for spending at the government's discretion (unrestricted net position).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,485,709 or 67.87% of the total General Fund expenditures, excluding transfers.
- The City of Mexico's total long term debt decreased by \$395,505 or 2.64% during the current fiscal year per the Statement of Net Position. The decrease relates to scheduled principal payments made on Sewerage System Capital Improvement Revenue Bonds, Mid-America Brick NID Bonds, and a reduction in Landfill Post-closure cost. Additional information on these long term obligations can be found within the Long-Term Debt section of this report on pages 35 – 37 of this report.
- The City of Mexico's other liabilities decreased by \$199,996 or 10.60% during the current fiscal year. The key factors in the decrease relate to payment of construction projects at the wastewater treatment plant, the paving of Audrain County Road 820 leading to the Missouri Plant Science Research Center, and the wrap up of the City's Safe Routes to School pavement and sidewalk grant that extended into fiscal year 2013.
- The City of Mexico utilized a combination of six state and federal grants during fiscal year 2013, with approximately \$160,082 being expended and \$187,585 being reimbursed during the twelve-month period. A substantial amount of the expenditures and reimbursements (\$131,721) were attributable to the Safe Routes to School grant, a street and sidewalk improvement grant made available through the Missouri Department of Transportation.

## Overview of the Financial Statements

This MD&A is intended to introduce the City's basic financial statements. Basic financial statements include three major sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information, such as budgetary comparisons, to provide additional information that our readers can use to analyze the City's finances.

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

The statement of net position presents information on all of the City of Mexico'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 City of Mexico is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City of Mexico that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that attempt to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mexico include general government and administration, public safety, public health, transportation, cultural, parks and recreation, and community development. The business-type activities of the City of Mexico include sanitation and wastewater operations.

The government-wide financial statements can be found on pages 15 – 16 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. The City of Mexico, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Mexico can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Mexico maintains fourteen individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Public Health, and Mid-America Brick NID Funds, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Mexico adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has also been provided for each governmental fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 17 – 20 of this report.

**Proprietary funds** - The City of Mexico maintains one type of proprietary fund, which contains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Mexico uses enterprise funds to account for its sanitation and wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sanitation and Wastewater Funds, which are considered to be major funds of the City of Mexico.

The basic proprietary fund financial statements can be found on pages 21 – 23 of the 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 can be found on pages 24 – 44 of this report.

**Other information** – In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance. Required budgetary supplementary information can be found on pages 45 – 49 of this report.

The City uses the modified approach for capitalization of infrastructure assets on the street systems and calculates straight-line depreciation on all other infrastructure systems. Currently, the assessed condition level of the assets reported under the modified approach is graded as 6.19. The City's goal is that no street will fall below a condition index of 6, with the range from 6 to 7 being considered as "good condition". There were no significant differences between the estimated annual amounts to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the year. Required supplementary information on the use of the modified approach can be found on pages 50 - 51 of this report.

Required supplementary information related to the City's pension plan and other post-employment benefits can be found on page 52.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54 – 64 of this report.

## Government-wide Financial Analysis

### Statement of Net Position

The following table reflects the condensed statement of net position as of September 30:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 9,402,286	\$ 8,600,070	\$ 4,312,981	\$ 6,187,090	\$ 13,715,267	\$ 14,787,160
Capital assets	43,211,739	43,232,597	18,614,757	16,852,994	61,826,496	60,085,591
Total assets	<u>52,614,025</u>	<u>51,832,667</u>	<u>22,927,738</u>	<u>23,040,084</u>	<u>75,541,763</u>	<u>74,872,751</u>
Long-term obligations	3,232,993	3,235,988	11,357,275	11,749,785	14,590,268	14,985,773
Other liabilities	1,275,872	1,179,286	412,592	709,171	1,688,464	1,888,457
Total liabilities	<u>4,508,865</u>	<u>4,415,274</u>	<u>11,769,867</u>	<u>12,458,956</u>	<u>16,278,732</u>	<u>16,874,230</u>
Net position						
Net investment in capital assets	42,356,412	42,229,128	7,598,321	7,489,140	49,954,733	49,718,268
Restricted	2,316,964	2,102,698	1,103,076	1,201,431	3,420,040	3,304,129
Unrestricted	<u>3,431,784</u>	<u>3,085,567</u>	<u>2,456,474</u>	<u>1,890,557</u>	<u>5,888,258</u>	<u>4,976,124</u>
Total net position	<u>\$ 48,105,160</u>	<u>\$ 47,417,393</u>	<u>\$ 11,157,871</u>	<u>\$ 10,581,128</u>	<u>\$ 59,263,031</u>	<u>\$ 57,998,521</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mexico, assets exceeded liabilities by \$59,263,031 at the close of the most recent fiscal year. Net position increased by \$1,264,510 for the current fiscal year over the prior fiscal year. Assets exceed liabilities by \$57,998,521 at the close of the prior fiscal year and net position for that year increased by \$1,133,491.

Governmental activities' assets constitute 69.65% of total assets, liabilities constitute 27.70% of total liabilities, and net position is 81.17% of total net position. Governmental activities' assets constituted 69.23% of total assets, liabilities constituted 26.16% of total liabilities, and net position was 81.75% of total net position for the prior fiscal year. The business-type activities constitute 30.35% of total assets, 72.30% of total liabilities, and 18.83% of total net position. The business-type activities constituted 30.77% of total assets, 73.83% of total liabilities, and 18.24% of total net position in the prior fiscal year.

By far the largest portion of the City of Mexico's net position (\$49,954,733 or 84.29%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets, to provide services to citizens; consequently, these assets are not available for future spending. The City of Mexico's investment in capital assets in the prior year totaled \$49,718,268 or 85.72% of total net position. During the current year, the City's investment in capital assets increased by \$1,740,905 over the prior fiscal year. Most of this increase is attributed to scheduled wastewater treatment facility improvements. Although the City of Mexico's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Mexico's net position (\$3,420,040 or 5.77%) represents resources that are subject to external restrictions on how they may be used. This portion of net position was \$3,304,129 or 5.70% in the prior fiscal year. The remaining balance of unrestricted net position of \$5,888,258 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$912,134 over the prior fiscal year.

At the end of the current fiscal year, the City of Mexico is able to report a positive net position balance for the government as a whole. The same situation held true for the prior fiscal year.

Governmental activities - Current and other assets increased by \$802,216 due to future planned investment in capital assets and operating expenditures being less than expected. Other changes in current and other assets included decreased grant receivables with the close-out of a Missouri Department of Transportation Safe Routes to School grant. Long-term obligations decreased by \$2,995. Although the scheduled principal payments of \$70,000 and \$65,699 were made on the \$1,930,000 Mid America Brick NID and Speculative Building loan respectively during the fiscal year, there were offsetting increases in LAGERS net pension obligations and other post-employment benefit obligations. Other liabilities increased by \$96,586 due to increases in accounts payable and unearned revenue.

Business-type activities - Current and other assets decreased by \$1,874,109 largely as a result of expending 2010 and 2011 Series bond proceeds for planned capital improvements. Capital assets increased by \$1,761,763 as a result of completed construction and construction in progress related to Phase II sewerage treatment facility capital improvements. Long-term obligations decreased by \$392,510 as a result of making scheduled principal payments on the Series 2010 and 2011 Series Sewer System Revenue Bonds, and a capital lease for a closed-circuit TV system that was acquired during fiscal year 2012. Other liabilities decreased by \$296,579, largely due to accounts payable on wastewater treatment facility construction from fiscal year 2012 being paid during the first quarter of fiscal year 2013.

Beginning in fiscal year 2010, the City was required to record other post-employment benefits (OPEB) liabilities in accordance with GASB 45. As a result, \$237,338 and \$27,385 was recorded for fiscal year 2013 in the long-term obligations category for governmental and business-type activities, respectively. For more information, refer to the note disclosures on pages 41 – 43.

### Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the year ended September 30:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 447,430	\$ 411,739	\$ 3,163,185	\$ 2,969,499	\$ 3,610,615	\$ 3,381,238
Grants and contributions:						
Operating	7,701	-	-	-	7,701	-
Capital	243,196	994,834	-	-	243,196	994,834
General revenues:						
Taxes	6,535,964	5,970,789	-	-	6,535,964	5,970,789
Investment revenue	30,585	12,111	21,656	9,778	52,241	21,889
Interest rebates	-	-	117,448	122,790	117,448	122,790
Other	616,848	517,157	7,605	-	624,453	517,157
Total revenues	<u>7,881,724</u>	<u>7,906,630</u>	<u>3,309,894</u>	<u>3,102,067</u>	<u>11,191,618</u>	<u>11,008,697</u>

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses:						
General government	1,280,829	1,237,910	-	-	1,280,829	1,237,910
Public safety	2,376,480	2,373,261	-	-	2,376,480	2,373,261
Streets	1,211,770	1,264,331	-	-	1,211,770	1,264,331
Cemetery	126,495	119,683	-	-	126,495	119,683
Parks and recreation	873,998	785,099	-	-	873,998	785,099
Public health	345,322	317,007	-	-	345,322	317,007
Economic development	251,145	234,431	-	-	251,145	234,431
Airport	160,875	134,531	-	-	160,875	134,531
Community development	455,192	460,657	-	-	455,192	460,657
Interest expense	111,851	103,307	-	-	111,851	103,307
Wastewater utility	-	-	2,311,713	2,288,282	2,311,713	2,288,282
Sanitation	-	-	421,438	556,707	421,438	556,707
Total expenses	<u>7,193,957</u>	<u>7,030,217</u>	<u>2,733,151</u>	<u>2,844,989</u>	<u>9,927,108</u>	<u>9,875,206</u>
Increase in net position	687,767	876,413	576,743	257,078	1,264,510	1,133,491
Net position, beginning	<u>47,417,393</u>	<u>46,540,980</u>	<u>10,581,128</u>	<u>10,324,050</u>	<u>57,998,521</u>	<u>56,865,030</u>
Net position, ending	<u>\$ 48,105,160</u>	<u>\$ 47,417,393</u>	<u>\$ 11,157,871</u>	<u>\$ 10,581,128</u>	<u>\$ 59,263,031</u>	<u>\$ 57,998,521</u>

**Governmental activities:** Governmental activities increased the City of Mexico's net position by \$687,767. Governmental activities increased the City of Mexico's net position by \$876,413 in the prior fiscal year.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2013.

- Operating grants and contributions for governmental activities increased by \$7,701 in fiscal year 2013 as compared to 2012 as a result of receiving federal funding for Public Safety personnel to acquire personal protective equipment. There were no operating grants and contribution during fiscal year 2012.
- Capital grants and contributions for governmental activities decreased by \$751,638. This was caused by a series of capital grants that were either completed or near completion during fiscal year 2012. Most notable was a reduction in activity on two grants tied to the Missouri Plant Science Center development project.
- Revenue derived from taxes increased in fiscal year 2013 over the prior fiscal year in the amount of \$565,175. The majority of this increase was due to a new one-half cent sales tax for the Parks & Recreation Department which became effective on January 1, 2013. The one-half cent parks sales tax generated \$553,393.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2012.

- Operating grants and contributions for governmental activities decreased by \$20,000 in fiscal year 2012 as compared to 2011 as a result of receiving local funding for park entrance improvements in 2011 that were not received during 2012.
- Capital grants and contributions for governmental activities decreased by \$2,138,148. This was caused by a series of capital grants that were either more active or closed out in fiscal year 2011. Most notable was a reduction in activity on a \$4,000,000 building construction grant for the Missouri Plant Science Center.

As a whole, expenses for governmental activities increased \$163,740 or 2.33% in fiscal year 2013 as compared to fiscal year 2012.

In fiscal year 2013, general government expenditures increased by \$42,919 or 3.47%, public safety operations increased by \$3,219, the street department decreased by \$52,561 or 4.16%, parks department operations increased by \$88,899 or 11.32%, and public health increased by \$28,315 or 8.93% as compared to fiscal year 2012. The larger percentage increases in the departments of parks and recreation and public health can be attributed to an increase in personnel cost through filling open positions and enhancing departmental programs.

The reduction in street department expenditures related to special maintenance projects that occurred in fiscal year 2012 that did not repeat in fiscal year 2013.

Community development expenditures decreased by \$5,465 or 1.19% as compared to fiscal year 2012.

**Business-type activities:** Business type activities increased the City of Mexico's net position by \$576,743 during fiscal year 2013. Business type activities increased the City of Mexico's net position by \$257,078 in the prior fiscal year. Of the \$576,743 increase in business-type net position, \$431,020 of the net asset increase resulted from wastewater operations and an increase of \$145,723 from sanitation operations.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2013.

- Sewerage rates were increased by an average of 10% in anticipation of revenue bond debt service needs related to the Series 2010 and Series 2011 bond issues.
- Residential sanitation service rates were increased by 2.60% to cover costs associated with providing this service.
- Operating expenses for business-type activities decreased by \$110,762. This decrease was due to an \$110,334 reduction in estimated post-closure costs associated with the sanitary landfill. Adjustments in wages, material, supplies, services, and depreciation in the Wastewater and Sanitation Funds were relatively flat as a whole in overall cost when comparing fiscal year 2013 to fiscal year 2012.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2012.

- Sewerage rates were increased by an average of 19% in anticipation of revenue bond debt service needs related to the Series 2011 bond issuance.
- Residential sanitation service rates were increased by 3% to cover costs associated with providing this service.
- Operating expenses for business-type activities increased by \$778,754. This increase was due to increases in personnel cost, and depreciation in the Wastewater Fund and increases in fees paid to contracted haulers in the Sanitation Fund.

## Financial Analysis of the Government's Funds

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

**Governmental Funds** - The focus of the City of Mexico's governmental funds is to provide information on near-term inflows, outflows, and balances of available cash resources. Such information is useful in assessing the City of Mexico'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 a fiscal year.

At the end of the current fiscal year, the City of Mexico's governmental funds reported combined ending fund balances of \$6,486,182, an increase of \$915,371 in comparison with the prior year. Approximately 53.62% of this total amount (\$3,478,188) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 58.09% (\$3,235,841) of the total governmental fund balance in the prior year constituted unassigned fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted, committed or assigned 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service, 3) to generate income to pay for the perpetual care of the municipal cemetery, or 4) for a variety of other designated purposes.

As a result of implementing GASB Statement No. 54, the Economic Development, Airport, and Community Development Funds no longer met the definition of a special revenue fund type; as such, all activity was combined with the General Fund for financial reporting purposes only. The following discussion of the General Fund also takes into consideration activity for these three funds.

The General Fund is the chief operating fund of the City of Mexico. At the end of the current fiscal year, total fund balance of the General Fund was \$3,765,618, of which \$3,485,709 is unassigned. The fund balance of the City of Mexico's General Fund increased by \$526,594 compared to the prior year. The fund balance of the General Fund was \$3,239,024 in the prior fiscal year. There was a positive change in General Fund's total fund balance from fiscal year 2012 to 2013. The key factors in the increased fund balance can be attributed to management's decision to reduce certain expenditures to counter the uncertainty of revenue based on then current economic conditions and to build reserves for availability of funds for near future capital outlay needs.

The Parks and Recreation Fund accounts for funds provided from charges for recreational programs, a Parks Sales Tax and for the portion of City taxes restricted for maintenance of the City parks and playgrounds and operation of recreation programs. At the end of the current fiscal year, total fund balance of the Parks and Recreation Fund was \$411,121. The fund balance of the Parks and Recreation Fund increased \$178,849 from the prior fiscal year. The fund balance of the Parks and Recreation Fund was \$232,272 in the prior year. The key factor for this change was an accumulation of cash made possible by the passage of a one-half cent sales tax in August of 2012 that positively impacted revenue beginning in March of 2013. It is anticipated that funds accumulated during fiscal year 2013 will be used for park improvements beginning in fiscal year 2014 based on the development of a Parks Master Plan that is in progress as of this report date.

The Public Health Fund accounts for funds provided from the City property taxes and restricted for animal control, public health, nursing, and environmental sanitation expenditures. At the end of the current fiscal year, total fund balance of the Public Health Fund was \$205,465. The fund balance of the City of Mexico's Public Health Fund increased by \$17,371 compared to the prior year. The fund balance of the Public Health Fund was \$188,094 in the prior year. The key factors for this change were tax and miscellaneous revenues exceeding originally budgeted expectations; specifically in the areas of surtax collection and impoundment fees.

The Mid-America Brick NID Fund was established in fiscal year 2010. On September 1, 2010, the City issued \$1,930,000 in special assessment debt to provide funds for certain capital purchases, capital improvements, and land leases benefiting a neighborhood improvement district; specifically a new brick manufacturer known as Mid-America Brick. Under the NID, property owners within the NID will remit to

the City an annual payment equal to the amount necessary to pay annual debt service of the bonds. At the end of the 2013 fiscal year, the total fund balance of the Mid-America Brick NID Fund was \$1,435,646 as compared to the fund balance of \$1,329,151 in the 2012 fiscal year, reflecting a \$106,495 increase. Additional information on the Mid-America Brick NID can be found within note disclosure 8 within the Notes to Financial Statements section of this report.

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

Net position, including investment in capital assets, of the Wastewater Fund at the end of the year amounted to \$10,891,788, and the net position for Sanitation Fund amounted to \$266,083. The increase in net position for the Wastewater Fund was \$431,020, and there was an increase of \$145,723 for the Sanitation Fund. Net position in the Wastewater Fund amounted to \$10,460,768, and net position for the Sanitation Fund amounted to \$120,360 in the prior fiscal year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Mexico's business-type activities.

### **General Fund Budgetary Highlights**

Revisions of the original expenditure budget were minor, but made to reflect changes in original budgeting assumptions. The original General Fund expenditure budget was forecasted at \$5,307,711 and the revised expenditure budget was reduced by 2.28% to \$5,186,954.

Actual expenditures for the General Fund came in 5.59% or \$289,859 under the revised expenditure budget.

Departments within the General Fund with the largest expenditure savings as compared to the revised budget were:

- General Government came in \$91,301 under the revised budget due to reduced cost in the categories of personnel services, supplies, and services.
- The Public Safety Department came in \$84,939 under budget with a better than revised budget savings of \$42,879 in the category of personnel services and \$24,476 in supplies.
- The Street Department came in \$50,801 under budget with a better than revised budget savings in the amount of \$33,765 in supplies and \$11,731 in services.
- The Economic Development Department came in \$14,734 under budget with a better than budget savings of \$11,529 in the category of services expense.
- Cemetery Operations came in \$14,599 under budget with a better than budget savings of \$9,181 in supplies and \$2,551 in services.
- Capital Outlay came in \$25,565 under the revised budget due to projects being completed at less cost and postponement of certain projects into the next fiscal cycle.

Revisions of the original revenue budget were positive with an upward adjustment in the amount of \$77,885, a 1.53% change.

General Fund revenues exceeded the revised budget for General Fund revenues by approximately \$55,274, which was largely contributed to:

- Taxes, inclusive of property, gross receipts, and sales tax, came in \$32,403 better than revised revenue budget.
- Building licenses and permits came in \$16,443 better than revised budget due to new construction project development in the last quarter of the fiscal year.

### Capital Asset and Debt Administration

**Capital Assets** - The City of Mexico's investment in capital assets for its governmental and business type activities includes land, buildings, system improvements, and infrastructure.

The following schedule provides a breakdown of capital assets as of September 30:

	2013	2012
Capital assets, not being depreciated:		
Land	\$ 4,405,168	\$ 4,405,168
Infrastructure	30,179,110	30,176,055
Construction in progress	953,928	4,547,140
Total capital assets, not being depreciated	<u>35,538,206</u>	<u>39,128,363</u>
Capital assets, being depreciated:		
Buildings	11,976,923	11,909,473
Structures other than buildings	12,267,795	11,968,273
Equipment	16,123,289	10,258,161
Infrastructure	1,787,675	1,780,511
Total capital assets, being depreciated	<u>42,155,682</u>	<u>35,916,418</u>
Less accumulated depreciation	<u>(15,867,392)</u>	<u>(14,959,190)</u>
Total capital assets being depreciated, net	<u>26,288,290</u>	<u>20,957,228</u>
Capital assets, net	<u>\$ 61,826,496</u>	<u>\$ 60,085,591</u>

The major capital asset events in the current year included continuing work on Phase II construction at the City's wastewater sewer plant, booking an additional \$2,210,574 value to Construction in Progress throughout the year. The Phase II project was complete by the end of the fiscal year and placed in service totaling \$5,789,569. Additions to the Commerce Road project near the Plant Science Center included an additional \$11,751 to Construction in Progress, bringing that project total to \$836,960. The Safe Routes to School Sidewalk project was completed with \$124,442 additions during the current year, placing the total project in service at \$219,229.

During the fiscal year, the City's governmental activities received contributed capital assets of \$39,052. This contribution was a 1992 Military Style Hummer Utility Vehicle received on a Department of Defense program to be utilized by the City's Department of Public Safety.

During the prior fiscal year the major capital asset events year included continuing work on Phase II construction at the City's wastewater sewer plant, booking an additional \$2,626,809 value to Construction in Progress bringing that Phase II total to \$3,578,995. As part of the infrastructure improvements leading out to the Plant Science Center, the City recorded an additional \$487,042 to Construction in Progress for Audrain County Road 820, bringing that project total to \$825,209.

In the 2012 fiscal year, the City's governmental activities received contributed capital assets of \$54,850. These contributions included a discounted purchase price by the seller and a contribution from Progress Mexico relating to the purchase of the 52.68 acres Tech Park.

The City uses the modified approach to account for its highway system as permitted by GASB 34. Under the modified approach, depreciation is not reported and certain preservation and maintenance costs are expensed. In addition, the City is required to perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government.

During the 2010 fiscal year, the City changed the software program used to perform the yearly condition assessments. See further discussion on pages 50 and 51. The City's goal is to maintain an average condition index of 6 to 7 or greater and not to allow any street to fall below a condition index of 6; the average condition was met with an average of 6.19 was met for 2013.

For the current year and two prior years, the results of the condition assessments are as follows:

<u>Year</u>	<u>Assessed Condition</u>
2013	6.19
2012	6.24
2011	6.39

Additional information regarding the City's capital assets can be found in Note 6 on pages 32 and 33 of this report.

## **Long-term debt**

At the end of the current fiscal year, the City of Mexico had bonded debt in the amount of \$12,805,000, and additional obligations relating to capital leases for purchase and improvement of capital assets. Additional information regarding the City's long-term debt can be found in Note 8 on pages 35 – 37 of this report.

At the end of the prior fiscal year, the City of Mexico had \$13,160,000 in bonded debt.

## **Economic Factors and Next Year's Budgets and Rates**

- As the local, state, and national economy continues to show signs of improvement, the City has an improved outlook on its' ability to continue a revenue stream from two leased facilities the City owns. The lease of these two facilities impacts the overall City budget by approximately \$200,000 annually, let alone the economic impact they facilitate by being occupied and providing employment opportunities.
- The City was successful in the continuance of receiving NID payments related to the Mid America Brick Refractory and Structural Clay Products NID through a purchase of the NID related properties by Shamrock Assets, Incorporated. The value of having a viable business operating within the NID to make payments on the limited obligation bonds is \$154,740 annually.
- With interest rates remaining low and inflation being kept in check, the City of Mexico can reasonably expect continued investment into the community by existing businesses through various expansions as seen during 2013.
- The unemployment rate for the City of Mexico is 5.70% at September 30, 2013, which is an improvement as compared to last year's rate of 5.80%. This rate compares favorably to the State's average unemployment rate of 6.00% and the national average of 7.00%.
- The occupancy rate of the City's central business district has remained at 97% for the past five years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Mexico's budget for the 2014 fiscal year.

## **Requests for Information**

The financial report is designed to provide a general overview of the City of Mexico's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administrative Services Director, 300 N. Coal, City of Mexico, MO, 65265, or call (573) 581-2100.

**CITY OF MEXICO**  
**STATEMENT OF NET POSITION**  
September 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,504,477	\$ 2,283,919	\$ 6,788,396
Restricted cash	393,111	1,399,663	1,792,774
Accounts receivable (net of allowance of \$80,724)	-	439,853	439,853
Taxes receivable (net of allowance of \$977)	1,753,465	-	1,753,465
Intergovernmental revenue receivable	28,489	-	28,489
Special assessment receivable	1,548,075	-	1,548,075
Other receivables	17,881	-	17,881
Prepaid expenses	1,062,075	7,617	1,069,692
Deferred charges, net of amortization	44,713	181,929	226,642
Investment in joint venture	50,000	-	50,000
Capital assets:			
Non-depreciable	35,520,786	17,420	35,538,206
Depreciable, net	7,690,953	18,597,337	26,288,290
Total assets	<u>52,614,025</u>	<u>22,927,738</u>	<u>75,541,763</u>
<b>LIABILITIES</b>			
Accounts payable	220,210	290,254	510,464
Accrued interest payable	2,109	122,338	124,447
Unearned revenue	1,053,553	-	1,053,553
Long-term liabilities:			
Other post-employment benefit obligations	237,338	27,385	264,723
LAGERS net pension obligations	300,679	45,034	345,713
Leases payable			
Amounts due within one year	73,768	24,964	98,732
Amount due beyond one year	686,059	4,244	690,303
Bonds payable			
Amounts due within one year	70,000	295,000	365,000
Amount due beyond one year	1,655,000	10,785,000	12,440,000
Accrued landfill closure costs			
Amounts due within one year	-	8,105	8,105
Amounts due beyond one year	-	145,881	145,881
Compensated absences			
Amounts due within one year	105,075	10,831	115,906
Amounts due beyond one year	105,075	10,831	115,906
Total liabilities	<u>4,508,865</u>	<u>11,769,867</u>	<u>16,278,732</u>
<b>NET POSITION</b>			
Net investment in capital assets	42,356,412	7,598,321	49,954,733
Restricted for:			
Perpetual care, nonexpendable	166,352	-	166,352
Capital improvements	409,188	-	409,188
Public health	205,465	-	205,465
Community development	1,072,053	-	1,072,053
Tourism	51,190	-	51,190
Grants	39,145	-	39,145
Debt service	373,571	1,103,076	1,476,647
Unrestricted	3,431,784	2,456,474	5,888,258
Total net position	<u>\$ 48,105,160</u>	<u>\$ 11,157,871</u>	<u>\$ 59,263,031</u>

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

CITY OF MEXICO  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2013

Program/Function	Program revenues				Net (expense) revenue and changes in net assets		Total
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	
<b>Governmental activities:</b>							
General government	\$ 1,280,829	\$ 160,623	\$ 55,017	\$ -	\$ (1,065,189)	\$ -	\$ (1,065,189)
Public safety	2,376,480	33,229	-	7,701	(2,335,550)	-	(2,335,550)
Streets	1,211,770	-	124,130	-	(1,087,640)	-	(1,087,640)
Cemetery	126,495	-	-	-	(126,495)	-	(126,495)
Parks and recreation	873,998	37,229	-	-	(836,769)	-	(836,769)
Public health	345,322	-	-	-	(345,322)	-	(345,322)
Economic development	251,145	192,250	-	-	(58,895)	-	(58,895)
Airport	160,875	24,099	15,779	-	(120,997)	-	(120,997)
Community development	455,192	-	48,270	-	(406,922)	-	(406,922)
Interest expense	111,851	-	-	-	(111,851)	-	(111,851)
<b>Total governmental activities</b>	<b>7,193,957</b>	<b>447,430</b>	<b>243,196</b>	<b>7,701</b>	<b>(6,495,630)</b>	<b>-</b>	<b>(6,495,630)</b>
<b>Business-type activities:</b>							
Wastewater utility	2,311,713	2,599,749	-	-	-	288,036	288,036
Sanitation	421,438	563,436	-	-	-	141,998	141,998
<b>Total business-type activities</b>	<b>2,733,151</b>	<b>3,163,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,034</b>	<b>430,034</b>
<b>Total city</b>	<b>\$ 9,927,108</b>	<b>\$ 3,610,615</b>	<b>\$ 243,196</b>	<b>\$ 7,701</b>	<b>(6,495,630)</b>	<b>430,034</b>	<b>(6,065,596)</b>
<b>General revenue:</b>							
<b>Taxes:</b>							
Property taxes					1,130,099	-	1,130,099
Sales taxes					3,520,641	-	3,520,641
Franchise taxes					1,885,224	-	1,885,224
Miscellaneous income					392,762	7,605	400,367
Administrative reimbursement					202,083	-	202,083
Debt proceeds from NID bonds					22,003	-	22,003
Interest income					30,585	21,656	52,241
Interest rebates on Build America Bonds					-	117,448	117,448
<b>Total general revenues</b>					<b>7,183,397</b>	<b>146,709</b>	<b>7,330,106</b>
<b>Changes in net position</b>					<b>687,767</b>	<b>576,743</b>	<b>1,264,510</b>
Net position - beginning					47,417,393	10,581,128	57,998,521
Net position - ending					<b>\$ 48,105,160</b>	<b>\$ 11,157,871</b>	<b>\$ 59,263,031</b>

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

**CITY OF MEXICO**  
**BALANCE SHEET**  
**ALL GOVERNMENTAL FUND TYPES**  
**September 30, 2013**

	Major Funds					Totals
	General Fund	Parks and Recreation Fund	Public Health Fund	Mid-America Brick NID Fund	Non-major Funds	
<b>ASSETS</b>						
ASSETS						
Cash and cash equivalents	\$ 3,395,506	\$ 317,956	\$ 209,876	\$ 178,034	\$ 403,105	\$ 4,504,477
Restricted cash	6,220	-	-	220,539	166,352	393,111
Taxes receivable	1,079,101	260,173	293,478	-	120,713	1,753,465
Intergovernmental receivable	18,241	-	-	-	10,248	28,489
NID receivable	-	-	-	1,534,560	13,515	1,548,075
Other receivables	8,383	-	8,975	-	523	17,881
Interfund receivable	8,492	-	-	-	-	8,492
Prepaid expenditures	-	-	-	1,062,075	-	1,062,075
Total assets	<u>\$ 4,515,943</u>	<u>\$ 578,129</u>	<u>\$ 512,329</u>	<u>\$ 2,995,208</u>	<u>\$ 714,456</u>	<u>\$ 9,316,065</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 62,543	\$ 9,342	\$ 2,507	\$ 25,002	\$ 24,565	\$ 123,959
Accrued liabilities	74,445	10,927	10,879	-	-	96,251
Interfund payable	-	-	-	-	8,492	8,492
Unearned revenue	613,337	146,739	293,478	1,534,560	13,067	2,601,181
Total liabilities	<u>750,325</u>	<u>167,008</u>	<u>306,864</u>	<u>1,559,562</u>	<u>46,124</u>	<u>2,829,883</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepays	-	-	-	1,062,075	-	1,062,075
Perpetual care	-	-	-	-	166,352	166,352
Restricted for:						
Capital improvements	-	-	-	-	409,188	409,188
Public health	-	-	205,465	-	-	205,465
Community development	-	-	-	-	9,978	9,978
Tourism	-	-	-	-	51,190	51,190
Grant activity	-	-	-	-	39,145	39,145
Debt service	-	-	-	373,571	-	373,571
Assigned:						
Airport	96,069	-	-	-	-	96,069
Economic development	183,840	-	-	-	-	183,840
Parks and recreation	-	411,121	-	-	-	411,121
Unassigned	3,485,709	-	-	-	(7,521)	3,478,188
Total fund balances	<u>3,765,618</u>	<u>411,121</u>	<u>205,465</u>	<u>1,435,646</u>	<u>668,332</u>	<u>6,486,182</u>
Total liabilities and fund balances	<u>\$ 4,515,943</u>	<u>\$ 578,129</u>	<u>\$ 512,329</u>	<u>\$ 2,995,208</u>	<u>\$ 714,456</u>	<u>\$ 9,316,065</u>

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

**CITY OF MEXICO**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

September 30, 2013

Fund balances - total governmental funds		\$ 6,486,182
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	51,769,950	
Less accumulated depreciation	<u>(8,558,211)</u>	43,211,739
Other long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds:		
Investment in joint venture		50,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
		1,547,628
Long-term liabilities, including capital lease obligations, interest payable, and accrued compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds:		
Bonds payable	(1,725,000)	
Less deferred charges on issuance	<u>44,713</u>	(1,680,287)
Capital lease obligations		(759,827)
Accrued compensated absences		(210,150)
Other post-employment benefit obligations		(237,338)
LAGERS net pension obligations		(300,679)
Accrued interest payable		<u>(2,108)</u>
Net position of governmental activities		<u>\$ 48,105,160</u>

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

CITY OF MEXICO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
Year Ended September 30, 2013

	Major Funds					Totals
	General Fund	Parks and Recreation Fund	Public Health Fund	Mid-America Brick NID Fund	Non-major Funds	
<b>REVENUES:</b>						
Taxes						
Property	\$ 611,130	\$ 147,465	\$ 294,044	\$ 199,550	\$ 2,127	\$ 1,254,316
Sales	2,131,559	553,393	1,640	-	834,049	3,520,641
Franchise	1,885,224	-	-	-	-	1,885,224
Licenses and permits	160,623	-	-	-	-	160,623
Charges for services	-	37,229	-	-	-	37,229
Intergovernmental revenues	27,258	-	-	-	160,649	187,907
Fines and forfeitures	33,229	-	-	-	-	33,229
Miscellaneous	-	-	-	-	-	-
Rent	216,349	-	-	-	-	216,349
Interest	24,377	-	-	1,764	4,444	30,585
Administrative reimbursement	202,083	-	-	-	-	202,083
Other	223,269	18,238	46,018	101,453	3,784	392,762
<b>TOTAL REVENUES</b>	<b>5,515,101</b>	<b>756,325</b>	<b>341,702</b>	<b>302,767</b>	<b>1,005,053</b>	<b>7,920,948</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,114,937	-	-	-	-	1,114,937
Public safety	2,232,667	-	-	-	-	2,232,667
Streets	801,903	-	-	-	-	801,903
Cemetery	113,694	-	-	-	-	113,694
Parks and recreation	-	721,214	-	-	-	721,214
Public health	-	-	324,331	-	-	324,331
Economic development	186,200	-	-	-	-	186,200
Airport	68,129	-	-	-	-	68,129
Community development	237,230	-	-	66,300	63,358	366,888
Capital outlay	273,056	126,262	-	-	438,307	837,625
Debt service:						
Principal	79,570	-	-	70,000	-	149,570
Interest	28,447	-	-	81,975	-	110,422
<b>TOTAL EXPENDITURES</b>	<b>5,135,833</b>	<b>847,476</b>	<b>324,331</b>	<b>218,275</b>	<b>501,665</b>	<b>7,027,580</b>
Excess (deficiency) of revenues over expenditures	379,268	(91,151)	17,371	84,492	503,388	893,368
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt proceeds from NID bonds	-	-	-	22,003	-	22,003
Transfers in	362,326	270,000	-	-	36,500	668,826
Transfers (out)	(215,000)	-	-	-	(453,826)	(668,826)
Total other financing sources (uses)	147,326	270,000	-	22,003	(417,326)	22,003
Net change in fund balances	526,594	178,849	17,371	106,495	86,062	915,371
Fund balances, October 1	3,239,024	232,272	188,094	1,329,151	582,270	5,570,811
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 3,765,618</b>	<b>\$ 411,121</b>	<b>\$ 205,465</b>	<b>\$ 1,435,646</b>	<b>\$ 668,332</b>	<b>\$ 6,486,182</b>

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

CITY OF MEXICO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2013**

Net change in fund balances - total governmental funds \$ 915,371

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays were less than the depreciation in the current period.

Capital outlay capitalized as assets	523,013	
Loss on disposal of fixed assets	(32,203)	
Depreciation	<u>(574,658)</u>	(83,848)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unearned revenue	(206,156)
Amount of contributed capital assets	62,990

The issuance of long-term debt (e.g., bonds, loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditures is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal	148,142
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	4,812
Other post-employment benefit obligations	(53,773)
LAGERS net pension obligations	(93,908)
Amortization of issuance costs	<u>(5,863)</u>

Change in net position of governmental activities	<u><u>\$ 687,767</u></u>
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The notes to the financial statements are an integral part of these statements.

**CITY OF MEXICO**  
**STATEMENT OF NET POSITION**  
**ALL PROPRIETARY FUNDS**  
September 30, 2013

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,917,436	\$ 366,483	\$ 2,283,919
Restricted cash	1,399,663	-	1,399,663
Accounts receivable (net of allowance of \$80,724)	355,237	84,616	439,853
Prepaid expenses	7,617	-	7,617
Total current assets	3,679,953	451,099	4,131,052
Non-current assets:			
Deferred charges, net of accumulated amortization	181,929	-	181,929
Property, plant and equipment, net of accumulated depreciation	18,599,468	15,289	18,614,757
Total non-current assets	18,781,397	15,289	18,796,686
Total assets	22,461,350	466,388	22,927,738
<b>LIABILITIES</b>			
Current liabilities:			
Leases payable	24,964	-	24,964
Bonds payable	295,000	-	295,000
Accrued interest payable	122,338	-	122,338
Accrued landfill closure costs	-	8,105	8,105
Accounts payable	247,428	42,826	290,254
Compensated absences	10,831	-	10,831
Total current liabilities	700,561	50,931	751,492
Non-current liabilities:			
Lease payable	4,244	-	4,244
Bonds payable	10,785,000	-	10,785,000
Other post employment benefit obligations	27,385	-	27,385
LAGERS net pension obligations	41,541	3,493	45,034
Accrued landfill closure costs	-	145,881	145,881
Compensated absences	10,831	-	10,831
Total long-term liabilities	10,869,001	149,374	11,018,375
Total liabilities	11,569,562	200,305	11,769,867
<b>NET POSITION</b>			
Net investment in capital assets	7,583,032	15,289	7,598,321
Restricted for debt service	1,103,076	-	1,103,076
Unrestricted	2,205,680	250,794	2,456,474
<b>TOTAL NET POSITION</b>	<b>\$ 10,891,788</b>	<b>\$ 266,083</b>	<b>\$ 11,157,871</b>

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

CITY OF MEXICO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ALL PROPRIETARY FUND TYPES

Year Ended September 30, 2013

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,599,749	\$ 563,436	\$ 3,163,185
Miscellaneous	5,634	1,971	7,605
Total operating revenues	2,605,383	565,407	3,170,790
OPERATING EXPENSES			
Salaries and wages	439,406	32,502	471,908
Employee benefits	201,400	17,045	218,445
Materials and supplies	55,777	53,855	109,632
Electricity	132,687	213	132,900
Repairs and maintenance	157,895	28,393	186,288
Telephone and utilities	32,190	-	32,190
Fuel and oil	13,861	-	13,861
Other operating expenses	362,284	-	362,284
Depreciation and amortization	545,139	1,880	547,019
Contracted haulers	-	287,550	287,550
Total operating expenses	1,940,639	421,438	2,362,077
OPERATING INCOME	664,744	143,969	808,713
NON-OPERATING REVENUES (EXPENSES)			
Interest income	19,902	1,754	21,656
Interest rebate on Build America Bonds	117,448	-	117,448
Interest expense	(371,074)	-	(371,074)
Total non-operating revenues (expenses)	(233,724)	1,754	(231,970)
Change in net position	431,020	145,723	576,743
Net position, October 1	10,460,768	120,360	10,581,128
NET POSITION, SEPTEMBER 30	\$ 10,891,788	\$ 266,083	\$ 11,157,871

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

**CITY OF MEXICO**

**STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
Year Ended September 30, 2013**

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 2,588,746	\$ 559,724	\$ 3,148,470
Cash received from other sources	5,634	1,971	7,605
Cash paid to vendors	(1,251,485)	(489,969)	(1,741,454)
Cash paid to employees	(402,750)	(33,870)	(436,620)
Net cash provided by operating activities	<u>940,145</u>	<u>37,856</u>	<u>978,001</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payment for capital acquisitions	(2,045,948)	(17,169)	(2,063,117)
Interest rebates on Build America Bonds	117,448	-	117,448
Principal and interest payments on debt	(925,367)	-	(925,367)
Net cash (used) by capital and related financing activities	<u>(2,853,867)</u>	<u>(17,169)</u>	<u>(2,871,036)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	19,902	1,754	21,656
Net increase (decrease) in cash and cash equivalents	(1,893,820)	22,441	(1,871,379)
Cash and cash equivalents, beginning of year	<u>5,210,919</u>	<u>344,042</u>	<u>5,554,961</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,317,099</u>	<u>\$ 366,483</u>	<u>\$ 3,683,582</u>
Cash and cash equivalents	\$ 1,917,436	\$ 366,483	\$ 2,283,919
Restricted cash	<u>1,399,663</u>	<u>-</u>	<u>1,399,663</u>
Total cash and cash equivalents	<u>\$ 3,317,099</u>	<u>\$ 366,483</u>	<u>\$ 3,683,582</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 664,744	\$ 143,969	\$ 808,713
Adjustments:			
Depreciation and amortization	545,139	1,880	547,019
(Increase) decrease in assets:			
Accounts receivable	(11,003)	(3,712)	(14,715)
Prepaid expenses	9,141	-	9,141
Increase (decrease) in liabilities:			
Accounts payable	(304,532)	7,421	(297,111)
Accrued expenses	4,476	-	4,476
Other post-employment benefit obligations	16,318	(2,767)	13,551
LAGERS net pension obligations	15,862	1,399	17,261
Accrued landfill	-	(110,334)	(110,334)
Net cash provided by operating activities	<u>\$ 940,145</u>	<u>\$ 37,856</u>	<u>\$ 978,001</u>

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

# CITY OF MEXICO

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

#### *A. Reporting Entity*

The City of Mexico is located in central Missouri and is governed by a city manager, an elected mayor, and a five-member council.

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Mexico. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Mexico that have been determined not to be component units as defined by Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity" (GASB 61). Based on the criteria of GASB 61, there are no other agencies or entities for which the City has been determined to be financially accountable and, therefore, should be included in the financial statements of the City.

#### *B. Fund Accounting*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary.

The City reports the following major governmental funds:

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

Parks and Recreation Fund – This special revenue fund is used to account for funds provided from charges for recreational programs, for the portion of City taxes and property taxes restricted for maintenance of the City parks and playgrounds, and operation of recreation programs.

Public Health Fund – This special revenue fund is used to account for property taxes and other revenue restricted for animal control, public health, nursing, and environmental sanitation.

Mid-America Brick Neighborhood Improvement District (NID) Fund – The City was petitioned by E.L.T. Mexico, LLC and Mid-America Brick & Structural Clay Products, LLC (MAB) to form a neighborhood improvement district to make funds available for redevelopment of the designated NID area for use as a refractory and manufacturing facility for production and marketing of structural brick and clay products. This special revenue fund is used to account for bond proceeds made available to MAB, special assessments restricted for NID use, and annual bond payments over a twenty year amortization. During the fiscal year ended September 30, 2013, Mid-America Brick & Structural Clay Products, LLC was purchased by Shamrock Assets, LLC. However, the name of the neighborhood improvement district, and thus the name of the City's major governmental fund, was not changed as a result of the purchase.

The City reports the following major proprietary funds:

Wastewater Fund – The Wastewater Fund is used to account for the provision of sanitary wastewater services to residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, billing and collection.

Sanitation Fund – The Sanitation Fund is used to account for the provision of landfill and refuse service to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, billing and collection.

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

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

The 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All

other revenue items are considered to be measurable and available only when cash is received by the government.

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

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

#### *D. Budgets*

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and capital project funds. All annual appropriations lapse at fiscal year end.

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. There were no encumbrances outstanding at September 30, 2013.

#### *E. Pooled Cash*

The City maintains a cash money-market pool that is used by all funds. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

#### *F. Accounts Receivable*

Accounts receivable result primarily from taxes, grants, and wastewater and sanitation services provided. All unbilled wastewater and sanitation receivables are included in accounts receivable in the accompanying financial statements as of September 30, 2013. Receivables are shown net of an allowance for estimated uncollectible amounts.

#### *G. Capital Assets*

Capital assets (which include property, plant, equipment) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks) have been capitalized retroactively to 1980 at estimated historical cost.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 50 years
Structures and improvements	3 – 65 years
Equipment	3 – 30 years
Vehicles	3 – 20 years

GASB Statement No. 34 allows an alternative (modified) approach which reflects a reasonable value of the asset and cost required to maintain the service potential at established minimum standards in lieu of depreciation. The City has elected to use this option for its street system of infrastructure. The City has developed and implemented an asset management system that establishes minimum standards. It determines, at least every three years, whether the minimum standards are being met. Disclosures of the minimum standards and the current status of the City's system of streets are included in the Required Supplementary Information section of this report.

Fully depreciated capital assets are included in the capital assets accounts until their disposal.

#### *H. Amortization of Debt Issue Costs*

In the government-wide financial statements, debt issuance costs totaling \$68,164 related to the special assessment debt and \$211,755 related to wastewater bonds are deferred and being amortized by the straight-line method over the repayment period of the related debt. As of September 30, 2013, accumulated amortization amounted to \$23,451 and \$29,826 for governmental and business-type activities, respectively. In the governmental fund statements, these issuance costs are recognized as expenses when paid.

#### *I. Compensated Absences*

All vested or accumulated vacation leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. However, in the event of termination, an employee is only paid for accumulated vacation.

#### *J. Long-Term Obligations*

General long-term obligations consist of the non-current portion of capital lease obligations, compensable leave, revenue bonds, and other long-term loans. General long-term obligations are not reported as liabilities in governmental funds, but are reported in the governmental activities column in the government-wide statement of net position. In the government-wide and proprietary fund statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

#### *K. Equity*

In the governmental fund financial statements, equity is displayed in five components as follows:

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed – This consists of amounts that can be used only for the specific purposes determined by a formal action (an ordinance or resolution) of the government’s highest level of decision-making authority (the City Council) by the end of the fiscal year.

Assigned – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Manager is authorized to assign amounts for specific purposes; however, an additional formal action does not have to be taken for the removal of the assignment.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

The City has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the governmental funds. The Government Finance Officers Association (GFOA) recommends that local governments maintain an unrestricted fund balance in the General Fund between 5% and 15% of regular operating expenditures, which the City follows in the development of its annual General Fund budget. The City sets similar unrestricted fund balances, between 8% and 17% of expenditures or between 10% and 25% of revenues, in the development of its annual budgets for other governmental funds in order to remain flexible in operations given unforeseen events or changes in economic conditions.

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### *L. Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The most significant estimates used by management are of the allowance for uncollectible receivable balances, useful lives of capital assets, fair value of contributions, other post-employment obligations, and the post closure liability related to the landfill.

#### *M. Industrial Revenue Bonds*

The City has issued several revenue bonds to provide funds to assist companies within the City to acquire and construct facilities for manufacturing and industrial development purposes. The City has issued and sold these bonds to financial institutions. The companies are required to make monthly principal and interest payments to the financial institutions over the maturity of the bonds. The City is not liable for repayment of these revenue bonds. The original issuance amount of these revenue bonds totals \$16,087,813 and the maturity of these bonds ranges from 5 to 20 years. See Note 13 to the financial statements for further information.

## 2. LEGAL COMPLIANCE - BUDGET

The City's policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended September 30, 2013.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal period commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund. Any revision that alters the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations for any fund without approval by the City Council.
- (5) All appropriations lapse at year end.

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. The budget was amended during the year.

## 3. CASH AND INVESTMENTS

Missouri State Statutes authorize the City to deposit funds in obligations of the U.S. Treasury; federal agencies and instrumentalities; certificates of deposit; and repurchase agreements. Custodial credit risk is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy for custodial credit risk is set by statute. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are of the same type as authorized for investment by the City, are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States.
- Other short term obligations of the United States.

The City of Mexico maintains a cash pool that is available for use by all funds. A reconciliation of cash and cash equivalents as shown on the government-wide statement of net position is as follows:

	Government-Wide Statement of Net Position
Cash and cash equivalents	\$ 6,788,396
Restricted assets:	
Cash and cash equivalents	1,792,774
Total	\$ 8,581,170

The City's pooled deposits are categorized to give an indication of the level of custodial risk assumed by the City at September 30, 2013. Deposits, categorized by level of custodial risk, were as follows as of September 30, 2013:

	Cash and Cash Equivalents	Petty Cash	Total
Bank balance			
Insured by FDIC	\$ 250,000	\$ -	\$ 250,000
Collateralized with securities pledged by the financial institution	8,679,134	-	8,679,134
Collateralized with securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	-	-	-
Uncollateralized	-	-	-
	<u>\$ 8,929,134</u>	<u>\$ -</u>	<u>\$ 8,929,134</u>
Carrying value	<u>\$ 8,580,520</u>	<u>\$ 650</u>	<u>\$ 8,581,170</u>

At September 30, 2013, cash was restricted for various uses as follows:

Governmental funds:

General Fund

Restricted for municipal court bonds and protested taxes \$ 6,220

Mid-America NID Fund

Restricted for debt service 220,539

Cemetery Fund

Restricted for perpetual maintenance 166,352

393,111

Enterprise funds:

Wastewater Fund

Restricted for wastewater improvements 1,332,477

Restricted for debt service 67,186

1,399,663

Total for all funds

\$ 1,792,774

#### 4. PROPERTY TAXES

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Receivables recognized prior to that period are recorded as unearned revenue in both the government-wide and fund statements. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are also classified as deferred revenue within the governmental fund financial statements because they do not meet the criteria of being available as described in Note 1.

The City's property tax is levied by the City on September 1 on the value of all real and personal property located in the City as of the prior January 1, the lien date. Taxes are billed by November 1 and are considered delinquent after December 31. Property taxes levied in the fiscal year are recognized as receivable as of that fiscal year end, but the revenue is not recognized until the following fiscal year because the levy ordinance

specifies the taxes are being levied for use in the next fiscal year. Thus, those amounts are included as unearned revenue in both the government-wide and fund financial statements.

The City's assessed valuation and tax levies per \$100 assessed valuation of those properties are as follows:

	<u>For the 2012 Calendar Year</u>
Assessed valuation:	
Real estate	\$ 94,546,096
Personal property	37,666,925
Railroad and utilities	<u>6,343,083</u>
	<u>\$ 138,556,104</u>
	<u>For the 2012 Calendar Year</u>
Tax levies per \$100 assessed valuation:	
General Fund	\$ 0.4150
Parks and Recreation Fund	0.1000
Public Health Fund	<u>0.2000</u>
	<u>\$ 0.7150</u>

In August 2012, the residents of the City of Mexico approved a half cent park sales tax, which the City began receiving during the year ended September 30, 2013. As a result, the property tax levy for the Parks and Recreation Fund was reduced by 50%, from \$0.2000 to \$0.1000 per \$100 assessed valuation, for the 2012 calendar year.

## 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2013, in the fund financial statements resulting from interfund transfers, activity and loans were as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ 8,492	\$ -
Cunningham Road NID Fund	<u>-</u>	<u>8,492</u>
Total for all funds	<u>\$ 8,492</u>	<u>\$ 8,492</u>

The City maintains a pooled cash account encompassing the majority of its funds. Interfund receivables and payables arise due to the deficiencies in cash at year-end in some funds which are covered by sufficiency of cash in other funds.

## 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions	Retirements	Transfers	Balance September 30, 2013
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,387,748	\$ -	\$ -	\$ -	\$ 4,387,748
Infrastructure	30,176,055	3,055	-	-	30,179,110
Construction in progress	968,146	205,011	-	(219,229)	953,928
Total capital assets, not being depreciated	<u>35,531,949</u>	<u>208,066</u>	<u>-</u>	<u>(219,229)</u>	<u>35,520,786</u>
Capital assets, being depreciated:					
Buildings	5,219,290	56,656	16,875	-	5,259,071
Structures other than buildings	5,162,683	52,638	-	219,229	5,434,550
Equipment	3,722,631	261,479	220,499	-	3,763,611
Infrastructure	1,780,511	7,164	-	-	1,787,675
Total capital assets, being depreciated	<u>15,885,115</u>	<u>377,937</u>	<u>237,374</u>	<u>219,229</u>	<u>16,244,907</u>
Less accumulated depreciation for:					
Buildings	2,239,079	127,828	9,028	-	2,357,879
Structures other than buildings	2,368,706	136,730	-	-	2,505,436
Equipment	2,643,657	287,347	196,143	-	2,734,861
Infrastructure	933,025	22,753	-	-	955,778
Total accumulated depreciation	<u>8,184,467</u>	<u>574,658</u>	<u>205,171</u>	<u>-</u>	<u>8,553,954</u>
Total capital assets being depreciated, net	<u>7,700,648</u>	<u>(196,721)</u>	<u>(32,203)</u>	<u>219,229</u>	<u>7,690,953</u>
Governmental activities capital assets, net	<u>\$ 43,232,597</u>	<u>\$ 11,345</u>	<u>\$ (32,203)</u>	<u>\$ -</u>	<u>\$ 43,211,739</u>

During the fiscal year, the City's governmental activities received contributed capital assets of approximately \$63,000.

	Balance October 1, 2012	Additions	Retirements	Transfers	Balance September 30, 2013
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 17,420	\$ -	\$ -	\$ -	\$ 17,420
Construction in progress	3,578,994	2,210,575	-	(5,789,569)	-
Total capital assets, not being depreciated	<u>3,596,414</u>	<u>2,210,575</u>	<u>-</u>	<u>(5,789,569)</u>	<u>17,420</u>
Capital assets, being depreciated:					
Buildings	6,690,183	27,669	-	-	6,717,852
Structures other than buildings	6,805,590	27,655	-	-	6,833,245
Equipment	6,535,530	34,579	-	5,789,569	12,359,678
Total capital assets, being depreciated	<u>20,031,303</u>	<u>89,903</u>	<u>-</u>	<u>5,789,569</u>	<u>25,910,775</u>
Less accumulated depreciation for:					
Buildings	2,717,281	126,615	-	-	2,843,896
Structures other than buildings	3,132,225	98,499	-	-	3,230,724
Equipment	925,217	313,601	-	-	1,238,818
Total accumulated depreciation	<u>6,774,723</u>	<u>538,715</u>	<u>-</u>	<u>-</u>	<u>7,313,438</u>
Total capital assets being depreciated, net	<u>13,256,580</u>	<u>(448,812)</u>	<u>-</u>	<u>5,789,569</u>	<u>18,597,337</u>
Business-type activities capital assets, net	<u>\$ 16,852,994</u>	<u>\$ 1,761,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,614,757</u>

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

<b>Governmental activities:</b>	
General government	36,053
Public safety	112,654
Streets	132,896
Cemetery	9,495
Parks and recreation	131,623
Public health	15,208
Community and economic development	51,069
Airport	85,660
Total depreciation expense - governmental activities	<u>\$ 574,658</u>
<b>Business-type activities:</b>	
Wastewater	536,835
Sanitation	1,880
Total depreciation expense - business-type activities	<u>\$ 538,715</u>

## 7. CAPITAL LEASES

Capital lease obligations at September 30, 2013 consist of the following:

### Governmental Activities:

1. The City has a \$1,275,000 lease-purchase agreement for property and improvements to be leased to commercial entities. As of September 30, 2013, \$1,278,128 has been capitalized and the associated debt is recorded in the Governmental Activities on the government-wide statements. Accumulated depreciation for this asset was \$275,460 as of September 30, 2013. This lease agreement qualifies as a capital lease for accounting purposes because title transfers at the end of the lease-term. Therefore, it has been recorded as debt at the present value of the future minimum lease payments as of the date of its inception.

### Business-type Activities:

2. The City has a lease-purchase agreement for a closed circuit television system. As of September 30, 2013, \$74,354 has been capitalized and the associated debt recorded in the Business-Type Activities on the government-wide statements. Accumulated depreciation for this asset was \$18,588 as of September 30, 2013. This lease agreement qualifies as a capital lease for accounting purposes because title transfers at the end of the lease-term. Therefore, it has been recorded as debt at the present value of future minimum lease payments as of the date of its inception.

The following summarizes the terms:

	Interest Rate	Maturity Date	Principal Balance 9/30/2013
Long Term Debt Financed by:			
Economic Development Special Revenue Fund -			
Speculative Building (1)	3.50%	8/15/2022	\$ 759,827
Wastewater Fund - Closed Circuit TV System (2)	3.50%	11/22/2014	29,208
			<u>\$ 789,035</u>

The following summarizes the future minimum lease payments under the above capital leases, and the present value of the future net minimum lease payments at September 30, 2013:

	Speculative Building (1)	Closed Circuit TV System (2)
Total minimum lease payments	\$ 887,522	\$ 29,859
Less: Amount representing interest	<u>(127,695)</u>	<u>(651)</u>
Present value of future minimum lease payments	<u>\$ 759,827</u>	<u>\$ 29,208</u>

The following is a schedule of the future minimum lease payments for the above capital leases in aggregate, and the present value of the net minimum lease payments at September 30, 2013:

Year Ending September 30:	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 73,768	\$ 25,767	\$ 24,964	\$ 632	\$ 125,131
2015	76,429	23,106	4,244	19	103,798
2016	79,129	20,406	-	-	99,535
2017	82,040	17,495	-	-	99,535
2018	84,999	14,536	-	-	99,535
2019-2022	363,462	26,385	-	-	389,847
Total minimum lease payments	\$ 759,827	\$ 127,695	\$ 29,208	\$ 651	\$ 917,381

## 8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due In one year
<b>Governmental activities:</b>					
Capital leases	\$ 837,969	\$ -	\$ 78,142	\$ 759,827	\$ 73,768
NID bonds	1,795,000	-	70,000	1,725,000	70,000
Compensated absences	205,338	195,457	190,645	210,150	105,075
<b>Business-type activities:</b>					
Capital leases	61,673	-	32,465	29,208	24,964
Revenue bonds	11,365,000	-	285,000	11,080,000	295,000
Compensated absences	17,186	25,659	21,183	21,662	10,831
Landfill closure costs	264,320	-	110,334	153,986	8,105
	\$ 14,546,486	\$ 221,116	\$ 787,769	\$ 13,979,833	\$ 587,743

Accrued compensated absences are generally liquated by the General Fund.

### NID Bonds

On September 1, 2010, the City issued \$1,930,000 of special assessment debt to provide funds for certain capital purchases, capital improvements, and land leases benefiting a neighborhood improvement district (NID). These bonds will be repaid from amounts levied against the property owners benefited by this development. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. However, the City cannot levy additional taxes unless approved by the voters.

As part of this debt issuance, the City used \$1,037,500 of proceeds to enter into a twenty year lease with Mid-America Brick & Structural Clay Products, LLC for land to be used by the City as a park. This amount has been recorded as a prepaid expense and is being amortized over the term of the lease. During the fiscal year ended September 30, 2013, Mid-America Brick & Structural Clay Products, LLC was purchased by Shamrock Assets, LLC, who became the lessor of the lease with the City as a result of the purchase.

The governmental activities' bonds issued to fund NID projects are as follows:

	Original Amount	Interest Rate	Final Maturity Date	Balance September 30, 2013
NID Bonds:				
2010A, Tax-Exempt Limited General Obligation Bonds	\$ 810,000	1.0%-3.0%	3/1/2020	\$ 605,000
2010B, Taxable Limited General Obligation Bonds	1,120,000	5.500%-6.125%	3/1/2030	1,120,000
				<u>\$ 1,725,000</u>

The annual requirements to amortize debt outstanding in the governmental activities as of September 30, 2013, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2014	\$ 70,000	\$ 80,925	\$ 150,925
2015	70,000	79,569	149,569
2016	75,000	77,847	152,847
2017	75,000	76,066	151,066
2018	75,000	74,050	149,050
2019-2023	505,000	315,438	820,438
2024-2028	510,000	184,659	694,659
2029-2030	345,000	24,653	369,653
Total minimum payments	<u>\$ 1,725,000</u>	<u>\$ 913,207</u>	<u>\$ 2,638,207</u>

### Revenue Bonds

The business-type activities' revenue bonds are composed of sewerage system revenue bonds. In 2010, the City issued \$595,000 (Series 2010A) and \$5,170,000 (Series 2010B) in Tax-Exempt Sewerage System Revenue Bonds and Taxable Sewerage System Revenue Bonds (Build America Bonds), respectively. In 2011, the City issued an additional \$5,695,000 (Series 2011) in Tax-Exempt Sewerage System Revenue Bonds. These bonds were issued for the purpose of financing capital improvements for two wastewater treatment facilities and costs associated with the issuance of the bonds.

Under the Build America Bonds program, the Treasury Department makes a direct payment to the City in an amount equal to 35 percent of the interest payment on the Build America Bonds. Reimbursements from the Treasury Department were approximately \$117,000 during fiscal year 2013, which is slightly less than the 35 percent due to the Federal government sequestration that occurred during the year.

The City has pledged future utility customer revenues, net of current specified operating expenses, to repay \$11,460,000 in revenue bonds. Proceeds from the bonds provided financing for two phases of capital improvements for the wastewater treatment facility. The bonds are payable solely from utility customer net revenues and are payable through 2040. Net revenues available for debt service are not to be less than 110% of the amount required to be paid annually of principal and interest. Net revenues are over 150% of the annual principal and interest payments made during the year ended September 30, 2013. The total principal and interest remaining to be paid on the bonds is \$20,752,820. Principal paid and interest accrued for the current year and total customer net revenues were \$895,009 and \$1,341,599, respectively.

As of September 30, 2013, the City had capitalized interest expense of \$1,058,298 related to the revenue bonds.

Bonds payable are comprised of the following individual issues:

	Original Amount	Interest Rate	Final Maturity Date	Balance September 30, 2013
Revenue Bonds:				
2010A, Tax-Exempt Sewerage System Revenue Bonds	\$ 595,000	3.0%-4.0%	7/1/2016	\$ 395,000
2010B, Taxable Sewerage System Revenue Bonds	5,170,000	5.289%-7.108%	7/1/2040	5,170,000
2011, Tax-Exempt Sewerage System Revenue Bonds	5,695,000	3.0%-5.0%	7/1/2032	5,515,000
				<u>\$ 11,080,000</u>

The annual requirements to amortize debt outstanding in the business-type activities as of September 30, 2013, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2014	\$ 295,000	\$ 601,459	\$ 896,459
2015	300,000	592,609	892,609
2016	375,000	583,609	958,609
2017	320,000	570,609	890,609
2018	335,000	558,262	893,262
2019-2023	1,845,000	2,570,927	4,415,927
2024-2028	2,265,000	2,063,157	4,328,157
2029-2033	3,000,000	1,351,018	4,351,018
2034-2038	1,310,000	655,358	1,965,358
2039-2040	1,035,000	125,812	1,160,812
Total minimum payments	<u>\$ 11,080,000</u>	<u>\$ 9,672,820</u>	<u>\$ 20,752,820</u>

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm wastewater systems, and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property. Based on the assessed valuation as of January 1, 2012, of \$138,556,104, the constitutional total general obligation debt limit for "city purposes" was \$27,711,221, which provides a general obligation debt margin of \$26,179,221.

## 9. LEASE REVENUE

On April 18, 2011, the City entered into a lease for a building to Wildernest Logistics Solutions, Inc., through May 31, 2014. The carrying value of this building in the General Fund is \$300,000. Payments are \$5,000 per month for the eight months of March through October with no rent due for the four months of November through February.

On January 24, 2012, the City entered into a lease for a building to Home Depot through January 31, 2013. During the year ended September 30, 2013, the lease was extended through January 31, 2014. The carrying value of this building in the General Fund is \$1,040,239. Payments were \$12,500 per month through January 31, 2013 and are \$12,750 per month thereafter through January 31, 2014.

Future lease revenue by fiscal year for these leases is as follows:

2014	<u>\$ 71,000</u>
	<u><u>\$ 71,000</u></u>

Total lease revenue recognized in the General Fund during the year ended September 30, 2013 was \$192,250.

## 10. INTERFUND TRANSFERS

Amounts were transferred as a result of a reallocation of resources. All transfers were approved by the City Council.

A summary of interfund transfers for the year ended September 30, 2013 follows:

	TRANSFERRED FROM				Total
	Major Fund	Non-major Funds			
General Fund	Cemetery Trust Fund	Capital Improvement Sales Tax Fund	Community Development Grants Fund		
<b>TRANSFERRED TO</b>					
<b>Governmental Funds:</b>					
<b>Major Funds:</b>					
General Fund	\$ 10,000	\$ 1,251	\$ 327,000	\$ 24,075	\$ 362,326
Parks and Recreation Fund	205,000	-	65,000	-	270,000
<b>Total major funds</b>	<u>215,000</u>	<u>1,251</u>	<u>392,000</u>	<u>24,075</u>	<u>632,326</u>
<b>Non-major Funds:</b>					
Community Development Grants Fund	-	-	6,500	-	6,500
Grant Funds	-	-	30,000	-	30,000
<b>Total non-major funds</b>	<u>-</u>	<u>-</u>	<u>36,500</u>	<u>-</u>	<u>36,500</u>
<b>Total governmental funds</b>	<u><u>\$ 215,000</u></u>	<u><u>\$ 1,251</u></u>	<u><u>\$ 428,500</u></u>	<u><u>\$ 24,075</u></u>	<u><u>\$ 668,826</u></u>

## 11. COMMITMENTS AND CONTINGENCIES

### A. Landfill

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City closed its landfill in April, 1994. As of September 30, 2013, the City has recorded \$153,986 in estimated closure and postclosure costs, which includes a decrease in the liability of \$110,334 from the prior year due to a change in estimated closure costs during the year. The estimated total closure and postclosure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2013. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

## B. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained coverage from commercial insurance companies for these risks of losses. There were no significant reductions in insurance coverage from the prior year. In addition, no settlements have exceeded insurance coverage in the previous three fiscal years.

## C. Contracts for Construction

The City has entered into agreements with contractors for various projects for airport construction and wastewater treatment plant improvements. As of September 30, 2013, commitments under contracts were as follows:

Project	Spent-to-Date	Commitment
Wastewater Treatment Plant (Phase II)	\$ 202,233	\$ 242,506
Land purchase	45,000	45,000
Airport runway projects	-	247,266
Park improvements	17,585	38,716
Street improvements	52,665	66,640
	<u>\$ 317,483</u>	<u>\$ 640,128</u>

## 12. INTERGOVERNMENTAL REVENUE

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of September 30, 2013.

## 13. CONDUIT BOND ISSUES

As of September 30, 2013, the City has issued \$16,087,813 in Industrial Revenue Bonds. The City has no liability for repayment of the above revenue bonds and, accordingly, these bonds have not been recorded in the accompanying financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds.

## 14. PENSION PLAN

### *Employees' Retirement System*

The following information is presented in accordance with Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employers."

### *Plan Description*

The City of Mexico participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, PO Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

The City's payroll for employees covered by LAGERS for the year ended September 30, 2013, was \$3,235,440 and the total City payroll was \$3,506,214. The City's contribution to LAGERS for the year ended September 30, 2013, was \$373,898, which represents 11.6% of covered payroll.

### *Funding Status*

The City of Mexico's full-time employees do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 10.8% (General), 12.6% (Police) and 0.3% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of each participating political subdivision. The contribution provisions of political subdivisions participating in the plan are established by state statute.

### *Annual Pension Cost (APC) and Net Pension Obligation (NPO)*

For LAGERS fiscal year ended June 30, 2013, the City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 467,706
Interest on net pension obligation	17,004
Adjustment to annual required contribution	<u>(12,940)</u>
Annual pension cost	471,770
Actual contributions	<u>360,601</u>
Increase (decrease) in NPO	111,169
NPO beginning of year	<u>234,544</u>
NPO end of year	<u>\$ 345,713</u>

The City's net pension obligation as of September 30, 2013 is recorded as follows on the government-wide statements: \$300,679 in the governmental activities and \$45,034 in the business-type activities. Various governmental funds and the Wastewater and Sanitation proprietary funds will be used to liquidate the net pension obligation.

The annual required contribution was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-

retirement mortality based on 105% of the 1994 Group Annuity Mortality table projected to 2000 set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 and 2011 was 30 years for all divisions.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 468,359	76%	\$ 110,533
6/30/2012	476,995	74%	234,544
6/30/2013	471,770	76%	345,713

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Fund Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2013	\$ 8,426,827	\$ 9,123,879	\$ 697,052	92%	\$ 3,108,574	22%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2013, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

The required schedule of funding progress included in required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**15. POST EMPLOYMENT BENEFITS**

Effective October 1, 2009, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (GASB 45). As a result, the financial statements reflect a long-term liability of \$237,338 and \$27,385 and related expenses of \$53,773 and \$6,204 in the governmental and business-type activities, respectively, as of and for the year ended September 30, 2013.

**Plan Description**

The City sponsors a single-employer health care plan that provides medical benefits to retirees and spouses. Public safety employees age 50 or older and all other employees age 55 or older are eligible for post-retirement benefits if certain service requirements are met.

Retirees who elect to continue coverage in the medical plan offered through the City are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the same premium as active employees each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The implicit rate subsidy is the difference between what the retiree actually pays and the age adjusted amount he or she would have paid for the full cost of the benefit.

***Funding Policy***

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums charged to plan participants that would be lower if retirees were not part of the experience group.

***Annual OPEB Costs and Net OPEB Obligation***

The City’s annual OPEB cost is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For the year ended September 30, 2013, the annual OPEB costs and changes in the net obligation are as follows:

Actuarial accrued liability	\$ 604,201
OPEB plan assets	-
Unfunded actuarial accrued liability	<u>\$ 604,201</u>
Amortization factor (based on 30-year open-level dollar)	<u>17.98</u>
Amortization of unfunded liability	\$ 33,604
Normal costs	49,638
Annual required contribution (ARC)	<u>83,242</u>
Interest to end of year at 4.0%	8,190
Adjustment to the ARC	<u>(11,388)</u>
Annual OPEB cost	80,044
Net OPEB obligation, beginning of year	204,746
Estimated contributions made	<u>(20,067)</u>
Net OPEB obligation, end of year	<u>\$ 264,723</u>

Various governmental funds and the Wastewater and Sanitation proprietary funds will be used to liquidate the net OPEB obligation.

### *Schedule of Employer Contributions*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2013, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Estimated Retiree Benefits for the Year	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation - End of Year
9/30/2011	\$ 67,037	\$ 457	1%	\$ 137,176
9/30/2012	84,423	16,853	20%	204,746
9/30/2013	80,044	20,067	25%	264,723

### *Funding Status and Schedule of Funding Progress*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following summarizes the funding progress for the year ended September 30, 2013:

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
9/30/2012	\$ -	\$ 604,201	\$ 604,201	0%	\$ 2,820,570	21.42%

Because the City is only required to have a full actuarial valuation every three years, the *Schedule of Funding Progress* presented above will not be updated until the new valuation is completed in 2015.

### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the City and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities, consistent with the long-term perspective of the calculation.

The population valued is based on a closed group. Only current employees and retirees as of a valuation date are considered; no provision is made for future new hires.

As of the September 30, 2012 actuarial valuation, the liabilities were computed using the projected unit credit method with a 30-year level dollar amortization of the unfunded actuarial accrued liability. Because the City funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement health benefits; therefore, the actuarial assumption utilized a 4% discount rate. Actuarial assumptions also included annual healthcare trend rates of 8%, initially, reduced by decrements to an ultimate rate of 4.5% after eight years. This rate includes a 3% inflation factor. The UAAL is being amortized as a level dollar amount over thirty years on an open period amortization basis.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible employees and eligible dependents. The Federal government outlines certain requirements for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for 18 months after the termination date. There is no associated cost to the City under this program.

## **16. JOINT VENTURE**

During fiscal year 2009, the City of Mexico entered into a joint venture company, the Missouri Plant Science Center, LLC (the Company), to organize the establishment and operation of a facility where basic research, applied research and light and pilot-scale manufacturing, all in agriculture/biotechnology could be developed utilizing plant-based products. The intent is for the Company to promote and provide a facility to incubate the development of new agriculture/biotechnology business for existing and potentially new companies to further economic development in the central region of the State of Missouri.

The Company is organized and operated as a supporting organization as described in Section 509(a)(3) of the U.S. Tax Code, and the Company is intended to be exempt from federal income taxation under Section 501(c)(3) of the U.S. Tax Code. The Company's members consist of the City of Mexico, the Curators of the University of Missouri, and the Missouri Technology Corporation. The members entered into an operating agreement in September, 2009 containing various stipulations and terms. A member is only liable to make an initial capital contribution as agreed in the agreement and additional capital contributions as subsequently voted by the members. No member is obligated to pay any distribution to or for the account of the Company or any creditor of the Company. As of September 30, 2010, the City had made its required initial capital contribution, as described in the following paragraph.

In 2009, the City entered into a purchase option agreement totaling \$350,000 to convey 70 acres of land adjacent to the facility once construction was completed in 2011. There were no additional developments on the 70 acre purchase or conveyance in fiscal year 2010. In fiscal year 2010, the City of Mexico contributed ten (10) acres of land valued at \$50,000, which provided the land necessary for a construction site of the Missouri Plant Science Center. This investment is recorded as an investment in joint venture on the entity-wide statements.

Compiled financial statement information for the Company may be obtained by writing to Missouri Technology Corporation, 301 West High Street, Suite 680, Jefferson City, MO 65101.

## **17. FUND BALANCES AND BUDGETS**

The Cunningham Road NID Fund, a governmental fund, had a deficit of \$7,521, which will be reduced by future NID repayments.

The Mid-America Brick NID Fund, a governmental fund, had expenditures that exceeded its budgeted expenditures by \$55,057, due to certain non-cash items, such as amortization expense of a twenty-year lease/maintenance agreement, not being budgeted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**Year Ended September 30, 2013**

	General Fund as reported in Financial Statements	Less Other City Funds Included for Reporting Purposes	General Fund Activity on the City's Budgetary Basis	Original General Fund Budget	Final General Fund Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$ 4,627,913	\$ -	\$ 4,627,913	\$ 4,550,195	\$ 4,595,510	\$ 32,403
Licenses and permits	160,623	-	160,623	133,000	144,180	16,443
Intergovernmental revenues	27,258	(15,779)	11,479	7,551	13,640	(2,161)
Fines and forfeitures	33,229	-	33,229	36,500	34,950	(1,721)
Miscellaneous	666,078	(260,399)	405,679	378,518	395,369	10,310
<b>Total revenues</b>	<b>5,515,101</b>	<b>(276,178)</b>	<b>5,238,923</b>	<b>5,105,764</b>	<b>5,183,649</b>	<b>55,274</b>
<b>EXPENDITURES:</b>						
General government	1,114,937	-	1,114,937	1,125,167	1,206,238	91,301
Public safety	2,232,667	-	2,232,667	2,412,014	2,317,606	84,939
Streets	801,903	-	801,903	840,654	852,704	50,801
Cemetery	113,694	-	113,694	123,626	128,293	14,599
Economic development	186,200	(40,549)	145,651	162,999	160,385	14,734
Airport	68,129	(68,129)	-	-	-	-
Community development	237,230	-	237,230	252,187	245,149	7,919
Capital outlay	273,056	(30,525)	242,531	331,698	268,096	25,565
Debt service	108,017	(99,535)	8,482	59,366	8,483	1
<b>Total expenditures</b>	<b>5,135,833</b>	<b>(238,738)</b>	<b>4,897,095</b>	<b>5,307,711</b>	<b>5,186,954</b>	<b>289,859</b>
Excess (deficiency) of revenues over (under) expenditures	379,268	(37,440)	341,828	(201,947)	(3,305)	345,133
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	362,326	(61,075)	301,251	300,500	301,130	121
Transfers (out)	(215,000)	-	(215,000)	(215,000)	(215,000)	-
<b>Total other financing sources (uses)</b>	<b>147,326</b>	<b>(61,075)</b>	<b>86,251</b>	<b>85,500</b>	<b>86,130</b>	<b>121</b>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ 526,594	\$ (98,515)	\$ 428,079	\$ (116,447)	\$ 82,825	\$ 345,254

Note: The Economic Development and Airport Funds are recorded in separate funds for internal reporting and budgeting by the City, but are combined with the City's General Fund for financial reporting purposes as they do not meet the definition of a special revenue fund type. Because this schedule is presented on a budgetary basis, activity for these funds are removed so only General Fund activity remains.

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - PARKS AND RECREATION FUND  
Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 700,858	\$ 594,168	\$ 585,772	\$ 115,086
Charges for services	37,229	48,575	41,769	(4,540)
Miscellaneous	18,238	16,000	16,539	1,699
Total revenues	756,325	658,743	644,080	112,245
<b>EXPENDITURES:</b>				
Parks and recreation	721,214	827,858	819,247	98,033
Capital outlay	126,262	182,456	168,512	42,250
Total expenditures	847,476	1,010,314	987,759	140,283
Excess (deficiency) of revenues over (under) expenditures	(91,151)	(351,571)	(343,679)	252,528
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	270,000	270,000	270,000	-
Total other financing sources	270,000	270,000	270,000	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 178,849	\$ (81,571)	\$ (73,679)	\$ 252,528

CITY OF MEXICO

BUDGETARY COMPARISON SCHEDULE -  
 SPECIAL REVENUE - PUBLIC HEALTH FUND  
 Year Ended September 30, 2013

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 295,684	\$ 279,508	\$ 296,357	\$ (673)
Miscellaneous	46,018	34,789	38,500	7,518
Total revenues	<u>341,702</u>	<u>314,297</u>	<u>334,857</u>	<u>6,845</u>
EXPENDITURES:				
Public health	<u>324,331</u>	<u>299,948</u>	<u>324,513</u>	<u>182</u>
Total expenditures	<u>324,331</u>	<u>299,948</u>	<u>324,513</u>	<u>182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,371</u>	<u>\$ 14,349</u>	<u>\$ 10,344</u>	<u>\$ 7,027</u>

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**SPECIAL REVENUE - MID-AMERICA BRICK NID FUND**  
**Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 199,550	\$ 154,741	\$ 203,419	\$ (3,869)
Miscellaneous	103,217	570	103,053	164
Total revenues	<u>302,767</u>	<u>155,311</u>	<u>306,472</u>	<u>(3,705)</u>
<b>EXPENDITURES:</b>				
Community development	66,300	23,004	11,243	(55,057)
Debt service	151,975	151,975	151,975	-
Total expenditures	<u>218,275</u>	<u>174,979</u>	<u>163,218</u>	<u>(55,057)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>84,492</u>	<u>(19,668)</u>	<u>143,254</u>	<u>(58,762)</u>
<b>OTHER FINANCING SOURCES:</b>				
Debt proceeds from NID bonds	22,003	-	23,004	(1,001)
Total other financing sources	<u>22,003</u>	<u>-</u>	<u>23,004</u>	<u>(1,001)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 106,495</u>	<u>\$ (19,668)</u>	<u>\$ 166,258</u>	<u>\$ (59,763)</u>

## CITY OF MEXICO

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### **Budgetary Information**

An annual budget prepared under the modified accrual basis of accounting is adopted in September prior to the beginning of each fiscal year for all revenues and expenditures of all governmental funds of the City. The City also prepares annual operating budgets for the enterprise funds; however, there is no requirement to report on these budgets. Therefore, the financial statements include a comparison of budget to actual only for the budgeted governmental funds.

The primary basis of budgetary control is at the fund level. Funds may not legally exceed their total appropriation without City Council approval. A review of the current year's budget is made by the departments within each fund in September of each year and interdepartmental transfers are made with City Council approval. Any remaining unencumbered appropriations lapse at fiscal year end. Any increase in appropriations during the fiscal year must be approved by the City Council. During the current budget year, supplemental budget appropriations were necessary to approve funding for new grant programs, as well as other approved City programs. These changes are reflected in the final budgeted amounts in the accompanying required supplemental information.

A Budgetary Comparison Schedule for the City's General Fund and major special revenues funds are included in the Required Supplementary Information. The budgetary comparison schedules for all other governmental funds are included as supplemental information.

For financial reporting purposes, certain internal City funds (the Economic Development, Airport, and Community Development Funds) are combined with the City's General Fund because they do not meet the definition of a special revenue fund. However, for budget purposes, the City budgets each of those funds separately. Thus, there is a reconciliation between the reported General Fund and the budgeted General Fund.

#### **Excess of Expenditures Over Appropriations**

The Mid-America Brick NID Fund, a governmental fund, had expenditures that exceeded its budgeted expenditures by \$55,057, due to certain non-cash items, such as amortization expense of a twenty-year lease/maintenance agreement, not being budgeted.

## CITY OF MEXICO

### MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS

As permitted by GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, the City of Mexico has adopted the modified approach for reporting its highway system. Under the modified approach, depreciation is not reported and certain preservation and maintenance costs are expensed.

The modified approach requires that the City:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets,
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and
- Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Although bridges are an integral part of the infrastructure system, the City of Mexico has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

#### Condition Assessments

The City of Mexico Public Works Department performs and reports yearly condition assessments based on core sampling, written records, updated traffic counts, visual inspection, and data entry into a street condition software program. During fiscal year 2010, the City replaced the LASIS (Larkin Associates Street Information System) software program with PASER (Pavement Surface Evaluation and Rating). PASER operates similar to the LASIS program, but uses a condition index of 1 to 10 rather than 0 to 100. The PASER index allows the additional feature of being applied to GIS and places considerable weight to visual inspections.

PASER, by utilizing visual inspections, identifies different types of pavement distress and links them to a cause, which in turn helps select the appropriate maintenance or rehabilitation technique. Under PASER, all streets are to be re-rated every three years. The City's goal under PASER is to keep the average street condition in the range of 6 to 7, which is a "good" rating and normally requires only routine type maintenance. The average street rating as of this report is 6.2, which is comparable to a low 80s rating under LASIS.

<u>Rating</u>	<u>Condition</u>	<u>Maintenance</u>
1	Failed	Reconstruct
2	Very Poor	Extensive reconstruction
3	Poor	Patching and repair prior to major overlay
4	Fair	Overlay
5	Fair	Sealcoat or thin non-structural overlay
6	Good	Sealcoat
7	Good	Crack filing
8	Very Good	Minor crack filing to no maintenance
9	Excellent	None
10	Excellent (new)	None

### Assessed Conditions

For the current year and two prior years, the results of the condition assessments are as follows:

<u>Year</u>	<u>Assessed Condition</u>
2013	6.19
2012	6.24
2011	6.39

### Estimated and Actual Costs for Maintenance

The table below provides a comparison between the City of Mexico's estimate of maintenance expenditures required to maintain the highway system at or above the adopted condition levels and the actual expenditures. Since GASB 34 only became effective in 2004 for Phase III governments, no prior year estimates are available. However, the actual maintenance expenditures are presented for comparison.

<u>Year</u>	<u>Actual Expense</u>	<u>Estimated Expense</u>
2013	\$ 799,378	\$ 956,996
2012	\$ 909,708	\$ 1,016,787
2011	\$ 739,987	\$ 817,572

### Factors Affecting Condition Assessments

Although the City of Mexico has adopted condition levels for the street system, this process is new and represents a different approach to maintaining and monitoring the street system for financial reporting purposes. As time progresses, the City of Mexico hopes to achieve a greater correlation between the estimated and actual maintenance expenditures needed to maintain the street system at or above the adopted condition levels.

In reviewing the condition assessments, it is also necessary to consider the effects of other factors such as increases in traffic, legislative mandates, and environmental effects (rainfall, drought, freeze, thaw, etc.) which may have a major impact on needed funds and the condition of Mexico roads.

**CITY OF MEXICO**

**SCHEDULES OF FUNDING PROGRESS**  
September 30, 2013

**PENSION PLAN**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Fund Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2011	\$ 8,593,662	\$ 9,737,492	\$ 1,143,830	88%	\$ 3,270,585	35%
2/29/2012	8,795,313	9,500,257	704,944	93%	3,164,548	22%
2/28/2013	8,426,827	9,123,879	697,052	92%	3,108,574	22%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

**RETIREE HEALTH PLAN**

**For RSI:**

Schedule of Funding Progress

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Current Fiscal Year Covered Payroll	UALL as a Percentage of Covered Payroll
9/30/2009	\$ -	\$ 443,211	\$ 443,211	0%	\$ 3,780,631	11.72%
9/30/2012	-	604,201	604,201	0%	2,820,570	21.42%

Because the City is only required to have a full actuarial valuation every three years, the *Schedule of Funding Progress* presented above will not be updated until the new valuation is completed for 2015.

**SUPPLEMENTARY INFORMATION**

## CITY OF MEXICO, MISSOURI

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt or capital projects. The following are the City of Mexico's non-major special revenue funds:

#### *Tourism Tax*

To account for the City lodging gross receipt tax collections restricted for expenditures for designated tourism promotion activities.

#### *Capital Improvement Sales Tax Fund*

To account for City capital improvement sales tax collections restricted for expenditures for designated capital projects.

#### *Community Development Grants Fund*

To account for various grants received and restricted for special community development projects.

#### *Department of Natural Resources Energy Grant Fund*

To account for American Recovery and Reinvestment Act grants received restricted for disbursements for qualified energy efficiency improvement programs to eligible downtown area businesses and for City owned buildings.

#### *Cunningham Road NID Fund*

To account for revenue derived from tax assessments to property owners located within the NID. Assessment revenues can only be used to pay back the City of Mexico for funds it fronted for the reconstruction of Cunningham Road which serves the properties within the NID.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of capital facilities, other than those financed by proprietary funds and trust funds, and is grouped together by purpose. The City uses subfunds for each construction project in the Capital Projects Funds. The following are the City of Mexico's non-major capital projects funds:

#### *Grants and Other Funds*

To account for grants received and disbursed by the City for specified capital projects. In the current year, activity included a Safe Routes to School Grant and various grants received through the Missouri Department of Transportation.

### PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

#### *Cemetery Perpetual Care Permanent Fund*

To account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City Cemetery. City ordinances require that the monies generated from the perpetual care fees be retained in the Cemetery Fund. Cemetery lot sales of \$8,775 and burial permits of \$15,400 for the year were recorded in the General Fund and were used to finance cemetery maintenance costs which are also recorded in the General Fund. The Cemetery Fund contributed \$1,251 of investment interest and contributions received in the current period to the General Fund to finance maintenance costs.

CITY OF MEXICO

COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
September 30, 2013

	Special Revenue Funds							Capital Projects Fund	Permanent Fund	Total
	Tourism Tax Fund	Capital Improvement Sales Tax Fund	Community Development Grants Fund	Department of Natural Resources Energy Grant Fund	Cunningham Road NID Fund	Grant Funds	Cemetery Perpetual Care Fund			
<b>ASSETS</b>										
Cash and cash equivalents	\$ 45,755	\$ 317,200	\$ 10,190	\$ -	\$ -	\$ 29,960	\$ -	\$ -	\$ 403,105	
Restricted cash	-	-	-	-	-	-	166,352	-	166,352	
Taxes receivable	5,435	115,278	-	-	-	-	-	-	120,713	
Intergovernmental receivable	-	-	-	-	-	10,248	-	-	10,248	
NID receivable	-	-	-	-	13,515	-	-	-	13,515	
Other receivables	-	-	-	-	523	-	-	-	523	
<b>TOTAL ASSETS</b>	<b>51,190</b>	<b>432,478</b>	<b>10,190</b>	<b>-</b>	<b>14,038</b>	<b>40,208</b>	<b>166,352</b>	<b>-</b>	<b>714,456</b>	
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts payable	-	23,290	212	-	-	1,063	-	-	24,565	
Interfund payable	-	-	-	-	8,492	-	-	-	8,492	
Unearned revenue	-	-	-	-	13,067	-	-	-	13,067	
Total Liabilities	-	23,290	212	-	21,559	1,063	-	-	46,124	
<b>FUND BALANCES</b>										
Nonexpendable - perpetual care	-	-	-	-	-	-	166,352	-	166,352	
Restricted to:										
Capital improvements	-	409,188	-	-	-	-	-	-	409,188	
Community development	-	-	9,978	-	-	-	-	-	9,978	
Tourism	51,190	-	-	-	-	-	-	-	51,190	
Grant activity	-	-	-	-	-	39,145	-	-	39,145	
Unassigned	-	-	-	-	(7,521)	-	-	-	(7,521)	
Total Fund Balances	51,190	409,188	9,978	-	(7,521)	39,145	166,352	-	668,332	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 51,190</b>	<b>\$ 432,478</b>	<b>\$ 10,190</b>	<b>\$ -</b>	<b>\$ 14,038</b>	<b>\$ 40,208</b>	<b>\$ 166,352</b>	<b>\$ -</b>	<b>\$ 714,456</b>	

CITY OF MEXICO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR FUNDS

Year Ended September 30, 2013

	Special Revenue Funds				Department of		Capital Projects Fund	Permanent Fund	Total
	Tourism Tax Fund	Capital Improvement Sales Tax Fund	Community Development Grants Fund	Natural Resources Energy Grant Fund	Cunningham Road NID Fund	Grant Funds			
REVENUES:									
Taxes									
Property	\$ -	\$ -	\$ -	\$ -	\$ 2,127	\$ -	\$ -	\$ -	\$ 2,127
Sales	48,898	785,151	-	-	-	-	-	-	834,049
Intergovernmental revenues	-	-	26,271	-	-	134,378	-	-	160,649
Miscellaneous	-	-	-	-	-	-	-	-	-
Interest	-	3,193	-	-	-	-	-	1,251	4,444
Other	-	3,784	-	-	-	-	-	-	3,784
TOTAL REVENUES	48,898	792,128	26,271	-	2,127	134,378	1,251	1,251	1,005,053
EXPENDITURES:									
Current:									
Community development	41,388	-	-	6,465	-	15,505	-	-	63,358
Capital outlay	-	311,303	2,562	-	-	124,442	-	-	438,307
Total expenditures	41,388	311,303	2,562	6,465	-	139,947	-	-	501,665
Excess (deficiency) of revenues over expenditures	7,510	480,825	23,709	(6,465)	2,127	(5,569)	1,251	1,251	503,388
OTHER FINANCING (USES)									
Transfers in	-	-	6,500	-	-	30,000	-	-	36,500
Transfers (out)	-	(428,500)	(24,075)	-	-	-	(1,251)	(1,251)	(453,826)
Total other financing (uses)	-	(428,500)	(17,575)	-	-	30,000	(1,251)	(1,251)	(417,326)
Net change in fund balances	7,510	52,325	6,134	(6,465)	2,127	24,431	-	-	86,062
Fund balances, October 1	43,680	356,863	3,844	6,465	(9,648)	14,714	166,352	166,352	582,270
FUND BALANCES, SEPTEMBER 30	\$ 51,190	\$ 409,188	\$ 9,978	\$ -	\$ (7,521)	\$ 39,145	\$ 166,352	\$ 166,352	\$ 668,332

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - TOURISM TAX FUND  
Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 48,898	\$ 42,000	\$ 44,000	\$ 4,898
Total revenues	<u>48,898</u>	<u>42,000</u>	<u>44,000</u>	<u>4,898</u>
<b>EXPENDITURES:</b>				
Community development	41,388	42,000	42,000	612
Total expenditures	<u>41,388</u>	<u>42,000</u>	<u>42,000</u>	<u>612</u>
Excess of revenues over expenditures	<u>\$ 7,510</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 5,510</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - CAPITAL IMPROVEMENT SALES TAX FUND  
Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 785,151	\$ 785,643	\$ 779,135	\$ 6,016
Miscellaneous	6,977	5,034	6,414	563
Total revenues	<u>792,128</u>	<u>790,677</u>	<u>785,549</u>	<u>6,579</u>
<b>EXPENDITURES:</b>				
Capital outlay	311,303	576,000	432,164	120,861
Total expenditures	<u>311,303</u>	<u>576,000</u>	<u>432,164</u>	<u>120,861</u>
Excess of revenues over expenditures	<u>480,825</u>	<u>214,677</u>	<u>353,385</u>	<u>127,440</u>
<b>OTHER FINANCING (USES):</b>				
Transfers (out)	(428,500)	(395,000)	(428,500)	-
Total other financing (uses)	<u>(428,500)</u>	<u>(395,000)</u>	<u>(428,500)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing (uses) over (under) expenditures	<u>\$ 52,325</u>	<u>\$ (180,323)</u>	<u>\$ (75,115)</u>	<u>\$ 127,440</u>

CITY OF MEXICO

BUDGETARY COMPARISON SCHEDULE -  
 SPECIAL REVENUE - COMMUNITY DEVELOPMENT GRANTS FUND  
 Year Ended September 30, 2013

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 26,271	\$ 573,362	\$ 27,075	\$ (804)
Total revenues	26,271	573,362	27,075	(804)
<b>EXPENDITURES:</b>				
Community development	-	577,435	3,000	3,000
Capital outlay	2,562	-	-	(2,562)
Total expenditures	2,562	577,435	3,000	438
Excess (deficiency) of revenues over (under) expenditures	\$ 23,709	\$ (4,073)	\$ 24,075	\$ (366)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	6,500	3,000	6,500	-
Transfers (out)	(24,075)	-	-	(24,075)
Total other financing sources (uses)	(17,575)	3,000	6,500	(24,075)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ 6,134	\$ (1,073)	\$ 30,575	\$ (24,441)

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - DEPARTMENT OF NATURAL RESOURCES  
ENERGY GRANT FUND  
Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ -	\$ 17,000	\$ 12,985	\$ (12,985)
Total revenues	-	17,000	12,985	(12,985)
<b>EXPENDITURES:</b>				
Community development	6,465	17,000	6,466	1
Total expenditures	6,465	17,000	6,466	1
Excess (deficiency) of revenues over (under) expenditures	\$ (6,465)	\$ -	\$ 6,519	\$ (12,984)

CITY OF MEXICO  
 BUDGETARY COMPARISON SCHEDULE -  
 SPECIAL REVENUE - CUNNINGHAM ROAD NID FUND  
 Year Ended September 30, 2013

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 2,127	\$ 924	\$ 2,157	\$ (30)
Total revenues	2,127	924	2,157	(30)
Excess of revenues	\$ 2,127	\$ 924	\$ 2,157	\$ (30)

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**AIRPORT FUND**  
**Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 15,779	\$ 150,000	\$ 30,000	\$ (14,221)
Miscellaneous	51,972	24,325	50,538	1,434
Total revenues	<u>67,751</u>	<u>174,325</u>	<u>80,538</u>	<u>(12,787)</u>
<b>EXPENDITURES:</b>				
Airport	68,129	59,481	72,644	4,515
Capital outlay	16,649	177,000	31,600	14,951
Total expenditures	<u>84,778</u>	<u>236,481</u>	<u>104,244</u>	<u>19,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,027)</u>	<u>(62,156)</u>	<u>(23,706)</u>	<u>6,679</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	37,000	37,000	37,000	-
Total other financing sources	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 19,973</u>	<u>\$ (25,156)</u>	<u>\$ 13,294</u>	<u>\$ 6,679</u>

Note: The Airport Fund is recorded in a separate fund for internal reporting and budgeting by the City, but is combined with the City's General Fund for financial reporting purposes as it does not meet the definition of a special revenue fund type. Because this schedule is presented on a budgetary basis, activity for the Airport Fund is shown separately.

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**ECONOMIC DEVELOPMENT FUND**  
**Year Ended September 30, 2013**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Miscellaneous	\$ 208,427	\$ 190,250	\$ 204,920	\$ 3,507
Total revenues	<u>208,427</u>	<u>190,250</u>	<u>204,920</u>	<u>3,507</u>
<b>EXPENDITURES:</b>				
Economic development	40,549	70,371	65,549	25,000
Capital outlay	13,876	20,000	20,000	6,124
Debt service	99,535	99,535	99,535	-
Total expenditures	<u>153,960</u>	<u>189,906</u>	<u>185,084</u>	<u>31,124</u>
Excess of revenues over expenditures	<u>54,467</u>	<u>344</u>	<u>19,836</u>	<u>34,631</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	24,075	-	-	24,075
Total other financing sources	<u>24,075</u>	<u>-</u>	<u>-</u>	<u>24,075</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 78,542</u>	<u>\$ 344</u>	<u>\$ 19,836</u>	<u>\$ 58,706</u>

Note: The Economic Development Fund is recorded in a separate fund for internal reporting and budgeting by the City, but is combined with the City's General Fund for financial reporting purposes as it does not meet the definition of a special revenue fund type. Because this schedule is presented on a budgetary basis, activity for the Economic Development Fund is shown separately.

CITY OF MEXICO

BUDGETARY COMPARISON SCHEDULE -  
 CAPITAL PROJECTS - GRANTS AND OTHER FUNDS  
 Year Ended September 30, 2013

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 134,378	\$ 250,248	\$ 208,675	\$ (74,297)
Total revenues	134,378	250,248	208,675	(74,297)
<b>EXPENDITURES:</b>				
Community development	15,505	137,175	15,660	155
Capital outlay	124,442	101,166	131,721	7,279
Total expenditures	139,947	238,341	147,381	7,434
Excess (deficiency) of revenues over (under) expenditures	(5,569)	11,907	61,294	(66,863)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	30,000	-	30,000	-
Total other financing sources	30,000	-	30,000	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 24,431	\$ 11,907	\$ 91,294	\$ (66,863)

CITY OF MEXICO

BUDGETARY COMPARISON SCHEDULE -  
 PERMANENT - CEMETERY PERPETUAL CARE FUND  
 Year Ended September 30, 2013

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Miscellaneous	\$ 1,251	\$ 500	\$ 1,130	\$ 121
Total revenues	<u>1,251</u>	<u>500</u>	<u>1,130</u>	<u>121</u>
OTHER FINANCING (USES):				
Transfers (out)	<u>(1,251)</u>	<u>(500)</u>	<u>(1,130)</u>	<u>(121)</u>
Total other financing (uses)	<u>(1,251)</u>	<u>(500)</u>	<u>(1,130)</u>	<u>(121)</u>
Excess (deficiency) of revenues over (under) other financing (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATISTICAL SECTION (Unaudited)**

## Statistical Section

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

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**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

Schedule 1  
City of Mexico Statistical  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$36,634,261	\$37,893,947	\$4,051,333	\$40,222,312	\$40,306,835	\$40,400,657	\$40,527,934	\$41,259,862	\$42,229,128	\$42,356,412
Restricted	467,423	494,454	372,656	362,367	431,253	411,321	805,641	2,147,275	2,102,698	2,316,864
Unrestricted	1,485,969	1,149,140	1,487,151	2,401,214	2,991,706	3,216,020	4,827,108	3,133,843	3,085,567	3,431,784
<b>Total governmental activities net position</b>	<u>38,587,653</u>	<u>39,537,541</u>	<u>41,911,140</u>	<u>42,985,893</u>	<u>43,729,794</u>	<u>44,027,998</u>	<u>46,160,683</u>	<u>46,540,980</u>	<u>47,417,393</u>	<u>48,105,160</u>
<b>Business-type activities</b>										
Net investment in capital assets	8,776,302	8,783,227	8,865,499	9,063,219	9,063,219	8,828,500	8,031,312	7,650,738	7,489,140	7,598,321
Restricted	-	-	-	-	-	25,383	510,874	1,198,157	1,201,431	1,103,076
Unrestricted	310,437	528,982	714,198	1,038,189	1,035,895	716,251	1,108,212	1,475,155	1,890,557	2,456,474
<b>Total business-type activities net position</b>	<u>9,086,739</u>	<u>9,312,219</u>	<u>9,679,697</u>	<u>10,121,408</u>	<u>10,119,114</u>	<u>9,570,134</u>	<u>9,650,398</u>	<u>10,324,050</u>	<u>10,581,128</u>	<u>11,157,871</u>
<b>Primary government</b>										
Net investment in capital assets	45,410,563	46,677,174	49,016,832	49,305,531	49,390,054	49,229,157	48,559,246	48,910,600	49,718,268	49,954,733
Restricted	467,423	494,454	372,656	362,367	431,253	436,704	1,316,515	3,345,432	3,304,129	3,420,040
Unrestricted	1,796,406	1,678,132	2,201,349	3,439,403	4,027,601	3,932,271	5,935,320	4,608,999	4,976,124	5,888,258
<b>Total primary government net position</b>	<u>\$47,674,392</u>	<u>\$48,849,760</u>	<u>\$51,590,837</u>	<u>\$53,107,301</u>	<u>\$53,848,908</u>	<u>\$53,598,132</u>	<u>\$55,811,081</u>	<u>\$56,865,030</u>	<u>\$57,996,521</u>	<u>\$59,263,031</u>

Schedule 2  
City of Mexico Statistical  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
General Government	\$1,182,563	\$1,271,804	\$1,142,529	\$1,198,109	\$1,076,185	\$1,187,124	\$1,172,615	\$1,153,299	\$1,237,910	\$1,280,829
Public Safety	2,044,546	2,126,942	2,334,216	2,411,185	2,499,074	2,635,278	2,781,807	2,588,564	2,373,261	2,376,480
Streets	772,977	518,376	942,616	1,084,270	1,202,872	1,124,209	1,158,808	1,298,659	1,264,331	1,211,770
Cemetery	69,415	76,220	86,997	64,100	101,259	104,053	111,844	93,901	119,683	126,495
Parks and recreation	550,639	539,874	619,299	772,521	738,024	787,951	842,499	883,698	785,099	873,998
Public Health	243,211	237,757	258,891	264,344	322,190	328,804	390,387	312,670	317,007	345,322
Economic Development	153,267	520,174	213,753	256,284	396,448	295,034	238,929	246,301	234,431	251,145
Airport	87,571	32,658	130,388	136,487	126,166	119,922	117,739	120,473	134,531	160,875
Community Development	698,511	2,659,678	1,018,615	2,267,577	395,961	404,435	4,496,926	2,464,877	460,657	455,192
Interest on long-term debt	133,302	93,236	101,668	104,925	232,160	63,983	50,820	110,743	103,307	111,851
Loss on sale of capital assets	-	-	-	-	42,011	5,657	-	-	-	-
<b>Total governmental activities expenses</b>	<b>5,936,002</b>	<b>8,076,719</b>	<b>6,848,972</b>	<b>8,559,802</b>	<b>7,132,350</b>	<b>7,066,450</b>	<b>11,414,502</b>	<b>9,273,185</b>	<b>7,030,217</b>	<b>7,193,957</b>
<b>Business-type activities:</b>										
Wastewater Utility	985,127	939,278	903,561	968,139	1,248,086	1,692,600	1,571,695	1,571,278	2,288,282	2,311,713
Sanitation	393,570	393,360	413,830	397,429	445,968	451,564	473,264	494,957	556,707	421,438
MAAIN	1,987	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>1,380,684</b>	<b>1,332,638</b>	<b>1,317,391,00</b>	<b>1,365,568</b>	<b>1,694,054</b>	<b>2,144,464</b>	<b>2,044,959</b>	<b>2,066,235</b>	<b>2,844,989</b>	<b>2,733,151</b>
<b>Total primary government expenses</b>	<b>7,316,686</b>	<b>\$9,409,357</b>	<b>\$8,166,363</b>	<b>\$9,925,370</b>	<b>\$8,826,404</b>	<b>9,210,614</b>	<b>13,459,461</b>	<b>11,339,420</b>	<b>9,875,206</b>	<b>9,927,108</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
General	\$146,710	\$145,095	\$154,490	\$138,514	\$156,405	\$114,322	\$132,660	\$152,645	\$153,384	\$160,623
Public Safety	403,334	366,087	435,456	466,165	472,741	493,238	515,245	164,697	36,632	33,229
Parks and recreation	52,351	42,551	40,273	42,886	40,217	39,652	47,615	46,755	43,114	37,229
Economic Development	173,676	220,165	226,007	230,069	152,630	130,964	28,113	65,252	155,833	192,250
Airport	23,956	24,428	22,253	23,050	22,140	22,490	22,800	21,513	22,776	24,099
Operating grants and contributions	454,510	1,715,633	32,176	330,105	90,754	2,663	683	20,000	-	7,701
Capital grants and contributions	510,678	2,288,213	2,652,789	2,097,620	395,158	198,330	6,483,395	3,132,982	994,834	243,196
<b>Total governmental activities program revenues</b>	<b>1,765,215</b>	<b>4,802,172</b>	<b>3,563,444</b>	<b>3,328,409</b>	<b>1,330,045</b>	<b>1,001,659</b>	<b>7,231,511</b>	<b>3,603,844</b>	<b>1,406,573</b>	<b>698,327</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Wastewater Utility	982,547	1,089,206	1,049,665	1,153,744	1,092,773	1,082,665	1,573,091	2,033,713	2,417,368	2,599,749
Sanitation	464,753	430,084	421,947	443,060	468,907	489,656	509,198	530,885	552,131	563,436
Capital grants and contributions	-	-	145,113	42,354	76,501	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>1,447,300</b>	<b>1,519,290</b>	<b>1,616,725</b>	<b>1,639,158</b>	<b>1,638,181</b>	<b>1,572,321</b>	<b>2,082,289</b>	<b>2,564,598</b>	<b>2,969,499</b>	<b>3,163,185</b>
<b>Total primary government program revenues</b>	<b>3,212,515</b>	<b>\$6,321,462</b>	<b>\$5,180,169</b>	<b>\$4,967,567</b>	<b>\$2,968,226</b>	<b>\$2,573,980</b>	<b>\$9,313,800</b>	<b>\$6,168,442</b>	<b>\$4,376,072</b>	<b>\$3,861,512</b>

FISCAL YEAR

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>										
Governmental activities	(4,170,787)	(3,274,547)	(3,285,528)	(5,230,466)	(5,802,305)	(6,064,791)	(4,182,991)	(5,669,341)	(5,623,644)	(6,495,630)
Business-type activities	66,616	186,652	299,334	273,590	(55,873)	(571,843)	37,330	498,363	124,510	430,034
Total primary government net expense	<u>(\$4,104,171)</u>	<u>(\$3,087,895)</u>	<u>(\$2,986,194)</u>	<u>(\$4,956,876)</u>	<u>(\$5,858,178)</u>	<u>(\$6,636,634)</u>	<u>(\$4,145,661)</u>	<u>(\$5,170,978)</u>	<u>(\$5,499,134)</u>	<u>(\$6,065,596)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes	\$4,608,414	\$4,899,869								
Property Taxes		\$974,322		\$999,767	\$1,061,739	\$1,141,463	\$1,149,805	\$1,252,559	\$1,205,154	\$1,130,099
Sales Taxes		2,916,774		3,017,837	3,020,303	2,918,807	2,866,397	2,913,731	2,939,444	3,520,641
Franchise Taxes		1,271,386		1,444,128	2,007,059	1,965,108	1,773,704	1,847,093	1,826,191	1,885,224
Intergovernmental Revenues	961,604	44,148		9,058	5,038	5,000				
Miscellaneous Income	226,114	293,375	387,137	219,212	364,195	311,609	517,974	432,392	475,486	594,845
Gain on Sale of Capital Assets				580,285					41,671	
Debt proceeds from NID Bonds				146,461						
Investment earnings	16,589	39,694	87,949		87,875	21,008	17,392	16,541	12,111	22,003
Contributions to Others								(242,173)		
Net transfers (out) in from other funds				(110,602)			(9,596)	(170,504)		
Total governmental activities	<u>5,812,721</u>	<u>5,277,086</u>	<u>5,659,127</u>	<u>4,931,648</u>	<u>6,545,209</u>	<u>6,362,995</u>	<u>6,315,676</u>	<u>6,049,639</u>	<u>6,500,057</u>	<u>7,183,397</u>
Business-type activities:										
Change in landfill P/L estimate	13,000	13,000	13,000							
Miscellaneous Income	23,791	15,897	3,612	2,773	15,450	15,363	22,300	3,887		7,605
Investment earnings	13,911	22,931	51,532	54,746	38,127	7,500	11,038	153,534	132,568	139,104
Contributions to Others								(152,636)		
Net transfers (out) in from other funds				110,602			9,596	170,504		
Total business-type activities	<u>50,702</u>	<u>51,828</u>	<u>68,144</u>	<u>168,121</u>	<u>53,577</u>	<u>22,863</u>	<u>42,934</u>	<u>175,289</u>	<u>132,568</u>	<u>146,709</u>
Total primary government	<u>\$5,863,423</u>	<u>\$5,328,914</u>	<u>\$5,727,271</u>	<u>\$5,099,769</u>	<u>\$6,599,786</u>	<u>\$6,385,858</u>	<u>\$6,358,610</u>	<u>\$6,224,928</u>	<u>\$6,632,625</u>	<u>\$7,330,106</u>
<b>Change in Net Position</b>										
Governmental activities	\$1,641,934	\$2,002,539	\$2,373,599	\$1,074,753	\$743,904	\$298,204	\$2,132,685	\$380,298	\$876,413	\$687,767
Business-type activities	117,318	225,480	367,478	441,711	(2,296)	(548,980)	80,254	673,652	257,078	576,743
Total primary government	<u>\$1,759,252</u>	<u>\$2,228,019</u>	<u>\$2,741,077</u>	<u>\$1,516,464</u>	<u>\$741,608</u>	<u>(\$250,776)</u>	<u>\$2,212,949</u>	<u>\$1,053,950</u>	<u>\$1,133,491</u>	<u>\$1,264,510</u>

Schedule 3  
City of Statistcal  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Assigned	\$ 951,625	\$ 1,003,552	\$ 1,070,357	\$ 1,406,458	\$ 2,115,543	\$ 2,117,852	\$ 2,773,700	\$ 3,016,025	\$ 3,239,024	\$ 279,909
Unassigned	\$ 951,625	\$ 1,003,552	\$ 1,070,357	\$ 1,406,458	\$ 2,115,543	\$ 2,117,852	\$ 2,773,700	\$ 3,016,025	\$ 3,239,024	\$ 3,485,709
Total general fund	\$ 951,625	\$ 1,003,552	\$ 1,070,357	\$ 1,406,458	\$ 2,115,543	\$ 2,117,852	\$ 2,773,700	\$ 3,016,025	\$ 3,239,024	\$ 3,765,618
All Other Governmental Funds										
Reserved	301,071	328,102	372,656	362,367	431,253	411,321	805,641	-	-	-
Unreserved, reported in:										
Special revenue funds	677,833	519,228	670,989	1,250,733	1,024,916	886,168	1,808,999	-	-	-
Capital projects funds	-	225,373	50,142	(138,703)	(23,002)	(22,614)	19,226	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,187,025	1,124,550	1,062,075
Prepays	-	-	-	-	-	-	-	166,352	166,352	166,352
Perpetual Care	-	-	-	-	-	-	-	-	-	-
Restricted For:										
Capital Improvements	-	-	-	-	-	-	-	364,264	356,863	409,188
Public Health	-	-	-	-	-	-	-	158,567	188,094	205,465
Community Development	-	-	-	-	-	-	-	13,051	3,844	9,978
Tourism	-	-	-	-	-	-	-	43,473	43,680	51,190
Grant Activity	-	-	-	-	-	-	-	13,188	14,714	39,145
Debt Service	-	-	-	-	-	-	-	201,355	204,601	373,571
Assigned	-	-	-	-	-	-	-	131,509	232,272	411,121
Parks & Recreation	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(62,576)	(3,183)	(7,521)
Non-major Fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 978,904	\$ 1,072,703	\$ 1,093,787	\$ 1,474,397	\$ 1,433,167	\$ 1,286,875	\$ 2,633,866	\$ 2,216,208	\$ 2,331,787	\$ 2,720,564

Note: GASB 54 implemented - Fiscal year ending September 30, 2011

Schedule 4  
City of Mexico Statistical  
Changes in fund balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

FISCAL YEAR

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes										
Property	\$4,602,134	\$4,899,869	\$ 974,322	999,767	1,061,739	1,141,463	1,149,805	1,329,413	1,306,794	1,254,316
Sales	-	-	2,916,774	3,017,837	3,020,303	2,918,807	2,866,397	2,913,731	2,939,444	3,520,641
Franchise	-	-	1,271,386	1,444,128	2,007,059	1,695,918	2,042,894	1,847,093	1,826,191	1,885,224
Licenses, fees, and permits	146,710	145,095	154,490	138,514	156,405	114,322	132,660	152,645	153,384	160,623
Fines and penalties	60,065	49,979	44,268	44,151	43,594	47,916	44,234	46,975	36,632	33,229
Charges for services	52,351	42,551	40,273	42,886	40,217	39,652	47,615	46,755	43,114	37,229
Intergovernmental	1,926,792	3,603,338	1,020,223	2,265,656	457,901	129,934	4,481,243	2,565,172	925,309	187,907
Investment earnings	6,589	39,694	87,949	146,462	87,875	21,008	17,392	16,541	12,111	30,585
Other revenues	789,171	1,311,686	1,006,309	954,928	1,014,536	835,300	1,070,840	687,576	695,766	811,194
<b>Total revenues</b>	<b>\$7,583,812</b>	<b>\$10,092,212</b>	<b>\$7,515,994</b>	<b>\$9,054,329</b>	<b>\$7,889,629</b>	<b>\$6,944,320</b>	<b>\$11,853,080</b>	<b>\$9,605,901</b>	<b>\$7,938,745</b>	<b>\$7,920,948</b>
<b>Expenditures</b>										
General government	\$826,088	\$783,997	\$819,426	\$844,913	\$930,061	\$951,126	\$1,001,272	\$1,005,234	\$1,018,077	\$1,114,937
Public Safety	2,016,956	2,147,788	2,298,277	2,374,666	2,478,127	2,635,278	2,674,804	2,498,895	2,179,572	2,232,667
Streets	652,687	683,715	704,252	751,972	749,858	760,172	784,612	820,924	738,818	801,903
Cemetery	69,431	75,907	92,887	93,052	97,975	104,053	106,433	107,284	109,242	113,694
Parks and recreation	439,913	460,001	472,927	479,490	585,016	630,228	689,277	710,020	624,341	721,214
Public Health	239,813	260,089	252,129	256,934	313,372	320,376	382,935	294,034	290,763	324,331
Economic Development	73,894	468,658	159,535	184,433	341,478	232,719	181,872	172,721	212,179	186,200
Airport	53,148	54,815	56,703	91,254	98,859	64,012	46,644	56,044	53,815	68,129
Community Development	647,801	1,609,441	275,375	1,955,556	311,664	353,337	708,979	595,522	761,701	366,888
Capital outlay	1,547,551	2,873,967	2,119,982	1,912,280	1,022,768	877,114	4,983,478	3,274,143	1,362,838	837,625
*Debt service										
Principal	1,271,359	310,864	241,009	72,170	216,327	95,368	87,209	135,670	146,942	149,570
Interest	138,697	97,551	101,955	105,053	97,939	64,520	50,820	110,743	101,879	110,422
<b>Total expenditures</b>	<b>\$7,977,338</b>	<b>\$9,826,793</b>	<b>\$7,594,457</b>	<b>\$9,121,773</b>	<b>\$7,243,444</b>	<b>\$7,088,303</b>	<b>\$11,698,335</b>	<b>\$9,781,234</b>	<b>\$7,600,167</b>	<b>\$7,027,580</b>
Excess of revenues over (under) expenditures	(\$393,526)	\$265,419	(\$78,463)	(\$67,444)	\$646,185	(\$143,983)	\$154,745	(\$175,333)	\$338,578	\$893,368

Other Financing Sources(uses)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lease Proceeds	299,000	-	-	-	-	-	-	-	-	-
NID proceeds	-	-	-	-	-	-	1,916,259	-	-	-
Debt proceeds from NID bonds	-	-	-	-	-	-	-	-	-	22,003
Proceeds from sale of capital assets	-	-	-	894,758	22,600	-	-	-	-	-
Issuance costs	-	-	-	-	-	-	(68,164)	-	-	-
Transfers in	1,538,581	1,821,533	2,580,145	2,401,532	2,099,106	2,056,372	1,899,165	771,951	765,531	668,826
Transfers out	(1,550,737)	(1,821,533)	(2,580,145)	(2,512,134)	(2,099,106)	(2,056,372)	(1,899,165)	(771,951)	(765,531)	(668,826)
Total other financing sources (uses)	286,844	-	-	784,156	22,600	-	1,848,095	-	-	22,003
Net change in fund balances	(\$106,682)	\$265,419	(\$78,463)	\$716,712	\$668,785	(\$143,983)	\$2,002,840	(\$175,333)	\$338,578	\$915,371
Debt service as a percentage of noncapital expenditures	20.66%	5.46%	6.56%	2.17%	4.70%	2.44%	2.10%	3.93%	3.92%	4.00%

Note: GASB 54 implemented-Fiscal Year ending September 30, 2011

Schedule 5  
City of Mexico Statistical  
Property Tax Levies and Collections  
Last Ten Fiscal Years

City of Mexico

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percentage of Levy
2004	2003	\$ 875,470	\$ 843,462	96.34%	\$ 21,546	\$ 865,008	98.80%
2005	2004	880,944	797,824	90.06%	21,216	819,040	92.98%
2006	2005	894,242	854,065	95.51%	13,284	867,349	96.99%
2007	2006	921,879	898,719	97.49%	22,853	921,572	99.96%
2008	2007	1,024,770	989,460	96.56%	34,967	1,024,427	99.96%
2009	2008	1,094,182	1,070,854	97.90%	23,328	1,094,182	100.00%
2010	2009	1,103,048	1,041,675	94.44%	44,863	1,086,538	98.50%
2011	2010	1,099,901	1,073,156	97.56%	21,598	1,094,754	99.53%
2012	2011	1,102,389	1,086,503	98.55%	12,630	1,099,133	99.70%
2013 (2)	2012	990,676	976,293	98.54%	-	976,293	98.54%

NOTES:

(1) Based on the valuation of real and personal property and railroad and utilities as reflected on Schedule 6.

Audrain County bills and collects real and personal property taxes on behalf of the city of Mexico for a fee of 2.5% on taxes collected; rate changed to 3.0% in FY 2013.

(2) In August of 2012, voters passed a one-half cent Parks Sales Tax and property tax rates for the Parks and Recreation Fund was subsequently reduced by ten cents per one hundred dollars assessed valuation beginning in the 2012 tax year.

Schedule 6  
 City of Mexico Statistical  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year	Residential Property	Agricultural Property	Commercial Property	Personal Property	RxR & Utility	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2004	\$51,685,226	\$94,657	\$30,317,056	\$27,626,537	\$4,702,123	\$114,425,599	\$0.77	\$465,025,240	24.61%
2005	52,282,590	93,060	27,714,020	25,223,491	4,873,757	110,186,918	0.80	453,343,804	24.31%
2006	53,965,032	91,520	26,708,336	27,311,460	5,119,013	113,195,361	0.79	466,068,184	24.29%
2007	54,546,632	95,732	28,111,286	28,740,193	5,199,776	116,693,619	0.79	478,167,698	24.40%
2008	60,895,384	97,526	29,548,090	35,682,655	5,308,821	131,532,476	0.78	537,271,302	24.48%
2009	61,623,740	95,390	30,997,568	42,244,718	5,480,305	140,441,721	0.78	565,984,758	24.81%
2010	58,923,010	96,120	33,933,018	37,520,198	5,605,611	136,077,957	0.81	546,469,713	24.90%
2011	59,044,090	99,770	33,640,710	36,273,684	5,948,668	135,006,922	0.81	544,094,637	24.81%
2012	59,227,520	101,210	33,618,800	35,986,290	6,328,703	135,262,523	0.82	544,698,007	24.83%
2013	59,458,450	102,660	34,984,986	37,666,925	6,343,083	138,556,104	0.82	550,997,770	25.15%

Source: Audrain County Board of Equalization and Assessment, and the City of Mexico. Supplemental Information for Table 5; Total Tax Column (1).

Notes: Property in Audrain county is reassessed by the county once every three (3) years on average. Tax rates are per \$100 of assessed value. The county assesses property at: Commercial 32 percent Personal 33.3 percent, Residential 19 percent, and Agricultural 12 percent of actual value.

Schedule 7  
City of Mexico Statistical  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates					Overlapping Rates					Total
	General Fund	General Obligation Debt Service	Special Revenue Funds		Total Direct Rate	Mexico					
			Parks & Public Hlth	Redevelopment Program		Mexico School District	Audrain County General	Audrain County Special	Mexico Ambulance District	State	
2004	0.39	0.00	0.38	0.00	0.77	3.30	0.13	0.94	-	0.03	5.17
2005	0.41	0.00	0.39	0.00	0.80	3.30	0.13	0.94	-	0.03	5.20
2006	0.40	0.00	0.39	0.00	0.79	3.30	0.13	0.95	-	0.03	5.20
2007	0.40	0.00	0.39	0.00	0.79	3.36	0.16	0.89	-	0.03	5.23
2008	0.39	0.00	0.39	0.00	0.78	3.36	0.16	0.89	-	0.03	5.23
2009	0.39	0.00	0.39	0.00	0.78	3.40	0.02	0.88	.30	0.03	5.58
2010	0.41	0.00	0.40	0.00	0.81	3.55	0.21	0.90	.30	0.03	5.80
2011	0.41	0.00	0.40	0.00	0.81	3.62	0.22	0.90	.30	0.03	5.88
2012	0.42	0.00	0.40	0.00	0.82	3.64	0.24	0.91	.30	0.03	5.94
2013	0.42	0.00	0.30	0.00	0.72	4.02	0.22	1.17	.12	0.03	6.28

Source: Audrain County Board of Equalization and Assessment.

Notes: The city's basic tax rate may be increased only by a majority vote of the city's residents. City rates are reviewed annually for compliance to Missouri Statutes by the State Auditors office. Rates for debt service are set based on the year's payment obligation. Overlapping rates are those of local and county governments that apply to property owners with the City of Statistical. State rate is disclosed for purpose of disclosing total rate assessed to residents of city.

Schedule 8  
 City of Mexico  
 Principal Property Tax Payers,  
 Current Year and Ten Years Ago

<u>Taxpayer</u>	Fiscal Year 2013			Fiscal Year 2004		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Spartan Light Metals	\$7,390,688	1	5.34%	\$1,176,903	8	1.03%
Archer Daniels Midland	6,660,611	2	4.81%	1,667,573	5	1.46%
Mo American Water Co.	2,808,286	3	2.02%	2,117,710	4	1.85%
Ameren Missouri	2,726,187	4	1.96%	2,855,140	3	2.50%
Dawn	2,542,870	5	1.84%	1,243,879	7	1.09%
Wal-Mart	2,317,756	6	1.67%	-	-	-
Three T' Partnership	2,205,441	7	1.59%	-	-	-
Teva	1,437,337	8	1.04%	1,147,775	9	1.00%
Mexwest	1,386,060	9	1.00%	-	-	-
Cerro Copper	1,364,715	10	0.98%	920,341	10	0.80%
A.P. Green	-	-	-	3,126,007	2	2.73%
Nexans	-	-	-	3,479,500	1	3.04%
Westlake Hardware	-	-	-	1,353,456	6	1.18%
<b>Total</b>	<b>\$30,839,951</b>		<b>22.25%</b>	<b>\$19,088,284</b>		<b>16.68%</b>

Source: Audrain County Assessor's Office.

**Schedule 9**  
**City of Mexico**  
**Taxable Sales by Category**  
(in thousand of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Communication	\$ 5,465	\$ 5,205	\$ 5,380	\$ 5,958	\$ 6,461	\$ 6,789	\$ 6,941	\$ 7,170	\$ 6,611	\$ 5,558
Wholesale Trade	1,046	1,424	1,561	1,556	790	1,437	1,218	1,342	1,586	1,612
Building Materials	-	-	2,365	813	-	4,138	3,894	4,879	4,996	4,973
Variety Stores	207	1,367	623	859	3,060	-	908	801	-	-
Food Stores	19,774	20,219	14,994	14,599	16,503	16,873	11,543	11,551	16,024	17,125
Automotive Store & Service Stations	5,355	2,603	3,105	3,347	3,358	3,668	3,663	4,042	4,308	4,312
Furniture and Home Furnishings	2,014	2,718	4,040	3,924	4,266	4,404	3,152	3,653	3,271	2,876
Eating and Drinking	9,863	10,368	11,632	11,772	12,268	12,742	12,359	12,862	13,069	13,807
Miscellaneous Retail	13,157	13,139	15,133	10,228	11,633	9,868	8,182	7,272	7,946	8,678
Miscellaneous Business Services	410	374	769	2,166	2,562	2,995	1,632	1,660	1,692	1,666
Automotive Repair Services	859	1,129	1,941	1,839	2,092	2,075	1,816	1,826	1,706	1,707
Miscellaneous Services	1,584	1,655	1,863	2,343	1,518	1,623	1,748	1,591	1,573	1,475
All other outlets	67,486	70,896	84,362	97,084	98,920	95,802	95,674	97,607	92,026	95,968
<b>Total</b>	<b>\$ 127,220</b>	<b>\$ 131,097</b>	<b>\$ 147,768</b>	<b>\$ 156,488</b>	<b>\$ 163,431</b>	<b>\$ 162,414</b>	<b>\$ 152,730</b>	<b>\$ 156,256</b>	<b>\$ 154,808</b>	<b>\$ 159,757</b>
City direct sales tax rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Missouri Department of Revenue

Notes: Sales Tax Revenue represents the City's largest own source revenue. Retail sales information is not available on the City's fiscal-year basis. Information provided by the State of Missouri Department of Revenue.

Schedule 10  
City of Mexico  
Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Audrain County Rate	Audrain Emergency Services	Audrain Ambulance District	Total Local Sales Tax
2004	1.50%	1.50%	0.00%	0.00%	3.000%
2005	1.50%	1.50%	0.375%	0.00%	3.375%
2006	1.50%	1.50%	0.375%	0.00%	3.375%
2007	1.50%	1.50%	0.375%	0.00%	3.375%
2008	1.50%	1.50%	0.375%	0.00%	3.375%
2009	1.50%	1.50%	0.375%	0.00%	3.375%
2010	1.50%	1.00%	0.375%	0.00%	2.875%
2011	1.50%	1.50%	0.375%	0.50%	3.875%
2012	1.50%	1.50%	0.375%	0.50%	3.875%
2013	2.00%	1.50%	0.375%	0.50%	4.375%

Sources: City Budget Office and Audrain County City Clerks Office.

Note: The city sales tax rate may be changed only with the approval of the citizens by ballot. Total is local sales tax only; excludes state applied sales tax. In 2005 the voters passed a three-eighths of a cent sales tax for support of emergency services dispatch centralization. In 2010 the voters passed a one-half cent sales tax for support of the Audrain Ambulance District and a one-half cent sales tax for Audrain County. In 2012 voter passed a one-half cent sales tax for support of the City of Mexico Park system.

Schedule 11  
 City of Mexico  
 Principal Sales Tax Remitters,  
 Current Year and Ten Years Ago

<u>Tax Remitter</u>	2012			2002		
	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Rank</u>	<u>Percentage of Total</u>
Retail Outlets	\$ 1,776,285	1	74.12%	\$ 1,301,303	1	69.88%
Food Stores	256,870	2	10.71%	308,172	3	16.54%
Eating & Drinking	207,106	3	8.65%	151,619	2	8.14%
Total	<u>\$ 2,240,261</u>		<u>93.48%</u>	<u>\$ 1,761,094</u>		<u>94.56%</u>

**Source:** Based on calendar year sales tax data provided by Missouri Department of Revenue. Individual Business data is considered confidential; only sales categories are permitted. Retail Outlets include: Variety stores, building supplies, automotive stores, furniture stores, miscellaneous retail and other retail as described within the Missouri Department of Revenue annual report.

**Note:** Percentage is based on total (City only) sales tax received for calendar year. Tax Rate 1.50%

Schedule 12  
City of Mexico  
Ratios of Outstanding Debt by Type,  
Last Nine Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Tax Increment Bonds	Certificates of Participation	Special Assessment Bonds	Revenue Bonds	Certificates of Participation	Wastewater Capital Leases					
2005	\$ -	\$ 1,486,775	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 233,478	\$ -	\$ 1,755,253	0.008%	155	
2006	-	1,283,503	-	-	-	-	-	91,467	-	1,374,970	0.000%	121	
2007	-	1,211,333	-	-	-	-	-	-	-	1,211,333	0.000%	107	
2008	-	1,130,583	-	-	-	-	-	-	-	1,130,583	0.000%	100	
2009	-	1,035,214	-	-	-	-	-	-	-	1,035,214	0.000%	138	
2010	-	1,022,915	-	-	1,930,000	-	-	32,320	-	8,717,915	3.750%	787	
2011	-	935,470	-	-	1,865,000	-	-	20,559	-	14,260,470	6.280%	1,235	
2012	-	831,027	-	-	1,795,000	-	-	61,674	-	14,052,701	6.190%	1,217	
2013	-	759,827	-	-	1,725,000	-	-	29,208	-	13,594,035	5.960%	1,179	

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

See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 13  
 City of Mexico  
 Ratios of General Bonded Debt Outstanding,  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>			<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Redevelopment Bonds</u>	<u>Total</u>		
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	1,930,000	1,930,000	0.003	174
2011	-	1,865,000	1,865,000	0.003	162
2012	-	1,795,000	1,795,000	0.003	156
2013	-	1,725,000	1,725,000	0.003	149

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Schedule 6 for property value data. Population data can be found in schedule 17.

Schedule 14  
 City of Mexico  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Mexico, Missouri	\$ -		\$ -
Other - City			
Capital Leases	\$ 759,827	100%	\$ 759,827
Special Assessment Bonds	\$ 1,725,000	100%	\$ 1,725,000
Other debt			
Mexico Public School District #59	\$ 13,892,404	71%	\$ 9,724,683
Subtotal, overlapping debt	-	-	-
City direct debt			\$ 9,724,683
Total direct and overlapping debt			\$ 2,484,827
			<u>\$ 12,209,510</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Audrain County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Schedule 15  
 City of Mexico  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Legal Debt margin Calculation for Fiscal Yr 2013

Assessed value	\$138,556,104
Debt limit (20% of assessed valuation)	\$27,711,221
Debt applicable to limit:	
General obligation bonds	\$1,725,000
Less: Amount set aside for	
repayment of general	
obligation debt	\$193,000
Total net debt applicable to limit	\$1,532,000
Legal debt margin	\$26,179,221

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 22,885,120	\$ 22,037,385	\$ 22,639,072	\$ 23,338,723	\$ 26,306,495	\$ 28,088,344	\$ 27,215,591	\$ 27,001,384	\$ 27,052,505	\$ 27,711,220
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,737,000	\$ 1,672,000	\$ 1,602,000	\$ 1,532,000
Legal debt margin	\$ 22,885,120	\$ 22,037,385	\$ 22,639,072	\$ 23,338,723	\$ 26,306,495	\$ 28,088,344	\$ 25,478,591	\$ 25,329,384	\$ 25,450,505	\$ 26,179,220
Total net debt applicable to the limit as a percentage of debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.063	0.062	0.063	0.059

Note: Under state finance law, the city's outstanding general obligation debt should not exceed 20 percent of total assessed property value.

Schedule 16  
City of Mexico  
Pledged-Revenue Coverage,  
Last Ten Fiscal Years

Fiscal Year	WasteWater Revenue Bonds			Special Assessment Bonds			Sales Tax Increment Bonds				
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Sales Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$61,826	\$ 46,959	\$ 35,394	\$ -
2005	-	-	-	-	-	-	-	83,152	30,000	2,875	2.53
2006	-	-	-	-	-	-	-	78,512	35,000	1,006	2.18
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-
2011	2,036,527	1,230,458	806,069	154,741	65,000	62,888	1.02	-	-	-	-
2012	2,417,368	1,369,456	1,047,912	154,741	70,000	59,496	1.19	-	-	-	-
2013	2,599,749	1,395,500	1,204,249	142,177	70,000	59,971	1.09	-	-	-	-

Notes: Sales Tax Increment Bonds issued under a Special TIF District received payment coverage through Sales Tax Interfund transfers from fiscal year 1997 through fiscal year 2004.

Wastewater revenue bonds closed on May 21, 2010, with the first scheduled payment made in fiscal year 2011.

Phase II Wastewater bonds closed on April 13, 2011, with the first scheduled payment made in fiscal year 2012.

Mid America Brick NID closed on August 17, 2010, with the first scheduled payment made in fiscal year 2011.

Note: Both the Wastewater and Mid-America Brick bond interest payments are net of Build America Bonds interest credits.

Wastewater revenue bond coverage calculation excludes depreciation and amortization expense.

Schedule 17  
 City of Mexico  
 Demographic and Economic Statistics,  
 Last Ten Calendar Years

Calendar Year	Population	Personal Income In Thousands	Per Capita Personal Income	Median Age	Public School Enrollment	Unemployment Rate
2004	11,320 *	\$ 259,872 *	\$ 22,957 *	41.30	2,427	5.90%
2005	11,320	268,940	23,785	41.70	2,375	5.40%
2006	11,320 *	277,317 *	24,498	41.70 **	2,351	4.50%
2007	11,320 *	238,037	21,028	39.80	2,388	5.00%
2008	11,320	238,037	21,028	39.80	2,415	6.20%
2009	11,320	238,037 *	21,208 *	39.80 **	2,434	9.20%
2010	11,320	238,037 *	21,208 *	38.00	2,417	9.20%
2011	11,543	226,796	19,648	39.69	2,325	7.60%
2012	11,543 *	226,796 *	19,648 *	39.69	2,592	5.80%
2013	11,543 *	226,796 *	19,648 *	39.69	2,404	5.70%

Sources: Population and median age information provided by the U.S. Census and Missouri Data Center as made available.

\* Income, per Capita Personal Income levels, and median age were estimated between known values using an average growth rate factor between census provided values.

Notes: Personal income information is a total for the year stated in thousands.  
 Unemployment rate information is as of September 30 of each year;  
 2013 is as of September 2013.  
 School enrollment is based on the census at the start of the school year.

**Schedule 18**  
**City of Mexico**  
**Principal Employers**  
**Current Year and Ten Years Ago**

<u>Employer</u>	2013			2004		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Audrain Medical Center	545	1	3.59%	661	1	4.93%
True Manufacturing	400	2	2.63%	-	-	0.00%
Mexico School Dirstrict	370	3	2.43%	353	3	2.63%
Wal-Mart	325	4	2.14%	-	-	0.00%
Dawn Food Products	300	5	1.97%	-	-	0.00%
Spartan Light Metal Products	250	6	1.64%	-	-	0.00%
Home Decorators Collection	236	7	1.55%	175	9	1.31%
Continental Products	215	8	1.41%	-	-	0.00%
Brookstone	205	9	1.35%	160	7	1.19%
Missouri Veterans Home	184	10	1.21%	157	8	1.17%
A. P. Green Industries	-	-	0.00%	513	2	3.83%
Optec DD, USA	-	-	0.00%	238	4	1.78%
Mexico Plastics	-	-	0.00%	211	5	1.57%
National Refractories	-	-	0.00%	210	6	1.57%
Roberts Consolidated Industries	-	-	0.00%	124	10	0.93%
<b>Total</b>	<b>3030</b>		<b>19.94%</b>	<b>2802</b>		<b>20.91%</b>

**Source:** City Economic Development Division and Website - fedstats.gov.  
Employment percentages were calculated by using county employment numbers (15,198 and 13,425) respectively; (August report) employment numbers for the City of Mexico alone were not available.

Schedule 19  
City of Mexico  
Full-time-Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
City Manager	2.4	2.8	2.8	2.3	2.3	2.3	2.3	1.8	1.8	1.8
Administrative Services	5.5	5.5	5.5	5	5	6	5	5.75	5.75	5.75
Comm.Dev./Animal Control	5.6	5.6	5.6	6.6	6.55	6.6	6.6	6.6	7.6	7.6
Economic Development	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Other										
Police										
Public Safety Officers	34	34	35	35	35	35	35.15	34.65	34.65	34.65
Clerk Typist/Dispatchers	14.35	13.35	13.35	14	15	15	15	1	1	1
Fire										
Fire Apparatus Operator	1	1	1	1	1	1	0	0	0	0
Civil Defense	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other public works										
Engineering	1.5	1.5	1.5	1.5	1.5	1.25	1.25	1.2	1.2	1.2
Street Dept.	11	11	11	11.05	10.8	10.8	10	8.85	8.85	8.85
Parks and recreation/Cemetery	9.1	9.6	9.6	10.6	11	12	12	10.1	11.1	11.1
Internal Service	0	0	0	0	0	0	0	0	0	0
Wastewater	8.1	7.3	7.3	10.3	10.3	10.8	10.8	11.1	11.1	11.1
Sanitation	1	1	1	1	1	1	1	1.05	1.05	1.05
Total	<u>95.55</u>	<u>94.55</u>	<u>95.55</u>	<u>100.3</u>	<u>101.4</u>	<u>103.7</u>	<u>101</u>	<u>84</u>	<u>86</u>	<u>86</u>

Source: City Budget Office.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full time-equivalent employment is calculated by dividing total labor hours by 2,080. (Does not include seasonal personnel). Some City Employee's wages are split between different departments.

Schedule 20  
City of Mexico  
Operating Indicators by Function/Program,  
Last Ten fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Building permits issued	408	477	543	509	442	404	570	525	696	737
Building inspections conducted	1507	1624	1273	1527	0	827	1373	1062	1040	1113
Police										
Physical arrests	672	749	852	831	708	699	599	519	513	*
Parking violations	330	410	540	494	445	238	318	101	201	*
Traffic violations	973	1074	1218	861	1183	1169	1245	603	585	*
Fire										
Emergency responses	158	186	183	198	187	162	136	163	175	*
Fires extinguished	72	89	56	64	87	37	35	30	53	*
Inspections	12	42	30	40	57	38	36	248	240	*
Other public works										
Street resurfacing/overlay (miles)	1.9	2.1	3.7	2.3	1.6	2	2.1	2.1	0.66	55
Micro seal	0	0	0	0	0	0	0	0	2.4	2.11
Parks and recreation										
Pool Admissions	12,386	13,824	14,012	14,007	13,984	10,383	11,214	12,112	12,003	10,779
Wastewater										
Average daily sewage treatment (Millions of gallons)	2.302	1.921	1.959	2.03	2.08	2.26	2.01	2.06	2.10	2.45

Sources: Various city departments.

Notes: NA=Not Available

Under Fire/Emergency Responses the numbers reflects the number of responses by fire apparatus.

Wastewater plant maximum flow 3,001 MG per day.

\*Statistics for Police and Fire activity is reported in summary on a calendar year basis.

Schedule 21  
 City of Mexico  
 Capital Asset Statistics by Function/Program,  
 Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	8	8	8	8	8	8	8	8
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	81	82	82	82	82	82	82	82	82	82
Streetlights	1140	1140	1150	1162	1188	1188	1188	1188	1188	1188
Storm sewers (miles)	52	52	53	53.5	54	54	54	54	54	54
Parks and recreation										
Pools	1	1	1	1	1	1	1	1	1	1
Acreage	386	386	475	475	475	475	475	475	475	475
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	2	2	1	1	1	1	1	1	1	1
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
Community lakes	3	3	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles)	84	85	85	86	86	86	86	86	86	86
Treatment capacity (millions of gallons) per day	3.001	3.001	3.001	3.001	3.001	3.001	3.001	3.001	3.001	3.001

Sources: Various city departments.

Notes: Water, gas and electric utilities are not owned or operated by the City of Mexico.  
 Sanitation services are contracted.