

*City of*  
**Mexico, Missouri**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**CITY OF MEXICO, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2015**

**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, 2015**

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## **INTRODUCTORY SECTION**



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January 25, 2016

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, 2015. 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 (MPSRC), 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 City of Mexico is one of three joint venture members. There are no entities meeting the criteria of a component unit of the City.

Statistics pertaining to the Mexico Public School District #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, brush yard, 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 provide service to 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 2,409 as of the date of this report. St. Brendan's enrollment for 2015 was 187, which includes Preschool through Eighth Grade. The Advanced Technical College is a two year college and 2015 enrollment averaged 330 students per semester. The ATC provides educational opportunities in nursing, photonics, information systems, and nuclear technology. The Missouri Military Academy, which had 250 students enrolled for 2015, 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 2015 represented the forty-fifth 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.

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, 2015 local unemployment is 4.10%, which compares favorably to the State of Missouri unemployment rate of 4.50% and that of the national unemployment rate, which was reported at 4.90%.

Assessed real estate value in Mexico decreased by \$4,535,037 in fiscal year 2015 as compared to fiscal year 2014. The decrease in total valuation was attributed to reductions in valuation in personal property value. Adjustments in the overall tax levy were increased by one point forty-three cents per one hundred dollars of assessed valuation for fiscal year 2015.

As of the date of this report, the City of Mexico has noted the total assessed value for real and personal property increased by \$1,563,182 for the upcoming fiscal year 2016 with an increase in the assessed value of both real and personal property. The City's property tax levy for 2015 (levied for fiscal year 2016) remained unchanged.

## **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 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 2010 and forward.

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 grants 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 provides 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 was in the amount of \$1,050,000. This grant also flowed through the City from the Missouri Department of Economic Development via an Industrial Infrastructure Grant and Supplemental Disaster Funds. This grant provided funding for street and infrastructure improvements to the Center including water, sewer, electric, and gas. This grant closed out during the 2014 fiscal year.

The third grant obtained in connection to the Plant Science Research Center flowed through the Missouri Department of Transportation (MoDot) in the amount of \$950,000. This grant provided 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 paved was approved for funding through MoDot and 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 (NID) 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 keep 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. As of 2015, Shamrock Assets, LLC has invested \$20 million dollars in improvements to the facility. 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 adoption of the comprehensive plan by City Council being made in the fall of 2014.

In June of 2013, a local manufacturer, Gold Crest Distributing, LLC, announced an intent to expand its operation by 35,000 square feet and add up to twenty-five employment opportunities. The City of Mexico 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. As a result, the expansion was valued at \$1.5 million and has provided an additional thirty-five employment opportunities to the City.

In August of 2014, Spartan Light Metal Products, which is located within one of the City's Enterprise Zones, announced a 68,000 square foot facility expansion valued at more than \$17 million dollars. The expansion is anticipated to result in eighty additional full-time employment positions. As of the date of this report, construction for the expansion is underway.

In August of 2015 at the Missouri State Fair, a partnership was officially announced between Ameren Missouri, Engenuity Worldwide (master tenant of the Plant Science Research Center), and ECAP, LLC. Their partner focus is on development of renewable fuel sources that will provide new revenue sources for rural business and help diversify power generation fuel sources in Missouri by harnessing homegrown biomass into an engineered biomass fuel source. Given success of the project, several hundred jobs would be created across Missouri with Mexico, Missouri likely being the home office.

## **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, 2015, the City had pooled cash resources of \$9,955,349 consisting primarily of fully insured or security collateralized money market accounts. The City, during fiscal year 2015, earned \$236,133 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 of Mexico 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 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 \$991,992 in 2015. 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 LLC has 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, 2014. This was the twenty-sixth 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.

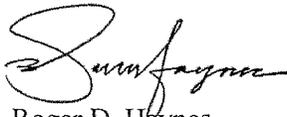
### **Concluding Comments**

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. As the City continues to seek means to improve overall operational efficiencies it will continue to work diligently on community improvements that enhance opportunities for our residents and hold potential for increasing revenue to meet the City's future needs.

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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**City of Mexico  
Missouri**

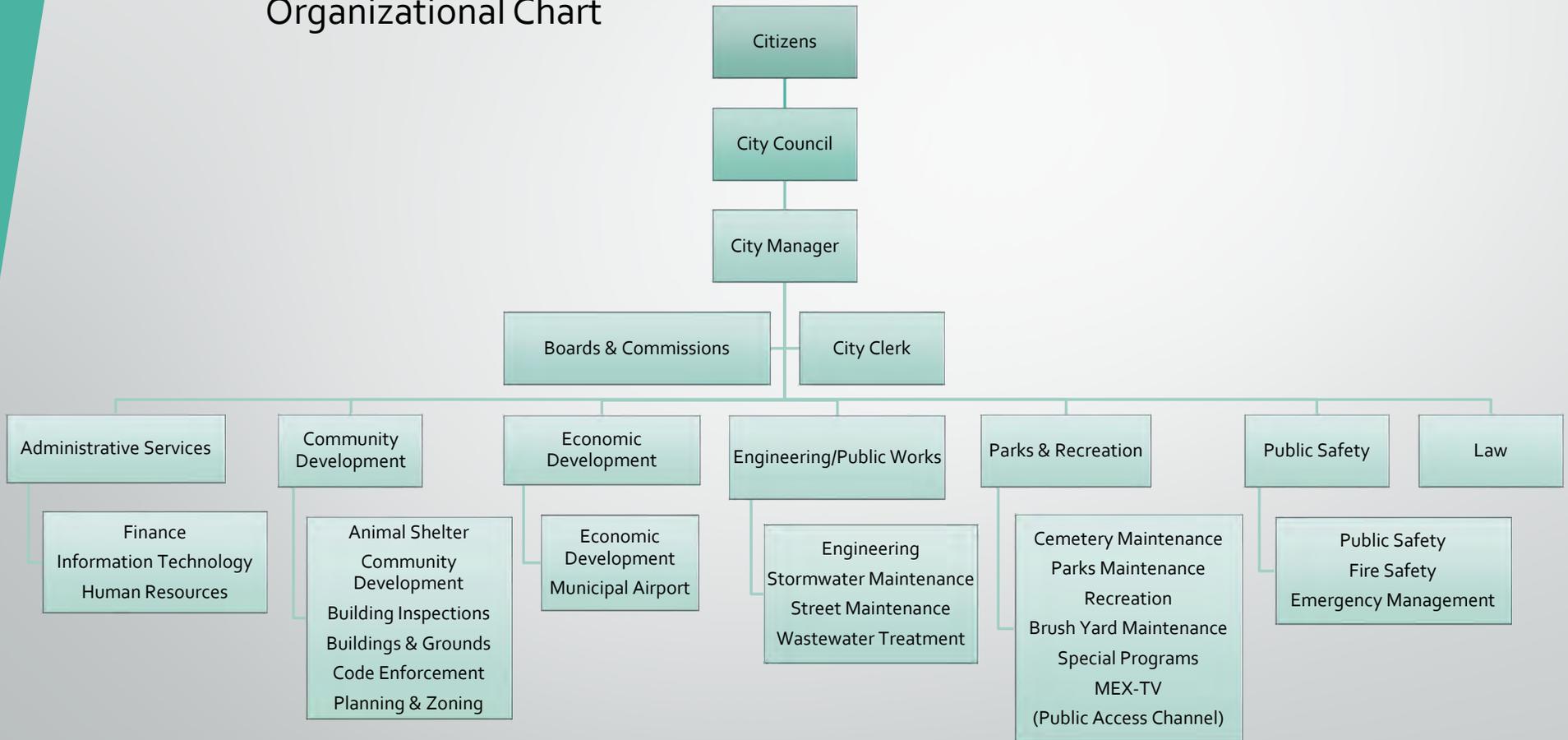
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# City of Mexico, Missouri

## Organizational Chart



CITY OF MEXICO, MISSOURI

PRINCIPAL OFFICERS

CITY COUNCIL

Greg Miller, Mayor

Chris Williams, Chairman Pro Tem

Ron Loesch

Steve Nichols

Chris Miller

ADMINISTRATION

Bruce R. Slagle – City Manager

Roger D. Haynes – Deputy City Manager/Administrative Services Director

Russell Runge – Assistant City Manager/Economic Development Director

Susan Rockett – Public Safety Director

Kensey Russell – Public Works Director

Rita Jackson – Community Development Director

Chad Shoemaker – Parks & Recreation Director

Paul Stingley – Municipal Court Judge

Jay Jacobi – Airport Manager

LEGAL COUNSEL

Lou Leonatti

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

## **FINANCIAL SECTION**

## 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, 2015, 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, 2015, 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.

### *Change in Accounting Principle*

As discussed in Note 17 to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison schedules, the modified approach to reporting infrastructure assets, and the pension plan schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

*Williams Keepers LLC*

January 25, 2016

# CITY OF MEXICO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

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, 2015. 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 and deferred outflows of the City of Mexico exceeded its entity-wide liabilities and deferred inflows at the close of the most recent fiscal year by \$64,809,542 on the entity-wide statements. Of this amount, \$50,908,554 represents investment in capital assets; \$3,510,223 is restricted and the remaining \$10,390,765 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,474,352. Of that total, \$1,236,128 is attributable to governmental activities and \$238,224 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 \$53,144,175, an increase of \$1,236,128 in comparison with the prior year. Of this total amount, \$43,621,653 represents investment in capital assets, \$2,384,386 is restricted, and \$7,138,136 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 \$3,447,019 or 58.62% of the total General Fund expenditures, excluding transfers.
- The City of Mexico's total long term obligations decreased by \$872,588 or 6.26% 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 36 – 38 of this report.
- The City of Mexico's other liabilities decreased by \$17,032 or 3.51% during the current fiscal year. The key factors in the decrease relate to payment of construction projects at the wastewater treatment plant.
- The City of Mexico utilized a combination of four state and federal grants during fiscal year 2015, with approximately \$30,597 being expended and \$22,200 being reimbursed during the twelve-month period. A substantial amount of the expenditures and reimbursements were attributable to the Airport related grants, made available through the Missouri Department of Transportation Aviation division.

- The City of Mexico implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and reporting within the financial statements pension plan liabilities, deferred outflows and inflows of resources, and expenses/expenditures.

## 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, deferred outflows, liabilities, and deferred inflows, with the difference between these amounts 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, Capital Improvement Sales Tax 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 – 45 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 46 – 51 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 6.35. 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 52 – 53 of this report.

Required supplementary information related to the City's pension plan can be found on pages 54 – 55.

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 56 – 65 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,072,681	\$ 10,299,564	\$ 4,663,510	\$ 3,977,014	\$ 16,736,191	\$ 14,276,578
Capital assets	44,231,283	43,481,231	17,771,901	18,397,034	62,003,184	61,878,265
Total assets	<u>56,303,964</u>	<u>53,780,795</u>	<u>22,435,411</u>	<u>22,374,048</u>	<u>78,739,375</u>	<u>76,154,843</u>
Deferred outflows of resources	873,215	-	135,576	-	1,008,791	-
Total deferred outflows	<u>873,215</u>	<u>-</u>	<u>135,576</u>	<u>-</u>	<u>1,008,791</u>	<u>-</u>
Long-term obligations	2,426,418	2,928,932	10,645,757	11,015,831	13,072,175	13,944,763
Other liabilities	255,686	198,662	213,451	287,507	469,137	486,169
Total liabilities	<u>2,682,104</u>	<u>3,127,594</u>	<u>10,859,208</u>	<u>11,303,338</u>	<u>13,541,312</u>	<u>14,430,932</u>
Deferred inflows of resources	1,350,900	1,040,856	46,412	-	1,397,312	1,040,856
Total deferred inflows	<u>1,350,900</u>	<u>1,040,856</u>	<u>46,412</u>	<u>-</u>	<u>1,397,312</u>	<u>1,040,856</u>
Net position						
Net investment in capital assets	43,621,653	42,769,673	7,286,901	7,702,563	50,908,554	50,472,236
Restricted	2,384,386	2,292,246	1,125,837	1,115,326	3,510,223	3,407,572
Unrestricted	7,138,136	4,550,426	3,252,629	2,252,821	10,390,765	6,803,247
Total net position	<u>\$ 53,144,175</u>	<u>\$ 49,612,345</u>	<u>\$ 11,665,367</u>	<u>\$ 11,070,710</u>	<u>\$ 64,809,542</u>	<u>\$ 60,683,055</u>
Net position, ending (as originally reported)					\$ 64,809,542	\$ 60,683,055
Effect of prior period adjustment					-	2,652,135
Net position, ending (as restated)					<u>\$ 64,809,542</u>	<u>\$ 63,335,190</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position has been restated for prior periods due to implementation of GASB 68. In the case of the City of Mexico, assets and deferred outflows exceeded liabilities and deferred inflows by \$64,809,542 at the close of the most recent fiscal year. Net position increased by \$1,474,352 for the current fiscal year over the prior fiscal year. As restated, assets and deferred outflows exceed liabilities and deferred inflows by \$63,355,190 at the close of the prior fiscal year, with net position for that year having originally increased by \$1,646,666.

Governmental activities' assets constitute 71.51% of total assets, deferred outflows constitute 86.56% of total deferred outflows, liabilities constitute 19.81% of total liabilities, deferred inflows constitute 96.68% of total deferred inflows, and net position is 82% of total net position. Governmental activities' assets constituted 70.62% of total assets, liabilities constituted 21.68% of total liabilities, deferred inflows constituted 100% of total deferred inflows, and net position was 81.76% of total net position for the prior fiscal year. The business-type activities constitute 28.49% of total assets, 13.44% of total deferred outflows, 80.19% of total liabilities, 3.32% of total deferred inflows, and 18% of total net position. The business-type activities constituted 29.38% of total assets, 78.32% 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 (\$50,908,554 or 78.56%) 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 \$50,472,236 or 83.17% of total net position. During the current year, the City's investment in capital assets increased by \$124,919 over the prior fiscal year. Most of this increase is attributed to scheduled equipment purchases and 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 (\$3,510,223 or 5.42%) represents resources that are subject to external restrictions on how they may be used. This portion of net position was \$3,407,572 or 5.62% in the prior fiscal year. The remaining balance of unrestricted net position of \$10,390,765 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$3,587,518 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 \$1,773,117 largely due to the net pension plan asset being brought into the City's financials in fiscal year 2015 (GASB 68 and 71). Long-term obligations decreased by \$502,514 of which \$375,463 relates to the net pension plan obligation as compared to the prior year's report. Scheduled principal payments of \$70,000 and \$76,429 were made on the \$1,930,000 Mid America Brick NID and Speculative Building loan, respectively, during the fiscal year as well. Other liabilities increased by \$57,024. Deferred outflows increased by \$873,215 and deferred inflows increased by \$310,044 largely due to pension plan deferred outflows and inflows of resources being brought into the City's financials in fiscal year 2015 (GASB 68 and 71).

Business-type activities - Current and other assets increased by \$686,496 as a result of accumulating cash reserves for significant capital improvements planned for fiscal year 2016. Capital assets decreased by \$625,133 as a result of depreciation expense within the Wastewater Fund being more than capital assets added during the fiscal year. Long-term obligations decreased by \$370,074 in large part due to making scheduled principal payments on the Series 2010 and 2011 Series Sewer System Revenue Bonds. Other liabilities decreased by \$74,056, due to accounts payable on wastewater treatment facility construction from fiscal year 2014 being paid during fiscal year 2015. Deferred outflows increased by \$135,576 and deferred inflows increased by \$46,412 due to pension plan deferred outflows and deferred inflows of resources being brought into the City's financials in fiscal year 2015 (GASB 68 and 71).

Beginning in fiscal year 2015, in following GASB Statements 68 and 71 guidance in regard to accounting and financial reporting for pensions, governments that provide their employees with pension benefits are to report on the face of the employer's accrual-based financial statements net pension liability (asset) along with other long-term liabilities (assets). Further, changes in the net pension liability (asset) will be recognized immediately as pension expense, or reported as deferred outflows of resources or deferred inflows of resources depending on the nature of the change. As a result of this change in accounting principle, the City's total net position reflects a better net position for fiscal year 2015 than it would have excluding these pension items. Additional information on these pension items can be found within the Pension Plan section of this report on pages 41 – 44 of this report.

## 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	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 500,519	\$ 498,769	\$ 3,513,803	\$ 3,306,908	\$ 4,014,322	\$ 3,805,677
Grants and contributions:						
Capital	295,414	570,046	-	-	295,414	570,046
General revenues:						
Taxes	6,920,660	6,897,324	-	-	6,920,660	6,897,324
Investment revenue	66,284	58,693	34,095	35,120	100,379	93,813
Interest rebates	-	-	113,826	113,949	113,826	113,949
Other	451,286	530,966	30,482	21,869	481,768	552,835
Gain on sale of capital assets	-	-	-	5,100	-	5,100
<b>Total revenues</b>	<b>8,234,163</b>	<b>8,555,798</b>	<b>3,692,206</b>	<b>3,482,946</b>	<b>11,926,369</b>	<b>12,038,744</b>
<b>Expenses:</b>						
General government	1,137,315	1,000,510	-	-	1,137,315	1,000,510
Public safety	2,328,512	2,397,085	-	-	2,328,512	2,397,085
Streets	1,300,808	1,269,741	-	-	1,300,808	1,269,741
Cemetery	122,965	164,876	-	-	122,965	164,876
Parks and recreation	1,006,266	942,270	-	-	1,006,266	942,270
Public health	342,175	314,787	-	-	342,175	314,787
Economic development	209,317	194,888	-	-	209,317	194,888
Airport	134,940	140,532	-	-	134,940	140,532
Community development	362,510	473,509	-	-	362,510	473,509
Brush yard	30,771	-	-	-	30,771	-
Interest expense	102,456	105,702	-	-	102,456	105,702
Wastewater utility	-	-	2,857,437	2,848,318	2,857,437	2,848,318
Sanitation	-	-	516,545	539,860	516,545	539,860
<b>Total expenses</b>	<b>7,078,035</b>	<b>7,003,900</b>	<b>3,373,982</b>	<b>3,388,178</b>	<b>10,452,017</b>	<b>10,392,078</b>
Increase in net position before transfers and contributions	1,156,128	1,551,898	318,224	94,768	1,474,352	1,646,666
Net transfers in (out)	80,000	-	(80,000)	-	-	-
Increase in net position	1,236,128	1,551,898	238,224	94,768	1,474,352	1,646,666
Net position, beginning (as restated)	51,908,047	48,060,447	11,427,143	10,975,942	63,335,190	59,036,389
Net position, ending	<u>\$ 53,144,175</u>	<u>\$ 49,612,345</u>	<u>\$ 11,665,367</u>	<u>\$ 11,070,710</u>	<u>\$ 64,809,542</u>	<u>\$ 60,683,055</u>
Net position, ending (as originally reported)					\$ 64,809,542	\$ 60,683,055
Effect of prior period adjustment					-	2,652,135
Net position, ending (as restated)					<u>\$ 64,809,542</u>	<u>\$ 63,335,190</u>

**Governmental activities:** Governmental activities increased the City of Mexico's net position by \$1,236,128. Governmental activities increased the City of Mexico's net position by \$1,551,898 in the prior fiscal year.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2015.

- There were no operating grants or contributions during fiscal year 2015 or fiscal year 2014.

- Capital grants and contributions for governmental activities decreased by \$274,632. This was a result of two grants being completed during fiscal year 2014, with one related to road construction leading to the Missouri Plant Science Center development and the other for airport runway improvements.
- Revenue derived from taxes increased in fiscal year 2015 over the prior fiscal year in the amount of \$23,336 with gains being realized in sales tax collection.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2014.

- Operating grants and contributions for governmental activities decreased by \$7,701 in fiscal year 2014 as compared to 2013. There were no operating grants or contributions during fiscal year 2014. In 2013, the City received federal funding for Public Safety personnel to acquire personal protective equipment in the amount of \$7,701.
- Capital grants and contributions for governmental activities increased by \$326,850. This was as a result of two grants in particular being active. One grant was tied to the Missouri Plant Science Center development project for road improvements and the other being a non-primary entitlement federal pass-through grant for airport runway improvements.
- Revenue derived from taxes increased in fiscal year 2014 over the prior fiscal year in the amount of \$361,360. 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 and did not result in a full fiscal year cycle of collection until the 2014 fiscal year. The one-half cent parks sales tax generated \$818,273, an increase of \$264,880 from fiscal year 2013. The remainder of the gain in taxes related to an increase in local sales and sales tax collection resulting from an improving economy.

As a whole, expenses for governmental activities increased by \$74,135 or 1.06% in fiscal year 2015 as compared to fiscal year 2014.

In fiscal year 2015, general government expenditures increased by \$136,805 or 13.67%, public safety operations decreased by \$68,573 or 2.86%, cemetery operations decreased by \$41,911 or 25.42%, parks department operations increased by \$63,996 or 6.79%, public health increased by \$27,388 or 8.7%, and community development operations decreased by \$110,999 or 23.44% as compared to fiscal year 2014. Expenditures related to brush yard operations were new for fiscal year 2015, totaling \$30,771. The larger percentage increases in the departments of general government and public health can be attributed to personnel services costs with full employment and staff retirements and increased funds spent on the demolition project.

**Business-type activities:** Business type activities increased the City of Mexico's net position by \$238,224 during fiscal year 2015. Business type activities increased the City of Mexico's net position by \$94,768 in the prior fiscal year. Of the \$238,224 increase in business-type net position, \$264,573 of the net position increase resulted from wastewater operations, which was offset by a decrease of \$26,349 from sanitation operations.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2015.

- Sewerage rates were increased by an average of 3% in anticipation of revenue bond debt service needs related to the Series 2010 and Series 2011 bond issues and other operational cost adjustments.
- Residential sanitation service rates were increased by 2.6% to cover contractual cost adjustments associated with providing this service.

- A transfer of \$80,000 was made from the Sanitation Fund to the General Fund in support for the planned purchase of a street sweeper.
- Operating expenses for business-type activities were flat in comparison to the prior fiscal year with an overall reduction for Wastewater and Sanitation Fund operating expenses being in the amount of \$5,187.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2014.

- 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 1.2% to cover costs associated with providing this service.
- Operating expenses for business-type activities increased by \$663,331. This increase was largely due to a \$236,559 jump in depreciation of capitalized assets in the Wastewater Fund that had been previously classified as construction in process. Interest expense increased by \$233,881 since this was the first year the 2011 bond interest was not capitalized with the construction costs. Another notable increase in operating expense in the amount of \$106,331 related to contracting expenses within the sanitation fund for residential refuse and brush grinding services. The sewer line root treatment project represented an additional \$41,000 in expenses. Adjustments in wages, material, supplies, and other services were relatively stable as a whole in overall cost when comparing fiscal year 2014 to fiscal year 2013.

### **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 \$7,629,977, an increase of \$163,212 in comparison with the prior year. Approximately 45.14% of this total amount (\$3,444,273) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 56.96% (\$4,252,457) 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.

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 \$3,869,192, of which \$3,447,019 is unassigned. The fund balance of the City of Mexico's General Fund decreased by \$725,937 compared to the prior year. The fund balance of the General Fund was \$4,595,129 in the prior fiscal year. The key factors in the decreased fund balance can be attributed to management's decision to make capital purchases with reserves that had been built up in prior years, including the purchase of a new fire truck.

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 \$679,145. The fund balance of the Parks and Recreation Fund increased \$96,158 from the prior fiscal year. The fund balance of the Parks and Recreation Fund was \$582,987 in the prior year. The key factors for this change include some open staff positions, and capital projects including restroom and tennis court renovations that were in progress at year end.

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 \$243,609. The fund balance of the City of Mexico's Public Health Fund increased by \$17,383 compared to the prior year. The fund balance of the Public Health Fund was \$226,226 in the prior year. The key factors for this change were savings in personnel services due to staffing vacancies.

The Capital Improvement Sales Tax Fund accounts for fund provided from a half-cent sales tax dedicated for use in funding capital improvement projects including street, drainage, and bridges. At the end of the current fiscal year, total fund balance of the Capital Improvement Sales Tax Fund was \$662,786. The fund balance increased \$105,800 compared to the prior year. The fund balance of the Capital Improvement Sales Tax Fund was \$556,986 in the prior year. The key factors for this change were sales tax revenue exceeding budgeted expectations, along with plans to build cash reserves for cash matching on future grants, and delayed completion on capital projects due to weather issues.

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 2015 fiscal year, the total fund balance of the Mid-America Brick NID Fund was \$1,171,146 as compared to the fund balance of \$1,225,487 in the 2014 fiscal year, reflecting a \$54,341 decrease. Additional information on the Mid-America Brick NID can be found within Note 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 \$11,366,696, and the net position for Sanitation Fund amounted to \$298,671. The increase in net position for the Wastewater Fund was \$264,573, and there was a decrease of \$26,349 for the Sanitation Fund. Net position in the Wastewater Fund amounted to \$11,102,123, and net position for the Sanitation Fund amounted to \$325,020 in the prior fiscal year, as restated for GASB 68. 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 \$6,024,360 and the revised expenditure budget was reduced by 2% to \$5,903,300.

Actual expenditures for the General Fund came in 4.2% or \$247,967 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 \$70,355 under the revised budget due to reduced cost in the categories of personnel services, supplies, and services.
- The Public Safety Department came in \$68,391 under budget with a better than revised budget savings of \$19,104 in the category of personnel services and \$41,452 in supplies.
- The Street Department came in \$37,781 under budget with a better than revised budget savings in the amount of \$18,465 in the category of personnel services and \$23,556 in supplies.
- The Economic Development Department came in \$19,965 under budget with a better than budget savings of \$4,538 in the category of supplies and \$14,561 in services.
- Capital outlay came in \$27,093 under the revised budget due to realized savings on the purchases of equipment for the brush yard and cemetery, as well as sidewalk replacement funds not being spent.

Revisions of the original revenue budget were positive with an upward adjustment in the amount of \$26,767, a 0.51% change.

General Fund revenues exceeded the revised budget for General Fund revenues by approximately \$134,322, which was largely contributed to:

- Taxes, inclusive of property, gross receipts, and sales tax, came in \$82,219 better than revised revenue budget.
- Building licenses and permits came in \$12,561 better than revised budget due to new construction project development.

### **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:

	2015	2014
Capital assets, not being depreciated:		
Land	\$ 4,458,309	\$ 4,462,459
Infrastructure	31,149,347	31,149,347
Construction in progress	589,912	330,280
Total capital assets, not being depreciated	36,197,568	35,942,086
Capital assets, being depreciated:		
Buildings	11,948,902	12,034,819
Structures other than buildings	12,983,596	12,600,574
Equipment	17,146,018	16,503,923
Infrastructure	1,847,025	1,825,438
Total capital assets, being depreciated	43,925,541	42,964,754
Less accumulated depreciation	(18,119,925)	(17,028,575)
Total capital assets being depreciated, net	25,805,616	25,936,179
Capital assets, net	\$ 62,003,184	\$ 61,878,265

The major capital asset events in the current year included the purchase of a replacement E-One Typhoon Fire Truck costing \$427,386. The Street Department replaced the street sweeper costing \$196,356. There was continuing work on various projects on the wastewater collection system totaling \$174,262. The Parks and Recreation Fund had construction in progress additions to the Fairgrounds Park restroom project of \$49,807, placing the completed asset in service for a total of \$56,507. The tennis court project also had \$153,200 in construction in progress additions. New playground equipment was installed at Garfield Park, costing \$72,230. With the City assuming operation of the brush yard, it invested in a brush chipper costing \$51,620. A replacement salt storage building was placed in service, totaling \$38,353. The City worked in partnership with Audrain County on the Huntingfield Bridge project where there was \$48,759 in additions to construction in progress. There were also additions to the airport layout plan project this year of \$43,948, bringing the construction in progress total to \$297,367.

During the prior fiscal year the major capital asset events included continuing work on the wastewater collection system, including an additional \$273,771 in slip lining, and the purchase of a new sludge truck costing \$137,071. Additions to the Commerce Road project near the Plant Science Center were completed and the completed project was placed in service totaling \$970,237. The parallel taxiway project was completed by the end of the fiscal year and placed in service totaling \$253,419.

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 6.35 was met for 2015.

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

<u>Year</u>	<u>Assessed Condition</u>
2015	6.35
2014	6.24
2013	6.19

Additional information regarding the City's capital assets can be found in Note 6 on pages 33 – 34 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 \$12,070,000, 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 36 – 38 of this report.

At the end of the prior fiscal year, the City of Mexico had \$12,440,000 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 three leased facilities the City owns. The lease of these three 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 continued to receive 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, Inc. The NID payments on the limited obligation bonds total \$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 2015.
- The unemployment rate for the City of Mexico is 4.1% at September 30, 2015, which is an improvement as compared to last year's rate of 5%. This rate compares favorably to the State's average unemployment rate of 4.5% and the national average of 5.1%.
- The occupancy rate of the City's central business district has remained at 97% for the past seven 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 2016 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, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,584,403	\$ 2,819,084	\$ 8,403,487
Restricted cash	426,025	1,125,837	1,551,862
Accounts receivable (net of allowance of \$83,697)	-	460,454	460,454
Taxes receivable	1,787,887	-	1,787,887
Intergovernmental revenue receivable	53,443	-	53,443
Special assessment receivable	1,445,499	-	1,445,499
Other receivables	163,442	-	163,442
Prepaid expenses	937,125	5,858	942,983
Investment in joint venture	50,000	-	50,000
Capital assets:			
Non-depreciable	36,153,031	44,537	36,197,568
Depreciable, net	8,078,252	17,727,364	25,805,616
Net pension plan asset	1,624,857	252,277	1,877,134
Total assets	<u>56,303,964</u>	<u>22,435,411</u>	<u>78,739,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan contributions	96,225	14,940	111,165
Pension plan - other	776,990	120,636	897,626
Total deferred outflows of resources	<u>873,215</u>	<u>135,576</u>	<u>1,008,791</u>
<b>LIABILITIES</b>			
Accounts payable	254,793	96,005	350,798
Accrued interest payable	893	117,446	118,339
Long-term liabilities:			
Leases payable			
Amounts due within one year	79,129	-	79,129
Amount due beyond one year	530,501	-	530,501
Bonds payable			
Amounts due within one year	75,000	375,000	450,000
Amount due beyond one year	1,510,000	10,110,000	11,620,000
Accrued landfill closure costs			
Amounts due within one year	-	8,294	8,294
Amounts due beyond one year	-	132,704	132,704
Compensated absences			
Amounts due within one year	115,894	9,880	125,774
Amounts due beyond one year	115,894	9,880	125,774
Total liabilities	<u>2,682,104</u>	<u>10,859,208</u>	<u>13,541,312</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	1,051,969	-	1,051,969
Pension plan - other	298,931	46,412	345,343
Total deferred inflows of resources	<u>1,350,900</u>	<u>46,412</u>	<u>1,397,312</u>
<b>NET POSITION</b>			
Net investment in capital assets	43,621,653	7,286,901	50,908,554
Restricted for:			
Perpetual care, nonexpendable	166,352	-	166,352
Capital improvements	662,786	-	662,786
Public health	243,609	-	243,609
Community development	946,357	-	946,357
Tourism	60,335	-	60,335
Grants	70,926	-	70,926
Debt service	234,021	1,125,837	1,359,858
Unrestricted	7,138,136	3,252,629	10,390,765
Total net position	<u>\$ 53,144,175</u>	<u>\$ 11,665,367</u>	<u>\$ 64,809,542</u>

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

**CITY OF MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2015**

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	\$ 1,137,315	\$ 153,361	\$ 85,540	\$ -	\$ (898,414)	\$ -	\$ (898,414)
Public safety	2,328,512	99,130	-	-	(2,229,382)	-	(2,229,382)
Streets	1,300,808	-	-	-	(1,300,808)	-	(1,300,808)
Cemetery	122,965	-	-	-	(122,965)	-	(122,965)
Parks and recreation	1,006,266	23,913	153,200	-	(829,153)	-	(829,153)
Public health	342,175	-	-	-	(342,175)	-	(342,175)
Economic development	209,317	196,915	-	-	(12,402)	-	(12,402)
Airport	134,940	27,200	38,773	-	(68,967)	-	(68,967)
Community development	362,510	-	17,901	-	(344,609)	-	(344,609)
Brush yard	30,771	-	-	-	(30,771)	-	(30,771)
Interest expense	102,456	-	-	-	(102,456)	-	(102,456)
<b>Total governmental activities</b>	<b>7,078,035</b>	<b>500,519</b>	<b>295,414</b>	<b>-</b>	<b>(6,282,102)</b>	<b>-</b>	<b>(6,282,102)</b>
<b>Business-type activities:</b>							
Wastewater utility	2,857,437	2,945,772	-	-	-	88,335	88,335
Sanitation	516,545	568,031	-	-	-	51,486	51,486
<b>Total business-type activities</b>	<b>3,373,982</b>	<b>3,513,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,821</b>	<b>139,821</b>
<b>Total city</b>	<b>\$ 10,452,017</b>	<b>\$ 4,014,322</b>	<b>\$ 295,414</b>	<b>\$ -</b>	<b>(6,282,102)</b>	<b>139,821</b>	<b>(6,142,281)</b>
<b>General revenue:</b>							
Taxes:							
Property taxes					1,115,318	-	1,115,318
Sales taxes					3,988,132	-	3,988,132
Franchise taxes					1,817,210	-	1,817,210
Miscellaneous income					264,573	30,482	295,055
Administrative reimbursement					186,713	-	186,713
Interest income					66,284	34,095	100,379
Interest rebates on Build America Bonds					-	113,826	113,826
Net transfers in (out) from other funds					80,000	(80,000)	-
<b>Total general revenues</b>					<b>7,518,230</b>	<b>98,403</b>	<b>7,616,633</b>
Changes in net position					1,236,128	238,224	1,474,352
Net position - beginning (as restated)					51,908,047	11,427,143	63,335,190
<b>Net position - ending</b>					<b>\$ 53,144,175</b>	<b>\$ 11,665,367</b>	<b>\$ 64,809,542</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, 2015**

	Major Funds						Totals
	General Fund	Parks and Recreation Fund	Public Health Fund	Capital Improvement Sales Tax Fund	Mid-America Brick NID Fund	Non-major Funds	
<b>ASSETS</b>							
ASSETS							
Cash and cash equivalents	\$ 3,462,914	\$ 456,223	\$ 249,602	\$ 545,317	\$ 34,031	\$ 836,316	\$ 5,584,403
Restricted cash	34,681	-	-	-	224,992	166,352	426,025
Taxes receivable	1,112,097	262,941	287,714	119,094	-	6,041	1,787,887
Intergovernmental receivable	45,987	-	-	-	-	7,456	53,443
NID receivable	-	-	-	-	1,438,060	7,439	1,445,499
Other receivables	6,876	153,200	3,023	-	-	343	163,442
Interfund receivable	2,823	-	-	-	-	-	2,823
Prepaid expenditures	-	-	-	-	937,125	-	937,125
<b>Total assets</b>	<b>\$ 4,665,378</b>	<b>\$ 872,364</b>	<b>\$ 540,339</b>	<b>\$ 664,411</b>	<b>\$ 2,634,208</b>	<b>\$ 1,023,947</b>	<b>\$ 10,400,647</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 87,481	\$ 20,086	\$ 4,140	\$ 1,625	\$ 25,002	\$ 9,320	\$ 147,654
Accrued liabilities	88,308	13,956	4,875	-	-	-	107,139
Interfund payable	-	-	-	-	-	2,823	2,823
<b>Total liabilities</b>	<b>175,789</b>	<b>34,042</b>	<b>9,015</b>	<b>1,625</b>	<b>25,002</b>	<b>12,143</b>	<b>257,616</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	620,397	143,857	287,715	-	-	-	1,051,969
Unavailable revenue - special assessment	-	-	-	-	1,438,060	7,705	1,445,765
Unavailable revenue - other	-	15,320	-	-	-	-	15,320
<b>Total deferred inflows of resources</b>	<b>620,397</b>	<b>159,177</b>	<b>287,715</b>	<b>-</b>	<b>1,438,060</b>	<b>7,705</b>	<b>2,513,054</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Prepays	-	-	-	-	937,125	-	937,125
Perpetual care	-	-	-	-	-	166,352	166,352
Restricted for:							
Capital improvements	-	-	-	662,786	-	-	662,786
Public health	-	-	243,609	-	-	-	243,609
Community development	-	-	-	-	-	9,232	9,232
Tourism	-	-	-	-	-	60,335	60,335
Grant activity	-	-	-	-	-	70,926	70,926
Debt service	-	-	-	-	234,021	-	234,021
Committed:							
Community development	-	-	-	-	-	700,000	700,000
Assigned:							
Airport	103,356	-	-	-	-	-	103,356
Economic development	318,817	-	-	-	-	-	318,817
Parks and recreation	-	679,145	-	-	-	-	679,145
Unassigned	3,447,019	-	-	-	-	(2,746)	3,444,273
<b>Total fund balances</b>	<b>3,869,192</b>	<b>679,145</b>	<b>243,609</b>	<b>662,786</b>	<b>1,171,146</b>	<b>1,004,099</b>	<b>7,629,977</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,665,378</b>	<b>\$ 872,364</b>	<b>\$ 540,339</b>	<b>\$ 664,411</b>	<b>\$ 2,634,208</b>	<b>\$ 1,023,947</b>	<b>\$ 10,400,647</b>

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, 2015**

Fund balances - total governmental funds		\$ 7,629,977
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	53,508,558	
Less accumulated depreciation	<u>(9,277,275)</u>	44,231,283
Other long term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds:		
Investment in joint venture		50,000
Net pension plan asset		1,624,857
Pension plan contributions		96,225
Pension plan - other		776,990
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		1,461,085
Long-term liabilities, including capital lease obligations, interest payable, accrued compensated absences, and deferred inflows of resources are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds:		
Accrued interest payable		(893)
Capital lease obligations		(609,630)
Bonds payable		(1,585,000)
Accrued compensated absences		(231,788)
Pension plan - other		<u>(298,931)</u>
Net position of governmental activities		<u>\$ 53,144,175</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, 2015

	Major Funds					Non-major Funds	Totals
	General Fund	Parks and Recreation Fund	Public Health Fund	Capital Improvement Sales Tax Fund	Mid-America Brick NID Fund		
<b>REVENUES:</b>							
Taxes							
Property	\$ 625,160	\$ 144,397	\$ 288,802	\$ -	\$ 154,741	\$ 851	\$ 1,213,951
Sales	2,274,257	829,670	2,216	831,679	-	50,310	3,988,132
Franchise	1,817,210	-	-	-	-	-	1,817,210
Licenses and permits	153,361	-	-	-	-	-	153,361
Charges for services	-	23,913	-	-	-	-	23,913
Intergovernmental revenues	44,648	-	-	-	-	8,581	53,229
Fines and forfeitures	99,130	-	-	-	-	-	99,130
Contributions	-	137,880	-	-	-	-	137,880
Miscellaneous							
Rent	224,115	-	-	-	-	-	224,115
Interest	45,480	5,255	3,055	5,124	2,962	4,408	66,284
Administrative reimbursement	186,713	-	-	-	-	-	186,713
Other	158,407	18,298	60,123	-	21,324	-	258,152
<b>TOTAL REVENUES</b>	<b>5,628,481</b>	<b>1,159,413</b>	<b>354,196</b>	<b>836,803</b>	<b>179,027</b>	<b>64,150</b>	<b>8,222,070</b>
<b>EXPENDITURES:</b>							
Current:							
General government	1,117,038	-	-	-	-	-	1,117,038
Public safety	2,302,288	-	-	-	-	-	2,302,288
Streets	838,931	-	-	-	-	-	838,931
Cemetery	119,150	-	-	-	-	-	119,150
Parks and recreation	-	860,816	-	-	-	-	860,816
Public health	-	-	336,813	-	-	-	336,813
Economic development	151,113	-	-	-	-	-	151,113
Airport	56,207	-	-	-	-	-	56,207
Community development	191,124	-	-	-	83,799	67,722	342,645
Brush yard	27,141	-	-	-	-	-	27,141
Capital outlay	978,573	407,439	-	351,600	-	-	1,737,612
Debt service:							
Principal	76,429	-	-	-	70,000	-	146,429
Interest	23,106	-	-	-	79,569	-	102,675
<b>TOTAL EXPENDITURES</b>	<b>5,881,100</b>	<b>1,268,255</b>	<b>336,813</b>	<b>351,600</b>	<b>233,368</b>	<b>67,722</b>	<b>8,138,858</b>
Excess (deficiency) of revenues over (under) expenditures	(252,619)	(108,842)	17,383	485,203	(54,341)	(3,572)	83,212
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	461,682	205,000	-	-	-	729,403	1,396,085
Transfers (out)	(935,000)	-	-	(379,403)	-	(1,682)	(1,316,085)
Total other financing sources (uses)	(473,318)	205,000	-	(379,403)	-	727,721	80,000
Net change in fund balances	(725,937)	96,158	17,383	105,800	(54,341)	724,149	163,212
Fund balances, October 1	4,595,129	582,987	226,226	556,986	1,225,487	279,950	7,466,765
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 3,869,192</b>	<b>\$ 679,145</b>	<b>\$ 243,609</b>	<b>\$ 662,786</b>	<b>\$ 1,171,146</b>	<b>\$ 1,004,099</b>	<b>\$ 7,629,977</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, 2015**

Net change in fund balances - total governmental funds \$ 163,212

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	1,465,964	
Loss on disposal of fixed assets	(45,675)	
Depreciation	<u>(685,577)</u>	
		734,712

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

Amount of contributed capital assets	15,320
Unavailable revenue - property taxes	(92,212)

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	146,648
------------------------	---------

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	(19,376)
Pension plan	<u>287,824</u>
Change in net position of governmental activities	<u><u>\$ 1,236,128</u></u>

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, 2015

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,472,778	\$ 346,306	\$ 2,819,084
Restricted cash	1,125,837	-	1,125,837
Accounts receivable (net of allowance of \$83,697)	370,807	89,647	460,454
Prepaid expenses	5,858	-	5,858
Total current assets	<u>3,975,280</u>	<u>435,953</u>	<u>4,411,233</u>
Non-current assets:			
Property, plant and equipment, net of accumulated depreciation	17,759,622	12,279	17,771,901
Net pension plan asset	231,136	21,141	252,277
Total non-current assets	<u>17,990,758</u>	<u>33,420</u>	<u>18,024,178</u>
Total assets	<u>21,966,038</u>	<u>469,373</u>	<u>22,435,411</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan contributions	13,688	1,252	14,940
Pension plan - other	110,527	10,109	120,636
Total deferred outflows of resources	<u>124,215</u>	<u>11,361</u>	<u>135,576</u>
<b>LIABILITIES</b>			
Current liabilities:			
Bonds payable	375,000	-	375,000
Accrued interest payable	117,446	-	117,446
Accrued landfill closure costs	-	8,294	8,294
Accounts payable	58,829	37,176	96,005
Compensated absences	9,880	-	9,880
Total current liabilities	<u>561,155</u>	<u>45,470</u>	<u>606,625</u>
Non-current liabilities:			
Bonds payable	10,110,000	-	10,110,000
Accrued landfill closure costs	-	132,704	132,704
Compensated absences	9,880	-	9,880
Total long-term liabilities	<u>10,119,880</u>	<u>132,704</u>	<u>10,252,584</u>
Total liabilities	<u>10,681,034</u>	<u>178,174</u>	<u>10,859,208</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan - other	42,523	3,889	46,412
Total deferred inflows of resources	<u>42,523</u>	<u>3,889</u>	<u>46,412</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,274,622	12,279	7,286,901
Restricted for debt service	1,125,837	-	1,125,837
Unrestricted	2,966,237	286,392	3,252,629
TOTAL NET POSITION	<u>\$ 11,366,696</u>	<u>\$ 298,671</u>	<u>\$ 11,665,367</u>

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, 2015**

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,945,772	\$ 568,031	\$ 3,513,803
Miscellaneous	30,482	-	30,482
Total operating revenues	<u>2,976,254</u>	<u>568,031</u>	<u>3,544,285</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	432,425	37,152	469,577
Employee benefits	157,807	12,702	170,509
Materials and supplies	76,980	42,782	119,762
Electricity	187,797	234	188,031
Repairs and maintenance	158,487	20,827	179,314
Telephone and utilities	42,533	-	42,533
Fuel and oil	11,206	-	11,206
Other operating expenses	383,312	15,926	399,238
Depreciation and amortization	816,481	1,130	817,611
Contracted haulers	-	385,792	385,792
Total operating expenses	<u>2,267,028</u>	<u>516,545</u>	<u>2,783,573</u>
<b>OPERATING INCOME</b>	<u>709,226</u>	<u>51,486</u>	<u>760,712</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	31,930	2,165	34,095
Interest rebate on Build America Bonds	113,826	-	113,826
Interest expense	(590,409)	-	(590,409)
Total non-operating revenues (expenses)	<u>(444,653)</u>	<u>2,165</u>	<u>(442,488)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	264,573	53,651	318,224
Transfers (out)	-	(80,000)	(80,000)
Change in net position	264,573	(26,349)	238,224
Net position, October 1 (as restated)	11,102,123	325,020	11,427,143
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 11,366,696</u>	<u>\$ 298,671</u>	<u>\$ 11,665,367</u>

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, 2015

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 2,910,092	\$ 562,797	\$ 3,472,889
Cash received from other sources	30,482	-	30,482
Cash paid to vendors	(924,656)	(471,650)	(1,396,306)
Cash paid to employees	(631,861)	(53,271)	(685,132)
Net cash provided by operating activities	<u>1,384,057</u>	<u>37,876</u>	<u>1,421,933</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers (out)	-	(80,000)	(80,000)
Net cash (used) by noncapital financing activities	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payment for capital acquisitions	(192,479)	-	(192,479)
Interest rebates on Build America Bonds	113,826	-	113,826
Principal and interest payments on debt	(896,872)	-	(896,872)
Net cash (used) by capital and related financing activities	<u>(975,525)</u>	<u>-</u>	<u>(975,525)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	31,930	2,165	34,095
Net increase (decrease) in cash and cash equivalents	440,462	(39,959)	400,503
Cash and cash equivalents, beginning of year	3,158,153	386,265	3,544,418
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 3,598,615</b></u>	<u><b>\$ 346,306</b></u>	<u><b>\$ 3,944,921</b></u>
Cash and cash equivalents	\$ 2,472,778	\$ 346,306	\$ 2,819,084
Restricted cash	1,125,837	-	1,125,837
Total cash and cash equivalents	<u>\$ 3,598,615</u>	<u>\$ 346,306</u>	<u>\$ 3,944,921</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 709,226	\$ 51,486	\$ 760,712
Adjustments:			
Depreciation and amortization	816,481	1,130	817,611
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	(35,680)	(5,235)	(40,915)
Prepaid expenses	7,199	-	7,199
Net pension plan asset	82,879	7,580	90,459
Pension plan contributions	(1,139)	(104)	(1,243)
Pension plan - other	(110,527)	(10,109)	(120,636)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	(126,698)	(4,969)	(131,667)
Accrued expenses	(207)	-	(207)
Accrued landfill	-	(5,792)	(5,792)
Pension plan - other	42,523	3,889	46,412
Net cash provided by operating activities	<u>\$ 1,384,057</u>	<u>\$ 37,876</u>	<u>\$ 1,421,933</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.

Capital Improvement Sales Tax Fund – This special revenue fund is used to account for sales taxes and other revenue restricted for capital improvements.

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, 2015.

#### *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, 2015. 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. 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.

*I. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, which are the pension plan contributions and pension plan – other reported in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has three items that qualify for reporting in this category, which are the unavailable revenue – property taxes reported in the government-wide statement of net position and the governmental funds balance sheet, the unavailable revenue – special assessments reported in the governmental funds balance sheet, and the pension plan – other reported in the government-wide statement of net position and the proprietary funds statement of net position. 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 unavailable revenue in both the government-wide and fund financial statements.

## *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, through the parameters stated within the City of Mexico's formally adopted Fund Balance Policy, 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, the useful lives of capital assets, the fair value of contributions, the post closure liability related to the landfill, and the net pension asset and related deferred outflows and inflows of resources.

#### *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 \$15,392,283 and the maturity of these bonds ranges from 5 to 20 years. See Note 13 to the financial statements for additional information.

#### *N. Pensions*

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **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, 2015.

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	\$ 8,403,487
Restricted assets:	
Cash and cash equivalents	1,551,862
Total	<u>\$ 9,955,349</u>

The City's pooled deposits are categorized to give an indication of the level of custodial risk assumed by the City at September 30, 2015. Deposits, categorized by level of custodial risk, were as follows as of September 30, 2015:

	Cash and Cash Equivalents	Petty Cash	Total
Bank balance			
Insured by FDIC	\$ 250,000	\$ -	\$ 250,000
Collateralized with securities pledged by the financial institution	10,032,530	-	10,032,530
Collateralized with securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	-	-	-
Uncollateralized	-	-	-
	<u>\$ 10,282,530</u>	<u>\$ -</u>	<u>\$ 10,282,530</u>
Carrying value	<u>\$ 9,954,699</u>	<u>\$ 650</u>	<u>\$ 9,955,349</u>

At September 30, 2015, cash was restricted for various uses as follows:

Governmental funds:

General Fund		
Restricted for municipal court bonds and protested taxes	\$	34,681
Mid-America NID Fund		
Restricted for debt service		224,992
Cemetery Fund		
Restricted for perpetual maintenance		<u>166,352</u>
		<u>426,025</u>

Enterprise funds:

Wastewater Fund		
Restricted for debt service		<u>1,125,837</u>
		<u>1,125,837</u>
Total for all funds	\$	<u><u>1,551,862</u></u>

**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 unavailable 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 unavailable 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 unavailable 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 2014 Calendar Year</u>
Assessed valuation:	
Real estate	\$ 94,856,950
Personal property	32,059,239
Railroad and utilities	<u>9,310,784</u>
	<u>\$ 136,226,973</u>
	<u>For the 2014 Calendar Year</u>
Tax levies per \$100 assessed valuation:	
General Fund	\$ 0.4325
Parks and Recreation Fund	0.1000
Public Health Fund	<u>0.2000</u>
	<u>\$ 0.7325</u>

## 5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2015, 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	\$ 2,823	\$ -
Cunningham Road NID Fund	<u>-</u>	<u>2,823</u>
Total for all funds	<u>\$ 2,823</u>	<u>\$ 2,823</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, 2015, was as follows:

	Balance October 1, 2014	Additions	Retirements	Transfers	Balance September 30, 2015
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,445,039	\$ -	\$ 4,150	\$ -	\$ 4,440,889
Infrastructure	31,149,347	-	-	-	31,149,347
Construction in progress	314,269	305,033	-	(56,507)	562,795
Total capital assets, not being depreciated	<u>35,908,655</u>	<u>305,033</u>	<u>4,150</u>	<u>(56,507)</u>	<u>36,153,031</u>
Capital assets, being depreciated:					
Buildings	5,316,967	61,303	29,414	56,507	5,405,363
Structures other than buildings	5,480,378	33,480	-	-	5,513,858
Equipment	3,958,735	1,059,881	429,335	-	4,589,281
Infrastructure	1,825,438	21,587	-	-	1,847,025
Total capital assets, being depreciated	<u>16,581,518</u>	<u>1,176,251</u>	<u>458,749</u>	<u>56,507</u>	<u>17,355,527</u>
Less accumulated depreciation for:					
Buildings	2,495,161	138,707	18,384	-	2,615,484
Structures other than buildings	2,643,012	142,366	-	-	2,785,378
Equipment	2,891,554	378,669	398,840	-	2,871,383
Infrastructure	979,215	25,815	-	-	1,005,030
Total accumulated depreciation	<u>9,008,942</u>	<u>685,557</u>	<u>417,224</u>	<u>-</u>	<u>9,277,275</u>
Total capital assets being depreciated, net	<u>7,572,576</u>	<u>490,694</u>	<u>(41,525)</u>	<u>56,507</u>	<u>8,078,252</u>
Governmental activities capital assets, net	<u>\$ 43,481,231</u>	<u>\$ 795,727</u>	<u>\$ (45,675)</u>	<u>\$ -</u>	<u>\$ 44,231,283</u>

	Balance October 1, 2014	Additions	Retirements	Transfers	Balance September 30, 2015
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 17,420	\$ -	\$ -	\$ -	\$ 17,420
Construction in progress	16,011	160,009	16,011	(132,892)	27,117
Total capital assets, not being depreciated	<u>33,431</u>	<u>160,009</u>	<u>16,011</u>	<u>(132,892)</u>	<u>44,537</u>
Capital assets, being depreciated:					
Buildings	6,543,539	-	-	-	6,543,539
Structures other than buildings	7,288,366	48,480	-	132,892	7,469,738
Equipment	12,556,737	-	-	-	12,556,737
Total capital assets, being depreciated	<u>26,388,642</u>	<u>48,480</u>	<u>-</u>	<u>132,892</u>	<u>26,570,014</u>
Less accumulated depreciation for:					
Buildings	2,967,969	128,204	-	-	3,096,173
Structures other than buildings	3,332,638	146,861	-	-	3,479,499
Equipment	1,724,432	542,546	-	-	2,266,978
Total accumulated depreciation	<u>8,025,039</u>	<u>817,611</u>	<u>-</u>	<u>-</u>	<u>8,842,650</u>
Total capital assets being depreciated, net	<u>18,363,603</u>	<u>(769,131)</u>	<u>-</u>	<u>132,892</u>	<u>17,727,364</u>
Business-type activities capital assets, net	<u>\$ 18,397,034</u>	<u>\$ (609,122)</u>	<u>\$ 16,011</u>	<u>\$ -</u>	<u>\$ 17,771,901</u>

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

Governmental activities:	
General government	\$ 91,422
Public safety	136,213
Streets	144,088
Cemetery	11,475
Parks and recreation	152,445
Public health	18,139
Community and economic development	52,427
Airport	78,733
Brush yard	615
Total depreciation expense - governmental activities	<u>\$ 685,557</u>
Business-type activities:	
Wastewater	\$ 816,481
Sanitation	1,130
Total depreciation expense - business-type activities	<u>\$ 817,611</u>

## 7. CAPITAL LEASES

Capital lease obligations at September 30, 2015 consist of the following:

### Governmental Activities:

1. The City has a lease-purchase agreement for property and improvements to be leased to commercial entities. As of September 30, 2015, \$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 \$326,585 as of September 30, 2015. 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, 2015, \$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 \$39,832 as of September 30, 2015. 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. This lease was paid off during the year ended September 30, 2015, as shown in Note 8.

The following summarizes the terms and balance outstanding as of September 30, 2015:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Balance Outstanding</u>
Long Term Debt Financed by:			
Economic Development Special Revenue Fund - Speculative Building	3.50%	8/15/2022	\$ 609,630

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, 2015:

	<u>Speculative Building</u>
Total minimum lease payments	\$ 688,452
Less: Amount representing interest	<u>(78,822)</u>
Present value of future minimum lease payments	<u>\$ 609,630</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, 2015:

Year Ending September 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 79,129	\$ 20,406	\$ 99,535
2017	82,040	17,495	99,535
2018	84,999	14,536	99,535
2019	88,065	11,470	99,535
2020	91,218	8,317	99,535
2021-2022	184,179	6,598	190,777
Total minimum lease payments	<u>\$ 609,630</u>	<u>\$ 78,822</u>	<u>\$ 688,452</u>

## 8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount due In one year
Governmental activities:					
Capital leases	\$ 686,058	\$ -	\$ 76,428	\$ 609,630	\$ 79,129
NID bonds	1,655,000	-	70,000	1,585,000	75,000
Compensated absences	212,412	201,098	181,722	231,788	115,894
Business-type activities:					
Capital leases	4,244	-	4,244	-	-
Revenue bonds	10,785,000	-	300,000	10,485,000	375,000
Compensated absences	19,966	19,984	20,190	19,760	9,880
Landfill closure costs	146,790	-	5,792	140,998	8,294
	<u>\$ 13,509,470</u>	<u>\$ 221,082</u>	<u>\$ 658,376</u>	<u>\$ 13,072,176</u>	<u>\$ 663,197</u>

Accrued compensated absences are generally liquidated 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, 2015
NID Bonds:				
2010A, Tax-Exempt Limited General Obligation Bonds	\$ 810,000	1.0%-3.0%	3/1/2020	\$ 465,000
2010B, Taxable Limited General Obligation Bonds	1,120,000	5.500%-6.125%	3/1/2030	1,120,000
				<u>\$ 1,585,000</u>

The annual requirements to amortize debt outstanding in the governmental activities as of September 30, 2015, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2016	\$ 75,000	\$ 77,847	\$ 152,847
2017	75,000	76,066	151,066
2018	75,000	74,050	149,050
2019	80,000	71,725	151,725
2020	160,000	68,125	228,125
2021-2025	460,000	267,300	727,300
2026-2030	660,000	117,600	777,600
Total minimum payments	<u>\$ 1,585,000</u>	<u>\$ 752,713</u>	<u>\$ 2,337,713</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 \$114,000 during fiscal year 2015.

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 184% of the annual principal and interest payments made during the year ended September 30, 2015. The total principal and interest remaining to be paid on the bonds is \$18,963,750. Principal paid and interest accrued for the current year and total customer net revenues were \$892,609 and \$1,640,981, respectively.

As of September 30, 2015, 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, 2015
Revenue Bonds:				
2010A, Tax-Exempt Sewerage System Revenue Bonds	\$ 595,000	3.0%-4.0%	7/1/2016	\$ 175,000
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	5,140,000
				<u>\$ 10,485,000</u>

The annual requirements to amortize debt outstanding in the business-type activities as of September 30, 2015, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2016	\$ 375,000	\$ 583,609	\$ 958,609
2017	320,000	570,609	890,609
2018	335,000	558,262	893,262
2019	345,000	545,351	890,351
2020	355,000	531,219	886,219
2021-2025	1,990,000	2,388,880	4,378,880
2026-2030	2,475,000	1,813,856	4,288,856
2031-2035	2,435,000	1,022,101	3,457,101
2036-2040	1,855,000	464,863	2,319,863
Total minimum payments	<u>\$ 10,485,000</u>	<u>\$ 8,478,750</u>	<u>\$ 18,963,750</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, 2014, of \$136,226,973, the constitutional total general obligation debt limit for "city purposes" was \$27,245,395, which provides a general obligation debt margin of \$25,853,395.

## 9. LEASE REVENUE

On May 13, 2014, the City entered into a lease for a building to Wildercrest Logistics Solutions, Inc., through May 31, 2017. The carrying value of this building in the City's governmental activities is \$300,000. Payments were \$5,000 per month through May 31, 2014 and are \$5,200 per month thereafter through May 31, 2017 (except for the months of November through February, for which no rent is due).

On January 31, 2013, the City entered into a lease for a building to Home Depot through January 31, 2014. During the year ended September 30, 2014, the lease was extended through January 23, 2017. The carrying value of this building in the City's governmental activities is \$1,040,239. Payments were \$12,750 per month through January 31, 2014 and are \$13,000 per month thereafter through January 23, 2017.

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

2016	\$ 197,600
2017	<u>72,800</u>
	<u>\$ 270,400</u>

Total lease revenue recognized in the General Fund during the year ended September 30, 2015 was \$196,915.

## 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, 2015 follows:

TRANSFERRED TO	TRANSFERRED FROM					
	Governmental Funds				Proprietary Funds	
	Major Funds		Non-major Funds		Major Funds	
	General Fund	Capital Improvement Sales Tax Fund	Cemetery Trust Fund	Subtotal	Sanitation Fund	Total
Governmental Funds:						
Major Funds:						
General Fund	\$ 30,000	\$ 350,000	\$ 1,682	\$ 381,682	\$ 80,000	\$ 461,682
Parks and Recreation Fund	205,000		-	205,000	-	205,000
Total major funds	<u>235,000</u>	<u>350,000</u>	<u>1,682</u>	<u>586,682</u>	<u>80,000</u>	<u>666,682</u>
Non-major Funds:						
Community Development Grants Fund	700,000	-	-	700,000	-	700,000
Grant Funds	-	29,403	-	29,403	-	29,403
Total non-major funds	<u>700,000</u>	<u>29,403</u>	<u>-</u>	<u>729,403</u>	<u>-</u>	<u>729,403</u>
Total governmental funds	<u>\$ 935,000</u>	<u>\$ 379,403</u>	<u>\$ 1,682</u>	<u>\$ 1,316,085</u>	<u>\$ 80,000</u>	<u>\$ 1,396,085</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, 2015, the City has recorded \$140,998 in estimated closure and postclosure costs, which includes a decrease in the liability of \$5,792 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, 2015. 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. As of September 30, 2015, commitments under contracts were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Commitment</u>
Wastewater treatment plant projects	\$ 207,502	\$ 174,259
Airport layout plan	41,548	135,952
Fairgrounds Park projects	287,778	39,420
Street improvements	14,931	32,428
	<u>\$ 551,759</u>	<u>\$ 382,059</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, 2015.

**13. CONDUIT BOND ISSUES**

As of September 30, 2015, the City has issued \$15,392,283 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

### *General Information about the Pension Plan*

The following information is presented in accordance with Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

#### Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

#### Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit multiplier	2%
Final average salary	3 years
Member contributions	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

#### Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	52
Active employees	80
	<hr/>
Total	215
	<hr/> <hr/>

## Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 13.8% (General), 11.3% (Police) and 3.3% (Fire) of annual covered payroll.

## *Net Pension Liability (Asset)*

The employer's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2015.

## Actuarial Assumptions

The total pension liability in the February 28, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015, valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00%	2.25%
Real assets	20.00%	4.50%
Strategic assets	6.50%	7.50%

## Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Changes in the Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 19,023,924	\$ 21,574,146	\$ (2,550,222)
Changes for the year:			
Service cost	427,181	-	427,181
Interest	1,363,122	-	1,363,122
Difference between expected and actual experience	(466,750)	-	(466,750)
Contributions - employer	-	407,859	(407,859)
Contributions - employee	-	-	-
Net investment income	-	419,009	(419,009)
Benefit payments, including refunds	(879,596)	(879,596)	-
Administrative expense	-	(17,429)	17,429
Other changes	-	(158,974)	158,974
Net changes	443,957	(229,131)	673,088
Balances at June 30, 2015	\$ 19,467,881	\$ 21,345,015	\$ (1,877,134)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	Current Single Discount		
	1% Decrease (6.25%)	Rate Assumption (7.25%)	1% Increase (8.25%)
Total pension liability	\$ 22,132,700	\$ 19,467,881	\$ 17,264,232
Plan fiduciary net position	\$ 21,345,015	\$ 21,345,015	\$ 21,345,015
Net pension liability/(asset)	\$ 787,685	\$ (1,877,134)	\$ (4,080,783)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued LAGERS financial report.

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

For the year ended June 30, 2015, the employer recognized pension expense of \$528,664. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ (345,343)
Differences in assumptions	-	-
Excess (deficit) investment returns	897,626	-
Contributions subsequent to the measurement date*	111,165	-
Total	<u>\$ 1,008,791</u>	<u>\$ (345,343)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension asset for the year ending June 30, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending:	
2016	\$ 201,992
2017	90,827
2018	160,768
2019	209,861
Total	<u>\$ 663,448</u>

***Payable to the Pension Plan***

At September 30, 2015, the City reported a payable of \$14,030 for the outstanding amount of contributions to the pension plan required for the year then ended.

**15. 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.

**16. FUND BALANCES AND BUDGETS**

The Cunningham Road NID Fund, a governmental fund, had a deficit of \$2,746, 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 \$62,475, due to certain non-cash items, such as amortization expense of a twenty-year lease/maintenance agreement, not being budgeted.

**17. CHANGE IN ACCOUNTING PRINCIPLE**

During the fiscal year ended September 30, 2015, the City implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures.

As a result of the implementation, net position as of September 30, 2014, was restated as follows:

	Governmental Activities	Business-type Activities	Wastewater Fund	Sanitation Fund
Net position, as previously reported	\$ 49,612,345	\$ 11,070,710	\$ 10,775,559	\$ 295,151
Prior period adjustment				
Net pension asset (measurement date of June 30, 2014)	2,207,486	342,736	314,015	28,721
Deferred outflows (contributions between the measurement date of June 30, 2014 and the City's fiscal year end of September 30, 2014)	88,216	13,697	12,549	1,148
Net position, as restated	<u>\$ 51,908,047</u>	<u>\$ 11,427,143</u>	<u>\$ 11,102,123</u>	<u>\$ 325,020</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**Year Ended September 30, 2015**

	General Fund as reported in Financial Statements	Less Other City Funds Included for Reporting	General Fund Activity on the City's Budgetary	Original General Fund Budget	Final General Fund Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$ 4,716,627	\$ -	\$ 4,716,627	\$ 4,681,195	\$ 4,634,408	\$ 82,219
Licenses and permits	153,361	-	153,361	140,100	140,800	12,561
Intergovernmental revenues	44,648	(38,773)	5,875	5,000	5,500	375
Fines and forfeitures	99,130	-	99,130	35,025	74,225	24,905
Miscellaneous	614,715	(230,092)	384,623	337,207	370,361	14,262
<b>Total revenues</b>	<b>5,628,481</b>	<b>(268,865)</b>	<b>5,359,616</b>	<b>5,198,527</b>	<b>5,225,294</b>	<b>134,322</b>
<b>EXPENDITURES:</b>						
General government	1,117,038	-	1,117,038	1,201,298	1,187,393	70,355
Public safety	2,302,288	-	2,302,288	2,481,154	2,370,679	68,391
Streets	838,931	-	838,931	907,064	876,712	37,781
Cemetery	119,150	-	119,150	145,858	135,325	16,175
Economic development	151,113	(5,000)	146,113	174,847	166,078	19,965
Airport	56,207	(56,207)	-	-	-	-
Community development	191,124	-	191,124	219,154	191,861	737
Brush yard	27,141	-	27,141	-	34,611	7,470
Capital outlay	978,573	(65,025)	913,548	894,985	940,641	27,093
Debt service	99,535	(99,535)	-	-	-	-
<b>Total expenditures</b>	<b>5,881,100</b>	<b>(225,767)</b>	<b>5,655,333</b>	<b>6,024,360</b>	<b>5,903,300</b>	<b>247,967</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(252,619)</b>	<b>(43,098)</b>	<b>(295,717)</b>	<b>(825,833)</b>	<b>(678,006)</b>	<b>382,289</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	461,682	(40,000)	421,682	421,660	421,660	22
Transfers (out)	(935,000)	-	(935,000)	(835,000)	(935,000)	-
<b>Total other financing sources (uses)</b>	<b>(473,318)</b>	<b>(40,000)</b>	<b>(513,318)</b>	<b>(413,340)</b>	<b>(513,340)</b>	<b>22</b>
<b>Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ (725,937)</b>	<b>\$ (83,098)</b>	<b>\$ (809,035)</b>	<b>\$ (1,239,173)</b>	<b>\$ (1,191,346)</b>	<b>\$ 382,311</b>

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, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 974,067	\$ 951,671	\$ 957,443	\$ 16,624
Charges for services	23,913	33,825	19,320	4,593
Contributions	137,880	200,000	200,000	(62,120)
Miscellaneous	23,553	22,650	19,805	3,748
Total revenues	<u>1,159,413</u>	<u>1,208,146</u>	<u>1,196,568</u>	<u>(37,155)</u>
<b>EXPENDITURES:</b>				
Parks and recreation	860,816	939,642	943,435	82,619
Capital outlay	407,439	653,250	471,104	63,665
Total expenditures	<u>1,268,255</u>	<u>1,592,892</u>	<u>1,414,539</u>	<u>146,284</u>
(Deficiency) of revenues (under) expenditures	<u>(108,842)</u>	<u>(384,746)</u>	<u>(217,971)</u>	<u>109,129</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	205,000	305,000	205,000	-
Total other financing sources	<u>205,000</u>	<u>305,000</u>	<u>205,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 96,158</u>	<u>\$ (79,746)</u>	<u>\$ (12,971)</u>	<u>\$ 109,129</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - PUBLIC HEALTH FUND  
Year Ended September 30, 2015**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 291,018	\$ 285,742	\$ 292,892	\$ (1,874)
Miscellaneous	63,178	42,300	62,900	278
Total revenues	<u>354,196</u>	<u>328,042</u>	<u>355,792</u>	<u>(1,596)</u>
EXPENDITURES:				
Public health	<u>336,813</u>	<u>348,451</u>	<u>343,983</u>	<u>7,170</u>
Total expenditures	<u>336,813</u>	<u>348,451</u>	<u>343,983</u>	<u>7,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,383</u>	<u>\$ (20,409)</u>	<u>\$ 11,809</u>	<u>\$ 5,574</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - CAPITAL IMPROVEMENT SALES TAX FUND  
Year Ended September 30, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 831,679	\$ 808,800	\$ 811,000	\$ 20,679
Miscellaneous	5,124	2,100	4,100	1,024
Total revenues	<u>836,803</u>	<u>810,900</u>	<u>815,100</u>	<u>21,703</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>351,600</u>	<u>668,800</u>	<u>589,233</u>	<u>237,633</u>
Total expenditures	<u>351,600</u>	<u>668,800</u>	<u>589,233</u>	<u>237,633</u>
Excess of revenues over expenditures	<u>485,203</u>	<u>142,100</u>	<u>225,867</u>	<u>259,336</u>
<b>OTHER FINANCING (USES):</b>				
Transfers (out)	<u>(379,403)</u>	<u>(374,500)</u>	<u>(379,403)</u>	<u>-</u>
Total other financing (uses)	<u>(379,403)</u>	<u>(374,500)</u>	<u>(379,403)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing (uses) over (under) expenditures	<u>\$ 105,800</u>	<u>\$ (232,400)</u>	<u>\$ (153,536)</u>	<u>\$ 259,336</u>

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**SPECIAL REVENUE - MID-AMERICA BRICK NID FUND**  
**Year Ended September 30, 2015**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 154,741	\$ 154,741	\$ 154,741	\$ -
Miscellaneous	24,286	27,236	24,212	74
Total revenues	<u>179,027</u>	<u>181,977</u>	<u>178,953</u>	<u>74</u>
<b>EXPENDITURES:</b>				
Community development	83,799	21,348	21,324	(62,475)
Debt service	149,569	149,569	149,569	-
Total expenditures	<u>233,368</u>	<u>170,917</u>	<u>170,893</u>	<u>(62,475)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (54,341)</u>	<u>\$ 11,060</u>	<u>\$ 8,060</u>	<u>\$ (62,401)</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 and Airport 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 \$62,475, 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 6.35, which is comparable to a mid 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>
2015	6.35
2014	6.24
2013	6.19

### 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>
2015	\$ 835,434	\$ 1,017,505
2014	\$ 803,473	\$ 833,860
2013	\$ 799,378	\$ 956,996

### 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**  
**LAGERS (PENSION PLAN)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**September 30, 2015**

Total pension liability	
Service cost	\$ 427,181
Interest on the total pension liability	1,363,122
Benefit changes	-
Difference between expected and actual experience	(466,750)
Assumption changes	-
Benefit payments	(879,596)
Refunds	-
	<hr/>
Net change in total pension liability	443,957
Total pension liability beginning	<hr/> 19,023,924
Total pension liability ending	<hr/> <u>\$ 19,467,881</u>
Plan fiduciary net position	
Contributions - employer	\$ 407,859
Contributions - employee	-
Pension plan net investment income	419,009
Benefit payments	(879,596)
Refunds	-
Pension plan administrative expense	(17,429)
Other	(158,974)
	<hr/>
Net change in plan fiduciary net position	(229,131)
Plan fiduciary net position beginning	<hr/> 21,574,146
Plan fiduciary net position ending	<hr/> <u>\$ 21,345,015</u>
Employer's net pension liability/(asset)	<hr/> <u>\$ (1,877,134)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.64%
Covered employee payroll	\$ 3,327,803
Employer's net pension liability/(asset) as a percentage of covered employee payroll	-56.41%

*Note: This schedule will ultimately contain ten years of data.*

**CITY OF MEXICO**

**LAGERS (PENSION PLAN)  
SCHEDULE OF CONTRIBUTIONS – LAST TEN FISCAL YEARS  
September 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 483,487	\$ 469,309	\$ 489,392	\$ 512,154	\$ 519,597
Contributions in relation to the actuarially determined contribution	417,112	379,781	371,785	352,120	369,145
Contribution deficiency (excess)	<u>\$ 66,375</u>	<u>\$ 89,528</u>	<u>\$ 117,607</u>	<u>\$ 160,034</u>	<u>\$ 150,452</u>
Covered employee payroll	\$ 3,341,651	\$ 3,304,247	\$ 3,235,440	\$ 3,151,077	\$ 3,446,386
Contributions as a percentage of covered employee payroll	12.48%	11.49%	11.49%	11.17%	10.71%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 350,298	\$ 328,531	\$ 330,238	\$ 221,044	\$ 191,454
Contributions in relation to the actuarially determined contribution	350,298	328,244	325,673	302,141	280,208
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ 4,565</u>	<u>\$ (81,097)</u>	<u>\$ (88,754)</u>
Covered employee payroll	\$ 3,662,217	\$ 3,362,584	\$ 2,986,664	\$ 2,921,720	\$ 2,853,335
Contributions as a percentage of covered employee payroll	9.57%	9.76%	10.90%	10.34%	9.82%

## **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 Fund*

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

#### *Community Development Grants Fund*

To account for various grants received and restricted for special community development projects, as well as transfers received from the City's other funds and committed for special community development projects.

#### *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 \$13,500 and burial permits of \$18,200 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 \$1,682 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, 2015**

	Special Revenue Funds			Capital Projects	Permanent	Total
	Tourism Tax Fund	Community Development Grants Fund	Cunningham Road NID Fund	Fund Grant Funds	Fund Cemetery Perpetual Care Fund	
<b>ASSETS</b>						
ASSETS						
Cash and cash equivalents	\$ 54,294	\$ 709,232	\$ -	\$ 72,790	\$ -	\$ 836,316
Restricted cash	-	-	-	-	166,352	166,352
Taxes receivable	6,041	-	-	-	-	6,041
Intergovernmental receivable	-	-	-	7,456	-	7,456
NID receivable	-	-	7,439	-	-	7,439
Other receivables	-	-	343	-	-	343
<b>TOTAL ASSETS</b>	<b>60,335</b>	<b>709,232</b>	<b>7,782</b>	<b>80,246</b>	<b>166,352</b>	<b>1,023,947</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
LIABILITIES						
Accounts payable	-	-	-	9,320	-	9,320
Interfund payable	-	-	2,823	-	-	2,823
Total liabilities	-	-	2,823	9,320	-	12,143
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - special assessment	-	-	7,705	-	-	7,705
Total deferred inflows of resources	-	-	7,705	-	-	7,705
FUND BALANCES						
Nonexpendable - perpetual care	-	-	-	-	166,352	166,352
Restricted for:						
Community development	-	9,232	-	-	-	9,232
Tourism	60,335	-	-	-	-	60,335
Grant activity	-	-	-	70,926	-	70,926
Committed for:						
Community development	-	700,000	-	-	-	700,000
Unassigned	-	-	(2,746)	-	-	(2,746)
Total fund balances	60,335	709,232	(2,746)	70,926	166,352	1,004,099
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 60,335</b>	<b>\$ 709,232</b>	<b>\$ 7,782</b>	<b>\$ 80,246</b>	<b>\$ 166,352</b>	<b>\$ 1,023,947</b>

**CITY OF MEXICO**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR FUNDS  
Year Ended September 30, 2015**

	Special Revenue Funds			Capital Projects	Permanent	Total
	Tourism Tax Fund	Community Development Grants Fund	Cunningham Road NID Fund	Fund Grant Funds	Fund Cemetery Perpetual Care Fund	
REVENUES:						
Taxes						
Property	\$ -	\$ -	\$ 851	\$ -	\$ -	\$ 851
Sales	50,310	-	-	-	-	50,310
Intergovernmental revenues	-	-	-	8,581	-	8,581
Miscellaneous						
Interest	-	2,726	-	-	1,682	4,408
<b>TOTAL REVENUES</b>	<b>50,310</b>	<b>2,726</b>	<b>851</b>	<b>8,581</b>	<b>1,682</b>	<b>64,150</b>
EXPENDITURES:						
Current:						
Community development	41,160	-	-	26,562	-	67,722
Total expenditures	41,160	-	-	26,562	-	67,722
Excess (deficiency) of revenues over (under) expenditures	9,150	2,726	851	(17,981)	1,682	(3,572)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	700,000	-	29,403	-	729,403
Transfers (out)	-	-	-	-	(1,682)	(1,682)
Total other financing sources (uses)	-	700,000	-	29,403	(1,682)	727,721
Net change in fund balances	9,150	702,726	851	11,422	-	724,149
Fund balances, October 1	51,185	6,506	(3,597)	59,504	166,352	279,950
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 60,335</b>	<b>\$ 709,232</b>	<b>\$ (2,746)</b>	<b>\$ 70,926</b>	<b>\$ 166,352</b>	<b>\$ 1,004,099</b>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - TOURISM TAX FUND  
Year Ended September 30, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 50,310	\$ 47,800	\$ 47,500	\$ 2,810
Total revenues	<u>50,310</u>	<u>47,800</u>	<u>47,500</u>	<u>2,810</u>
EXPENDITURES:				
Community development	41,160	53,000	50,000	8,840
Total expenditures	<u>41,160</u>	<u>53,000</u>	<u>50,000</u>	<u>8,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,150</u>	<u>\$ (5,200)</u>	<u>\$ (2,500)</u>	<u>\$ 11,650</u>

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**SPECIAL REVENUE - COMMUNITY DEVELOPMENT GRANTS FUND**  
**Year Ended September 30, 2015**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:				
Miscellaneous	\$ 2,726	\$ -	\$ 2,535	\$ 191
Total revenues	<u>2,726</u>	<u>-</u>	<u>2,535</u>	<u>191</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>700,000</u>	<u>500,000</u>	<u>700,000</u>	<u>-</u>
Total other financing sources	<u>700,000</u>	<u>500,000</u>	<u>700,000</u>	<u>-</u>
Excess of revenues and other financing sources	<u>\$ 702,726</u>	<u>\$ 500,000</u>	<u>\$ 702,535</u>	<u>\$ 191</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE - CUNNINGHAM ROAD NID FUND  
Year Ended September 30, 2015**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:				
Taxes	\$ 851	\$ 772	\$ 1,711	\$ (860)
Total revenues	<u>851</u>	<u>772</u>	<u>1,711</u>	<u>(860)</u>
Excess (deficiency) of revenues	<u>\$ 851</u>	<u>\$ 772</u>	<u>\$ 1,711</u>	<u>\$ (860)</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
CAPITAL PROJECTS - GRANTS AND OTHER FUNDS  
Year Ended September 30, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 8,581	\$ 193,300	\$ 127,987	\$ (119,406)
Total revenues	<u>8,581</u>	<u>193,300</u>	<u>127,987</u>	<u>(119,406)</u>
<b>EXPENDITURES:</b>				
Community development	26,562	171,800	127,069	100,507
Total expenditures	<u>26,562</u>	<u>155,800</u>	<u>127,069</u>	<u>100,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,981)</u>	<u>37,500</u>	<u>918</u>	<u>(18,899)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	29,403	8,500	29,403	-
Total other financing sources	<u>29,403</u>	<u>8,500</u>	<u>29,403</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 11,422</u>	<u>\$ 46,000</u>	<u>\$ 30,321</u>	<u>\$ (18,899)</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE -  
PERMANENT - CEMETERY PERPETUAL CARE FUND  
Year Ended September 30, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Miscellaneous	\$ 1,682	\$ 1,660	\$ 1,660	\$ 22
Total revenues	<u>1,682</u>	<u>1,660</u>	<u>1,660</u>	<u>22</u>
OTHER FINANCING (USES):				
Transfers (out)	<u>(1,682)</u>	<u>(1,660)</u>	<u>(1,660)</u>	<u>(22)</u>
Total other financing (uses)	<u>(1,682)</u>	<u>(1,660)</u>	<u>(1,660)</u>	<u>(22)</u>
Excess (deficiency) of revenues over (under) other financing (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE -**  
**AIRPORT FUND**  
**Year Ended September 30, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 38,773	\$ 193,500	\$ 76,948	\$ (38,175)
Miscellaneous	30,329	26,400	29,914	415
Total revenues	<u>69,102</u>	<u>219,900</u>	<u>106,862</u>	<u>(37,760)</u>
<b>EXPENDITURES:</b>				
Airport	56,207	62,798	62,140	5,933
Capital outlay	43,948	215,000	95,000	51,052
Total expenditures	<u>100,155</u>	<u>277,798</u>	<u>157,140</u>	<u>56,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,053)</u>	<u>(57,898)</u>	<u>(50,278)</u>	<u>19,225</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	40,000	40,000	40,000	-
Total other financing sources	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 8,947</u>	<u>\$ (17,898)</u>	<u>\$ (10,278)</u>	<u>\$ 19,225</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, 2015**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Miscellaneous	\$ 199,763	\$ 197,200	\$ 200,054	\$ (291)
Total revenues	<u>199,763</u>	<u>197,200</u>	<u>200,054</u>	<u>(291)</u>
<b>EXPENDITURES:</b>				
Economic development	5,000	65,000	35,000	30,000
Capital outlay	21,077	35,000	29,339	8,262
Debt service	99,535	99,535	99,535	-
Total expenditures	<u>125,612</u>	<u>199,535</u>	<u>163,874</u>	<u>38,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 74,151</u>	<u>\$ (2,335)</u>	<u>\$ 36,180</u>	<u>\$ 37,971</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.

**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.*

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (schedules 1 through 4)</i>	67-71
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (schedules 5 through 11)</i>	72-79
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (schedules 12 through 16)</i>	80-84
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (schedules 17 through 18)</i>	85-86
<b>Operating Information</b> <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (schedule 19 through 21)</i>	87-89

**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									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> (as restated)	<u>2014</u>	<u>2015</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$4,051,333	\$40,222,312	\$40,306,835	\$40,400,657	\$40,527,934	\$41,259,862	\$42,229,128	\$42,356,412	\$42,769,673	\$43,621,653
Restricted	372,656	362,367	431,253	411,321	805,641	2,147,275	2,102,698	2,316,964	2,292,246	2,384,386
Unrestricted	<u>1,487,151</u>	<u>2,401,214</u>	<u>2,991,706</u>	<u>3,216,020</u>	<u>4,827,108</u>	<u>3,133,843</u>	<u>3,085,567</u>	<u>3,387,071</u>	<u>4,550,426</u>	<u>7,138,136</u>
<b>Total governmental activities net position</b>	<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>48,060,447</u>	<u>49,612,345</u>	<u>53,144,175</u>
<b>Business-type activities</b>										
Net investment in capital assets	8,965,499	9,083,219	9,083,219	8,828,500	8,031,312	7,650,738	7,489,140	7,598,321	7,702,563	7,286,901
Restricted	-	-	-	25,383	510,874	1,198,157	1,201,431	1,103,076	1,115,326	1,125,837
Unrestricted	<u>714,198</u>	<u>1,038,189</u>	<u>1,035,695</u>	<u>716,251</u>	<u>1,108,212</u>	<u>1,475,155</u>	<u>1,890,557</u>	<u>2,274,545</u>	<u>2,252,821</u>	<u>3,252,629</u>
<b>Total business-type activities net position</b>	<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>10,975,942</u>	<u>11,070,710</u>	<u>11,665,367</u>
<b>Primary government</b>										
Net investment in capital assets	49,016,832	49,305,531	49,390,054	49,229,157	48,559,246	48,910,600	49,718,268	49,954,733	50,472,236	50,908,554
Restricted	372,656	362,367	431,253	436,704	1,316,515	3,345,432	3,304,129	3,420,040	3,407,572	3,510,223
Unrestricted	<u>2,201,349</u>	<u>3,439,403</u>	<u>4,027,601</u>	<u>3,932,271</u>	<u>5,935,320</u>	<u>4,608,998</u>	<u>4,976,124</u>	<u>5,661,616</u>	<u>6,803,247</u>	<u>10,390,765</u>
<b>Total primary government net position</b>	<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>\$57,998,521</u>	<u>\$59,036,389</u>	<u>\$60,683,055</u>	<u>\$64,809,542</u>

Note: The City implemented GASB 65 for the fiscal year ended September 30, 2014. As a result, beginning net position for the governmental and business-type activities were reduced by \$44,713 and \$181,929, respectively. However, except for 2013, prior years were not restated.

Note: The City implemented GASB 68 for the fiscal year ended September 30, 2015. However, prior years were not restated.

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013 (as restated)	2014	2015
<b>Expenses</b>										
<b>Governmental activities:</b>										
General Government	\$1,142,529	\$1,198,109	\$1,076,185	\$1,187,124	\$1,172,615	\$1,153,299	\$1,237,910	\$1,274,967	\$1,000,510	\$1,137,315
Public Safety	2,334,216	2,411,185	2,499,074	2,635,278	2,781,807	2,588,564	2,373,261	2,376,480	2,397,085	2,328,512
Streets	942,616	1,084,270	1,202,872	1,124,209	1,158,808	1,298,659	1,264,331	1,211,770	1,269,741	1,300,808
Cemetery	86,997	64,100	101,259	104,053	111,844	93,901	119,683	126,495	164,876	122,965
Parks and recreation	619,299	772,521	738,024	787,951	842,499	883,698	785,099	873,998	942,270	1,006,266
Public Health	258,891	264,344	322,190	328,804	390,387	312,670	317,007	345,322	314,787	342,175
Economic Development	213,753	256,284	396,448	295,034	238,929	246,301	234,431	251,145	194,888	209,317
Airport	130,388	136,487	126,166	119,922	117,739	120,473	134,531	160,875	140,532	134,940
Community Development	1,018,615	2,267,577	395,961	404,435	4,496,926	2,464,877	460,657	455,192	473,509	362,510
Brush Yard	-	-	-	-	-	-	-	-	-	30,771
Interest on long-term debt	101,668	104,925	232,160	63,983	50,820	110,743	103,307	111,851	105,702	102,456
Loss on sale of capital assets	-	-	42,011	5,657	52,128	-	-	-	-	-
<b>Total governmental activities expenses</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>7,188,095</b>	<b>7,003,900</b>	<b>7,078,035</b>
<b>Business-type activities:</b>										
Wastewater Utility	903,561	968,139	1,248,086	1,692,600	1,571,695	1,571,278	2,288,282	2,303,409	2,848,318	2,857,437
Sanitation	413,830	397,429	445,968	451,564	473,264	494,957	556,707	421,438	539,860	516,545
<b>Total business-type activities expenses</b>	<b>1,317,391</b>	<b>1,365,568</b>	<b>1,694,054</b>	<b>2,144,164</b>	<b>2,044,959</b>	<b>2,066,235</b>	<b>2,844,989</b>	<b>2,724,847</b>	<b>3,388,178</b>	<b>3,373,982</b>
<b>Total primary government expenses</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>\$9,912,942</b>	<b>10,392,078</b>	<b>10,452,017</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
General	\$154,490	\$138,514	\$156,405	\$114,322	\$132,660	\$152,645	\$153,384	\$160,623	\$201,748	\$153,361
Public Safety	435,456	466,165	472,741	493,238	515,245	164,697	36,632	33,229	55,229	99,130
Parks and recreation	40,273	42,886	40,217	39,652	47,615	46,755	43,114	37,229	21,206	23,913
Economic Development	226,007	230,069	152,630	130,964	29,113	65,252	155,833	192,250	194,000	196,915
Airport	22,253	23,050	22,140	22,490	22,800	21,513	22,776	24,099	26,586	27,200
Operating grants and contributions	32,176	330,105	90,754	2,663	683	20,000	-	7,701	-	-
Capital grants and contributions	2,652,789	2,097,620	395,158	198,330	6,483,395	3,132,982	994,834	243,196	570,046	295,414
<b>Total governmental activities program revenues</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>1,068,815</b>	<b>795,933</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Wastewater Utility	1,049,665	1,153,744	1,092,773	1,082,665	1,573,091	2,033,713	2,417,368	2,599,749	2,741,029	2,945,772
Sanitation	421,947	443,060	468,907	489,656	509,198	530,885	552,131	563,436	565,879	568,031
Capital grants and contributions	145,113	42,354	76,501	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</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>3,306,908</b>	<b>3,513,803</b>
<b>Total primary government program revenues</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>	<b>\$4,375,723</b>	<b>\$4,309,736</b>

Note: The City implemented GASB 65 for the fiscal year ended September 30, 2014. As a result, beginning net position for the governmental and business-type activities were reduced by \$44,713 and \$181,929, respectively. However, except for 2013, prior years were not restated.

Note: The City implemented GASB 68 for the fiscal year ended September 30, 2015. However, prior years were not restated.

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013 (as restated)	2014	2015
<b>Net (Expense)/Revenue</b>										
Governmental activities	(3,285,528)	(5,230,466)	(5,802,305)	(6,064,791)	(4,182,991)	(5,669,341)	(5,623,644)	(6,489,768)	(5,935,085)	(6,282,102)
Business-type activities	299,334	273,590	(55,873)	(571,843)	37,330	498,363	124,510	438,338	(81,270)	139,821
Total primary government net expense	<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>(\$6,051,430)</u>	<u>(\$6,016,355)</u>	<u>(\$6,142,281)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property Taxes	\$974,322	\$999,767	\$1,061,739	\$1,141,463	\$1,149,805	\$1,252,559	\$1,205,154	\$1,130,099	\$1,056,128	\$1,115,318
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	3,916,683	3,988,132
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	1,924,513	1,817,210
Intergovernmental Revenues	21,559	9,058	5,038	5,000	-	-	-	-	-	-
Miscellaneous Income	387,137	219,212	364,195	311,609	517,974	432,392	475,486	594,845	334,648	264,573
Administrative Reimbursement	-	-	-	-	-	-	-	-	196,318	186,713
Issuance of NID Bonds	-	-	-	-	-	-	-	22,003	-	-
Gain on Sale of Capital Assets	-	580,285	-	-	-	-	41,671	-	-	-
Investment earnings	87,949	146,461	87,875	21,008	17,392	16,541	12,111	30,585	58,693	66,284
Contributions to Others	-	-	-	-	-	(242,173)	-	-	-	-
Net transfers (out) in from other funds	-	(110,602)	-	-	(9,596)	(170,504)	-	-	-	80,000
Total governmental activities	<u>5,659,127</u>	<u>6,306,146</u>	<u>6,546,209</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>	<u>7,486,983</u>	<u>7,518,230</u>
Business-type activities:										
Change in landfill P/L estimate	13,000	-	-	-	-	-	-	-	-	-
Miscellaneous Income	3,612	2,773	15,450	15,363	22,300	3,887	-	7,605	21,869	30,482
Investment earnings	51,532	54,746	38,127	7,500	11,038	153,534	132,568	139,104	35,120	34,095
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	5,100	-
Interest Rebate on Build America Bonds	-	-	-	-	-	-	-	-	113,949	113,826
Contributions to Others	-	-	-	-	-	(152,636)	-	-	-	-
Net transfers (out) in from other funds	-	110,602	-	-	9,596	170,504	-	-	-	(80,000)
Total business-type activities	<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>	<u>176,038</u>	<u>98,403</u>
Total primary government	<u>\$5,727,271</u>	<u>\$6,474,267</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>	<u>\$7,663,021</u>	<u>\$7,616,633</u>
<b>Change in Net Position</b>										
Governmental activities	\$2,373,599	\$1,074,753	\$743,904	\$298,204	\$2,132,685	\$380,298	\$876,413	\$693,629	\$1,551,898	\$1,236,128
Business-type activities	367,478	441,711	(2,296)	(548,980)	80,264	673,652	257,078	585,047	94,768	238,224
Total primary government	<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>\$1,278,676</u>	<u>\$1,646,666</u>	<u>\$1,474,352</u>

Note: The City implemented GASB 65 for the fiscal year ended September 30, 2014. As a result, beginning net position for the governmental and business-type activities were reduced by \$44,713 and \$181,929, respectively. However, except for 2013, prior years were not restated.

Note: The City implemented GASB 68 for the fiscal year ended September 30, 2015. However, prior years were not restated.

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,909	\$ 339,075	\$ 422,173
Unassigned	<u>1,070,357</u>	<u>1,406,458</u>	<u>2,115,543</u>	<u>2,117,852</u>	<u>2,773,700</u>	<u>3,016,025</u>	<u>3,239,024</u>	<u>3,485,709</u>	<u>4,256,054</u>	<u>3,447,019</u>
Total General Fund	<u>\$1,070,357</u>	<u>\$1,406,458</u>	<u>\$2,115,543</u>	<u>\$2,117,852</u>	<u>\$2,773,700</u>	<u>\$3,016,025</u>	<u>\$3,239,024</u>	<u>3,765,618</u>	<u>4,595,129</u>	<u>3,869,192</u>
All Other Governmental Funds										
Reserved	372,656	362,367	431,253	411,321	805,641	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	670,989	1,250,733	1,024,916	898,168	1,808,999	-	-	-	-	-
Capital projects funds	50,142	(138,703)	(23,002)	(22,614)	19,226	-	-	-	-	-
Nonspendable										
Prepays	-	-	-	-	-	1,187,025	1,124,550	1,062,075	999,600	937,125
Perpetual Care	-	-	-	-	-	166,352	166,352	166,352	166,352	166,352
Restricted For:										
Capital Improvements	-	-	-	-	-	364,264	356,863	409,188	556,986	662,786
Public Health	-	-	-	-	-	158,567	188,094	205,465	226,226	243,609
Community Development	-	-	-	-	-	13,051	3,844	9,978	6,506	9,232
Tourism	-	-	-	-	-	43,473	43,680	51,190	51,185	60,335
Grant Activity	-	-	-	-	-	13,188	14,714	39,145	59,504	70,926
Debt Service	-	-	-	-	-	201,355	204,601	373,571	225,887	234,021
Committed:										
Community Development	-	-	-	-	-	-	-	-	-	700,000
Assigned										
Parks & Recreation	-	-	-	-	-	131,509	232,272	411,121	582,987	679,145
Unassigned										
Non-major Fund	-	-	-	-	-	(62,576)	(3,183)	(7,521)	(3,597)	(2,746)
Total all other governmental funds	<u>\$ 1,093,787</u>	<u>\$ 1,474,397</u>	<u>\$ 1,433,167</u>	<u>\$ 1,286,875</u>	<u>\$ 2,633,866</u>	<u>\$ 2,216,208</u>	<u>\$ 2,331,787</u>	<u>\$ 2,720,564</u>	<u>\$ 2,871,636</u>	<u>\$ 3,760,785</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes										
Property	\$ 974,322	\$ 999,767	\$ 1,061,739	\$ 1,141,463	\$ 1,149,805	\$ 1,329,413	\$ 1,306,794	\$ 1,254,316	\$ 1,059,357	\$ 1,213,951
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	3,916,683	3,988,132
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	1,924,513	1,817,210
Licenses, fees, and permits	154,490	138,514	156,405	114,322	132,660	152,645	153,384	160,623	201,748	153,361
Fines and penalties	44,268	44,151	43,594	47,916	44,234	46,975	36,632	33,229	55,229	99,130
Charges for services	40,273	42,886	40,217	39,652	47,615	46,755	43,114	37,229	21,206	23,913
Intergovernmental	1,020,223	2,265,656	457,901	129,934	4,481,243	2,565,172	925,309	187,907	365,398	53,229
Investment earnings	87,949	146,462	87,875	21,008	17,392	16,541	12,111	30,585	58,693	66,284
Other revenues	1,006,309	954,928	1,014,536	835,300	1,070,840	687,576	695,766	811,194	751,552	806,860
<b>Total revenues</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>\$8,354,379</b>	<b>\$8,222,070</b>
<b>Expenditures</b>										
General government	\$819,426	\$844,913	\$930,061	\$951,126	\$1,001,272	\$1,005,234	\$1,018,077	\$1,114,937	\$1,089,993	\$1,117,038
Public safety	2,298,277	2,374,666	2,478,127	2,635,278	2,674,804	2,498,895	2,179,572	2,232,667	2,247,577	2,302,288
Streets	704,252	751,972	749,858	760,172	784,612	820,924	738,818	801,903	820,953	838,931
Cemetery	92,887	93,052	97,975	104,053	106,433	107,284	109,242	113,694	118,230	119,150
Parks and recreation	472,927	479,490	585,016	630,228	689,277	710,020	624,341	721,214	802,909	860,816
Public health	252,129	256,934	313,372	320,376	382,935	294,034	290,763	324,331	301,392	336,813
Economic development	159,535	184,433	341,478	232,719	181,872	172,721	212,179	186,200	145,399	151,113
Airport	56,703	91,254	98,859	64,012	46,644	56,044	53,815	68,129	60,099	56,207
Community development	275,375	1,955,556	311,664	353,337	708,979	595,522	761,701	366,888	443,095	342,645
Brush yard	-	-	-	-	-	-	-	-	-	27,141
Capital outlay	2,119,982	1,912,280	1,022,768	877,114	4,983,478	3,274,143	1,362,838	837,625	1,093,689	1,737,612
*Debt service										
Principal	241,009	72,170	216,327	95,368	87,209	135,670	146,942	149,570	143,768	146,429
Interest	101,955	105,053	97,939	64,520	50,820	110,743	101,879	110,422	106,692	102,675
<b>Total expenditures</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>	<b>\$7,373,796</b>	<b>\$8,138,858</b>
Excess of revenues over (under) expenditures	(\$78,463)	(\$67,444)	\$646,185	(\$143,983)	\$154,745	(\$175,333)	\$338,578	\$893,368	\$980,583	\$83,212

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other Financing Sources (Uses)</b>										
NID proceeds	-	-	-	-	1,916,259	-	-	-	-	-
Issuance of NID bonds	-	-	-	-	-	-	-	22,003	-	-
Proceeds from sale of capital assets	-	894,758	22,600	-	-	-	-	-	-	-
Issuance costs	-	-	-	-	(68,164)	-	-	-	-	-
Transfers in	2,580,145	2,401,532	2,099,106	2,056,372	1,899,165	771,951	765,531	668,826	471,781	1,396,085
Transfers out	(2,580,145)	(2,512,134)	(2,099,106)	(2,056,372)	(1,899,165)	(771,951)	(765,531)	(668,826)	(471,781)	(1,316,085)
<b>Total other financing sources (uses)</b>	-	784,156	22,600	-	1,848,095	-	-	22,003	-	80,000
<b>Net change in fund balances</b>	<b>(\$78,463)</b>	<b>\$716,712</b>	<b>\$668,785</b>	<b>(\$143,983)</b>	<b>\$2,002,840</b>	<b>(\$175,333)</b>	<b>\$338,578</b>	<b>\$915,371</b>	<b>\$980,583</b>	<b>\$163,212</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.56%</b>	<b>2.17%</b>	<b>4.70%</b>	<b>2.44%</b>	<b>2.10%</b>	<b>3.93%</b>	<b>3.92%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>3.90%</b>

**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
2006	2005	\$ 894,242	\$ 854,065	95.51%	\$ 13,284	\$ 867,349	96.99%
2007	2006	921,879	898,719	97.49%	22,885	921,604	99.97%
2008	2007	1,024,770	989,460	96.56%	35,025	1,024,485	99.98%
2009	2008	1,094,182	1,070,854	97.90%	23,284	1,094,138	100.00%
2010	2009	1,103,048	1,041,675	94.44%	45,021	1,086,696	98.52%
2011	2010	1,099,901	1,073,156	97.56%	22,340	1,095,496	99.60%
2012	2011	1,102,389	1,086,503	98.55%	13,890	1,100,393	99.82%
2013 (2)	2012	990,676	976,293	98.54%	13,712	990,005	99.99%
2014	2013	1,010,953	953,731	94.34%	15,516	1,008,268	99.74%
2015	2014	997,863	983,723	98.59%	-	-	98.59%

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Agricultural Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>RxR &amp; Utility</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
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	0.72	568,058,630	24.39%
2014	59,926,940	103,800	34,439,178	39,485,368	6,806,729	140,762,010	0.73	563,468,298	24.98%
2015	60,146,100	101,910	34,608,940	34,554,901	6,815,122	136,226,973	0.73	550,626,336	24.74%

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 Parks & Public Hlth	Redevelopment Program	Total Direct Rate	Mexico School District	Mexico Audrain County General	Audrain County Special	Mexico Ambulance District	State	
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
2014	0.42	0.00	0.30	0.00	0.72	4.05	0.24	1.17	.12	0.03	6.33
2015	0.42	0.00	0.30	0.00	0.73	4.00	0.24	1.17	.10	0.03	6.27

**Source:** Audrain County Board of Equalization and Assessment.

Notes: The City's basic tax rate caps may be increased only through a ballot 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 Nine Years Ago

<u>Taxpayer</u>	<u>Fiscal Year 2015</u>			<u>Fiscal Year 2006</u>		
	<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	\$4,686,099	1	3.44%	\$904,790	9	0.78%
Archer Daniels Midland	3,733,468	2	2.74%	1,601,383	4	1.39%
Mo American Water Co.	2,795,230	3	2.06%	2,115,430	2	1.84%
Ameren Missouri	2,658,572	4	1.96%	-	-	-
Wal-Mart	2,492,525	5	1.83%	839,418	10	0.73%
Three T' Partnership	1,988,188	6	1.46%	-	-	-
Dawn	1,817,959	7	1.34%	938,722	8	0.82%
Mexwest	1,386,060	8	1.02%	-	-	-
Teva	1,367,212	9	1.01%	1,214,608	6	1.05%
South Trails Center	1,210,640	10	0.89%	1,391,726	5	1.21%
Cerro Copper	-	-	-	1,843,512	3	1.60%
A.P. Green	-	-	-	2,940,936	1	2.56%
Nexans	-	-	-	959,920	7	0.84%
<b>Total</b>	<b>\$24,135,953</b>		<b>17.75%</b>	<b>\$14,750,445</b>		<b>12.82%</b>

Source: Audrain County Assessor's Office.

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Communication	\$ 5,380	\$ 5,958	\$ 6,461	\$ 6,789	\$ 6,941	\$ 7,170	\$ 6,611	\$ 5,558	\$ 4,551	\$ 4,292
Wholesale Trade	1,561	1,556	790	1,437	1,218	1,342	1,586	1,612	1,484	1,842
Building Materials	2,365	813	-	4,138	3,894	4,879	4,996	4,973	5,392	6,738
Variety Stores	623	859	3,060	-	908	801	-	-	1,000	687
Food Stores	14,994	14,599	16,503	16,873	11,543	11,551	16,024	17,125	16,610	16,092
Automotive Store & Service Stations	3,105	3,347	3,358	3,668	3,663	4,042	4,308	4,312	4,194	4,530
Furniture and Home Furnishings	4,040	3,924	4,266	4,404	3,152	3,653	3,271	2,876	2,436	2,405
Eating and Drinking	11,632	11,772	12,268	12,742	12,359	12,862	13,069	13,807	13,362	13,901
Miscellaneous Retail	15,133	10,228	11,633	9,868	8,182	7,272	7,946	8,678	7,707	8,390
Miscellaneous Business Services	769	2,166	2,562	2,995	1,632	1,660	1,692	1,666	1,634	1,662
Automotive Repair Services	1,941	1,839	2,092	2,075	1,816	1,826	1,706	1,707	1,697	3,104
Miscellaneous Services	1,863	2,343	1,518	1,623	1,748	1,591	1,573	1,475	1,193	1,751
All other outlets	84,362	97,084	98,920	95,802	95,674	97,607	92,026	95,968	101,937	101,624
<b>Total</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>	<b>\$ 163,197</b>	<b>\$ 167,018</b>
City direct sales tax rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.00%	2.00%

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 by calendar year.

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Audrain County Rate</u>	<u>Audrain Emergency Services</u>	<u>Audrain Ambulance District</u>	<u>Total Local Sales Tax</u>
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%
2014	2.00%	1.50%	0.375%	0.50%	4.375%
2015	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 Nine Years Ago**

<u>Tax Remitter</u>	2014			2005		
	<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	\$ 2,487,480	1	74.47%	\$ 1,644,420	1	74.19%
Food Stores	321,840	2	9.64%	224,910	3	10.15%
Eating & Drinking	278,020	3	8.33%	174,480	2	7.88%
Total	<u>\$ 3,087,340</u>		<u>92.44%</u>	<u>\$ 2,043,810</u>		<u>92.22%</u>
Total Remitter Liability	\$ 3,340,360			\$ 2,216,520		

**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% for 2012 and earlier; tax rate 2.00% beginning in FY 2013.

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

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Sales Tax Increment Bonds	Certificates of Participation	Special Assessment Bonds	Revenue Bonds	Certificates of Participation	Wastewater Capital Leases			
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	5,765,000	-	32,320	8,717,915	3.750%	787
2011	-	935,470	-	-	1,865,000	11,460,000	-	20,559	14,260,470	6.280%	1,235
2012	-	831,027	-	-	1,795,000	11,365,000	-	61,674	14,052,701	6.190%	1,217
2013	-	759,827	-	-	1,725,000	11,080,000	-	29,208	13,594,035	5.960%	1,179
2014	-	686,058	-	-	1,655,000	10,785,000	-	4,244	13,130,302	5.790%	1,138
2015	-	609,630	-	-	1,585,000	10,485,000	-	-	12,679,630	5.430%	1,087

**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>		
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
2014	-	1,655,000	1,655,000	0.003	143
2015	-	1,585,000	1,585,000	0.003	137

**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, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City of Mexico, Missouri	\$ -		\$ -
<b>Other - City</b>			
Capital Leases	\$ 609,630	100%	\$ 609,630
Special Assessment Bonds	\$ 1,585,000	100%	\$ 1,585,000
<b>Other debt</b>			
Mexico Public School District #59	\$ 11,962,404	71%	<u>\$ 8,493,307</u>
Subtotal, overlapping debt			\$ 8,493,307
<b>City direct debt</b>			\$ 2,194,630
<b>Total direct and overlapping debt</b>			<u><u>\$ 10,687,937</u></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 2015

Assessed value	\$136,226,973
Debt limit (20% of assessed valuation)	\$27,245,395
Debt applicable to limit:	
General obligation bonds	\$1,585,000
Less: Amount set aside for repayment of general obligation debt	\$193,000
Total net debt applicable to limit	\$1,392,000
Legal debt margin	\$25,853,395

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 22,639,072	\$ 23,338,723	\$ 26,306,495	\$ 28,088,344	\$ 27,215,591	\$ 27,001,384	\$ 27,052,505	\$ 27,711,220	\$ 28,152,402	\$ 27,245,395
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ 1,737,000	\$ 1,672,000	\$ 1,602,000	\$ 1,532,000	\$ 1,462,000	\$ 1,392,000
Legal debt margin	\$ 22,639,072	\$ 23,338,723	\$ 26,306,495	\$ 28,088,344	\$ 25,478,591	\$ 25,329,384	\$ 25,450,505	\$ 26,179,220	\$ 26,690,402	\$ 25,853,395
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	6.30%	6.20%	6.30%	5.90%	5.20%	5.10%

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	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	Sales Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest			Principal	Interest	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,512	\$ 35,000	\$ 1,006	2.18
2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	2,036,527	1,230,458	806,069	-	271,026	2.97	154,741	65,000	62,888	1.02	-	-	-	-
2012	2,417,368	1,369,456	1,047,912	95,000	542,596	1.64	154,741	70,000	59,496	1.19	-	-	-	-
2013	2,599,749	1,395,500	1,204,249	285,000	492,561	1.55	142,177	70,000	59,971	1.09	-	-	-	-
2014	2,741,029	1,467,202	1,273,827	295,000	487,510	1.62	158,609	70,000	59,578	1.22	-	-	-	-
2015	2,945,772	1,450,547	1,495,225	300,000	478,783	1.92	154,741	70,000	58,244	1.21	-	-	-	-

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.

Mid America Brick NID assessment for FY 2014 was paid ahead in the last quarter of FY 2013.

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

Wastewater revenue bond coverage calculation excludes capital outlay, depreciation and amortization expense.

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income In Thousands</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
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%
2014	11,543 *	226,796 *	19,648 *	39.69 *	2,449	5.00%
2015	11,664	233,826	20,108	36.80	2,409	4.10%

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

\* Income, per capital 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;  
2015 is as of September 2015.  
School enrollment is based on the census at the start of the school year.

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<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	450	1	3.51%	703	1	6.22%
True Manufacturing	415	2	3.24%	450	2	3.98%
Mexico School District	372	3	2.90%	369	3	3.26%
Wal-Mart	300	4	2.34%	250	6	2.21%
Spartan Light Metal Products	262	5	2.05%	163	10	1.44%
Dawn Food Products	260	6	2.03%	194	8	1.72%
Home Decorators Collection	200	7	1.56%	300	5	2.65%
Brookstone	190	8	0.00%	336	4	2.97%
Missouri Veterans Home	184	9	1.44%	170	9	1.50%
Soft Surroundings	125	10	0.98%	-	-	-
Continental Products	-	-	-	215	7	1.90%
<b>Total</b>	<b>2758</b>		<b>20.05%</b>	<b>3150</b>		<b>27.85%</b>

**Source:** City Economic Development Division and Website - fedstats.gov.  
Employment percentages were calculated by using county employment numbers (12,806 and 11,311) 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>FISCAL YEAR</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>	<u>2014</u>	<u>2015</u>
General government										
City Manager	2.8	2.3	2.3	2.3	2.3	1.8	1.8	1.8	1.8	1.8
Administrative Services	5.5	5	5	6	5	5.75	5.75	5.75	5.75	5.75
Comm.Dev./Animal Control	5.6	6.6	6.55	6.6	6.6	6.6	7.6	7.6	6.6	6.6
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	35	35	35	35	35.15	34.65	34.65	34.65	34.65	34.65
Clerk Typist/Dispatchers	13.35	14	15	15	15	1	1	1	1	1
Fire										
Fire Apparatus Operator	1	1	1	1	0	0	0	0	0	0
Civil Defense	0.5	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	1.25	1.25	1.2	1.2	1.2	1.2	1.2
Street Dept.	11	11.05	10.8	10.8	10	8.85	8.85	8.85	8.85	8.85
Parks / Cemetery / Brush Yard	9.6	10.6	11	12	12	10.1	11.1	11.1	11.1	12.1
Internal Service	0	0	0	0	0	0	0	0	0	0
Wastewater	7.3	10.3	10.3	10.8	10.8	11.1	11.1	11.1	11.1	11.1
Sanitation	1	1	1	1	1	1.05	1.05	1.05	1.05	1.05
<b>Total</b>	<b><u>95.55</u></b>	<b><u>100.3</u></b>	<b><u>101.4</u></b>	<b><u>103.7</u></b>	<b><u>101</u></b>	<b><u>84</u></b>	<b><u>86</u></b>	<b><u>86</u></b>	<b><u>85</u></b>	<b><u>86</u></b>

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>FISCAL YEAR</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>	<u>2014</u>	<u>2015</u>
General government										
Building permits issued	543	509	442	404	570	525	696	737	716	716
Building inspections conducted	1273	1527	0	827	1373	1062	1040	1113	1707	1707
Police										
Physical arrests	852	831	708	699	599	519	513	581	660	*
Parking violations	540	494	445	238	318	101	201	219	270	*
Traffic violations	1218	861	1183	1169	1245	603	585	615	884	*
Fire										
Emergency responses	183	198	187	162	136	163	175	184	202	*
Fires extinguished	56	64	87	37	35	30	53	24	30	*
Inspections	30	40	57	38	36	248	240	261	329	*
Other public works										
Street resurfacing/overlay (miles)	3.7	2.3	1.6	2	2.1	2.1	0.66	0.55	0.70	1.04
Micro seal	0	0	0	0	0	0	2.4	2.11	2.70	0.00
Parks and recreation										
Pool Admissions	14,012	14,007	13,984	10,383	11,214	12,112	12,003	10,779	5,754	10,388
Wastewater										
Average daily sewage treatment (Millions of gallons)	1.959	2.03	2.08	2.26	2.01	2.06	2.10	2.45	2.06	2.40

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	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function/Program</b>										
Municipal Court										
General Operating Revenue (1)	#	#	#	#	#	#	#	#	\$ 4,929,539	\$4,833,165
Traffic Violations	#	#	#	#	#	#	#	#	\$ 54,471	\$ 98,014
% of General Operating Revenue from traffic violations revenue	#	#	#	#	#	#	#	#	1.11%	2.03%
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	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)	82	82	82	82	82	82	82	82	78.24	78.24
Streetlights	1150	1162	1188	1188	1188	1188	1188	1381	1381	1381
Storm sewers (miles)	53	53.5	54	54	54	54	54	54	54	54
Parks and recreation										
Pools	1	1	1	1	1	1	1	1	1	1
Acreage	475	475	475	475	475	475	475	475	475	475
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	1	1	1	1	1	1	1	1	1	1
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
Community lakes	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles)	85	86	86	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.

(1) General Operating revenue disclosed on a cash basis and included general fund operating revenues less those restricted for other purposes.

# Not required reporting by State of Missouri (302.241.2 RSMo) until fiscal year 2014