

**NEW ISSUE – BANK QUALIFIED  
BOOK-ENTRY ONLY**

**S&P's Rating: "A"  
See "BOND RATING" herein.**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (1) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.*

**CITY OF MEXICO, MISSOURI**

**\$7,155,000**

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS  
SERIES 2020**

**Dated: Date of Delivery**

**Due: July 1, as shown on the inside cover**

The Sewerage System Refunding Revenue Bonds, Series 2020 (the "**Bonds**"), will be issued by the City of Mexico, Missouri (the "**City**"), for the purpose of providing funds, together with other legally available funds of the City, to (1) refund the City's outstanding Taxable Sewerage System Revenue Bonds (Build America Bonds – Direct Pay), Series 2010B, and Sewerage System Revenue Bonds, Series 2011, and (2) pay the costs of issuing the Bonds. The Bonds will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof.

Principal on the Bonds will be payable annually on July 1, as shown on the inside cover. Interest on the Bonds will be payable semi-annually on January 1 and July 1, beginning on January 1, 2021.

The Bonds are subject to redemption prior to maturity as described herein.

**The Bonds are special, limited obligations of the City, payable solely from the Net Revenues of the Sewerage System (herein defined). The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.**

The Bonds are subject to certain risks. See the caption "**BONDHOLDERS' RISKS**" herein.

*The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., St. Louis, Missouri. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about August 27, 2020.*



The date of this Official Statement is August 13, 2020.

**CITY OF MEXICO, MISSOURI**

**\$7,155,000**

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS  
SERIES 2020**

**MATURITY SCHEDULE**

**Base CUSIP: 593022**

<b><u>Maturity (July 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b>
2021	\$585,000	3.00%	102.361%	BU9
2022	570,000	3.00	105.114	BV7
2023	590,000	3.00	107.789	BW5
2024	605,000	3.00	110.312	BX3
2025	620,000	3.00	112.461	BY1
2026	645,000	3.00	114.381	BZ8
2027	660,000	3.00	116.069	CA2
2028	685,000	3.00	117.525	CB0
2029	700,000	2.00	109.504	CC8
2030	715,000	2.00	108.708	CD6
2031	730,000	2.00	108.312	CE4
2032	50,000	2.00	107.526	CF1

## **CITY OF MEXICO, MISSOURI**

300 N. Coal  
Mexico, Missouri 65265  
(573) 581-2100

---

### **MAYOR**

Dr. Ayanna Shivers

---

### **CITY COUNCIL**

Vicki Briggs, *Chairman Pro Tem*  
Steve Haag, *Councilmember*  
Chris Miller, *Councilmember*  
Chris Williams, *Councilmember*

---

### **CITY ADMINISTRATION**

Bruce R. Slagle, *City Manager*  
Roger D. Haynes, *Deputy City Manager*  
Marcy LeCount, *City Clerk*

---

### **CITY ATTORNEY**

Leonatti & Baker, P.C.  
Mexico, Missouri

---

### **BOND COUNSEL**

Gilmore & Bell, P.C.  
St. Louis, Missouri

---

### **MUNICIPAL ADVISOR**

Piper Sandler & Co.  
Leawood, Kansas

---

### **PAYING AGENT**

UMB Bank, N.A.  
Kansas City, Missouri

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

---

### **CAUTIONARY STATEMENTS REGARDING FORWARD- LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

---

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "projected," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED UNDER THE CAPTION "BONDHOLDERS' RISKS." NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE CITY FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

## TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
<b>INTRODUCTION.....</b>	<b>1</b>
Purpose of the Official Statement .....	1
The City .....	1
The Bonds .....	1
Security and Source of Payment .....	1
Financial Statements .....	2
Bondholders' Risks.....	2
Summary of the Ordinance .....	2
Continuing Disclosure Undertaking.....	2
<b>PLAN OF FINANCING .....</b>	<b>2</b>
Authorization of the Bonds .....	2
The Refunding .....	2
Sources and Uses of Funds .....	3
<b>THE BONDS .....</b>	<b>3</b>
General Description .....	3
Redemption Provisions .....	3
Book-Entry Only System .....	4
Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System .....	6
<b>SECURITY AND SOURCES OF PAYMENT     FOR THE BONDS.....</b>	<b>6</b>
Special Limited Obligations.....	6
The Ordinance.....	6
<b>FINANCIAL AND OPERATING     INFORMATION CONCERNING THE     SYSTEM.....</b>	<b>8</b>
General Information .....	8
Customers and Usage .....	9
Rates and Charges .....	9
Billing and Collection .....	10
Summary of the Wastewater Fund .....	10
Historical Debt Service Coverage .....	11
<b>DEBT STRUCTURE OF THE SYSTEM.....</b>	<b>12</b>
Other Obligations of the Sewerage System .....	12
Previous Defaults .....	12
Debt Service Requirements.....	13
Authority to Issue Revenue Obligations .....	13
Capital Projects .....	13
Future Debt .....	13
<b>GENERAL AND ECONOMIC     INFORMATION CONCERNING THE     CITY .....</b>	<b>13</b>
Size and Location.....	13
Government and Organization .....	14
Employee Relations .....	14
Pension Plan .....	14
Risk Management .....	15
Communications and Media .....	15
Municipal Services and Public Safety .....	15
Utilities.....	15
Transportation .....	15
Recreation and Cultural Facilities.....	15
Medical Services .....	16
Education .....	16
Employment Information.....	17
Housing.....	17
Population.....	18
Income .....	18
<b>FINANCIAL AND OPERATING     INFORMATION CONCERNING THE     CITY.....</b>	<b>19</b>
Accounting, Budgeting and Auditing Procedures .....	19
Awards.....	19
Summary of the General Fund.....	20
Sources of Revenue .....	22
General Obligation Indebtedness.....	22
Overlapping Indebtedness .....	22
<b>BONDHOLDERS' RISKS .....</b>	<b>23</b>
Limited Obligations .....	23
Potential Risks Relating to COVID-19 .....	23
No Credit Enhancement or Reserve Fund .....	24
Factors Affecting Revenues of the Sewerage System .....	24
Market for the Bonds .....	25
Tax-Exempt Status of the Bonds .....	25
Tax Limitation: The Hancock Amendment .....	25
Risk of Audit .....	26
Defeasance Risks .....	26
<b>BOND RATING.....</b>	<b>26</b>
<b>ABSENCE OF LITIGATION .....</b>	<b>27</b>
<b>LEGAL MATTERS .....</b>	<b>27</b>
<b>TAX MATTERS .....</b>	<b>27</b>
Opinion of Bond Counsel .....	28
Other Tax Consequences .....	28
<b>CONTINUING DISCLOSURE     UNDERTAKING .....</b>	<b>29</b>
Annual Reports .....	29
Material Event Notices .....	29
Prior Undertakings.....	30
<b>MISCELLANEOUS .....</b>	<b>31</b>
Financial Statements.....	31
Financial Advisor .....	31
Underwriting.....	31
Certification and Other Matters Regarding Official Statement .....	31
 APPENDIX A – Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2019	
 APPENDIX B – Summary of the Ordinance	

---

THIS PAGE INTENTIONALLY  
LEFT BLANK

---

**OFFICIAL STATEMENT**  
**CITY OF MEXICO, MISSOURI**

**\$7,155,000**  
**SEWERAGE SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2020**

**INTRODUCTION**

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. Capitalized words and terms not defined in this Official Statement shall have the meanings as defined in the Ordinance. A full review should be made of the entire Official Statement.*

**Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to the City of Mexico, Missouri (the “**City**”), and the City’s Sewerage System Refunding Revenue Bonds, Series 2020, to be issued in the principal amount of \$7,155,000 (the “**Bonds**”).

**The City**

The City is a third-class city and political subdivision organized and existing under the laws of the State of Missouri (the “**State**”). See the caption “**GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY**” herein. The City now owns and operates a revenue-producing sewerage system serving the City and its inhabitants (the “**Sewerage System**”). See the captions “**FINANCIAL AND OPERATING INFORMATION CONCERNING THE SYSTEM**” and “**DEBT STRUCTURE OF THE SYSTEM**” herein.

**The Bonds**

The Bonds are being issued pursuant to an ordinance (the “**Ordinance**”) adopted by the City Council of the City on August 10, 2020, for the purpose of providing funds, together with other legally available funds of the City, to (1) refund all of the City’s outstanding Taxable Sewerage System Revenue Bonds (Build America Bonds – Direct Pay), Series 2010B, and Sewerage System Revenue Bonds, Series 2011, and (2) pay the costs of issuing the Bonds. See the caption “**PLAN OF FINANCING**” herein.

**Security and Source of Payment**

The Bonds will be special, limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the Sewerage System. No reserve fund has been established to secure payment of the Bonds.

The City has the right under the Ordinance to issue additional bonds on a parity with the Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Ordinance. See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

## **Financial Statements**

The audited financial statements of the City for the fiscal year ended September 30, 2019, are included in **Appendix A** to this Official Statement. These financial statements have been audited by Williams-Keepers LLC, Columbia, Missouri, certified public accountants, to the extent and for the periods indicated in the independent auditors' report which is also included in **Appendix A** hereto.

## **Bondholders' Risks**

Payment of the principal of and interest on the Bonds is dependent on Net Revenues to be derived by the City from the operation of the Sewerage System. Certain risks inherent in the production of such Net Revenues are discussed herein. See the caption "**BONDHOLDERS' RISKS**" herein.

## **Summary of the Ordinance**

A summary of the Ordinance, including definitions of certain words and terms used herein and in the Ordinance, is included herein and in **Appendix B** to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Ordinance are qualified in their entirety by reference to the Ordinance. Copies of the Ordinance and this Official Statement may be viewed at the office of Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

## **Continuing Disclosure Undertaking**

The City has covenanted in the Continuing Disclosure Agreement dated as of August 1, 2020 (the "**Continuing Disclosure Agreement**") between the City and UMB Bank, N.A., as dissemination agent, that it will provide a copy of its audited financial statements, certain operating data, and notices of the occurrence of certain material events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption "**CONTINUING DISCLOSURE UNDERTAKING**" herein.

## **PLAN OF FINANCING**

### **Authorization of the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Chapter 250 of the Revised Statutes of Missouri, as amended (the "**Act**"), and the Ordinance.

### **The Refunding**

Proceeds of the Bonds, together with other legally available funds of the City, will be used to (1) refund all of the City's outstanding Taxable Sewerage System Revenue Bonds (Build America Bonds – Direct Pay), Series 2010B, currently outstanding in the principal amount of \$4,665,000 (the "**Series 2010B Bonds**"), and Sewerage System Revenue Bonds, Series 2011, currently outstanding in the principal amount of \$4,090,000 (the "**Series 2011 Bonds**" and, together with the Series 2010B Bonds, the "**Refunded Bonds**"), and (2) pay the costs of issuing the Bonds.

Upon the sale of the Bonds, the City will transfer to UMB Bank, N.A., the paying agent for the Refunded Bonds, an amount sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds on or about September 1, 2020 (the redemption date of the Refunded Bonds).



## Sources and Uses of Funds

The following table itemizes the sources of funds, including the proceeds from the sale of the Bonds and other legally available funds of the City, and the estimated uses of such funds, in connection with the plan of financing:

### Sources of Funds:

Par Amount of Bonds	\$7,155,000.00
Transfer from the Reserve Fund for the Series 2010B Bonds	468,677.70
Transfer from the Reserve Fund for the Series 2011 Bonds	608,978.64
Plus: Original Issue Premium	<u>740,652.45</u>
Total:	<u>\$8,973,308.79</u>

### Uses of Funds:

Refunding of the Refunded Bonds	\$8,841,078.03
Costs of Issuance (including underwriter's discount)	<u>132,230.76</u>
Total:	<u>\$8,973,308.79</u>

## THE BONDS

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the Ordinance for the detailed terms and provisions thereof.*

### General Description

The Bonds shall consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of original delivery of and payment for such Bonds. The Bonds will mature, subject to redemption as described below, on July 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year, beginning on January 1, 2021.

Principal will be payable upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., Kansas City, Missouri (the **"Paying Agent"**), or such other payment office designated by the Paying Agent. Payment of the principal of and interest on each Bond shall be made to the Registered Owner thereof as shown on the Bond Register at the close of business on the Record Date for such payment by (1) check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner or (2) by electronic transfer to such Registered Owner upon written notice signed by the Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such payment, containing the electronic transfer instructions including the name and address of the bank, the bank's ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable.

### Redemption Provisions

**Optional Redemption.** At the option of the City, the Bonds or portions thereof maturing on July 1, 2029 and thereafter may be called for redemption on July 1, 2028 and thereafter in whole or in part at any time in such amounts for each Stated Maturity as shall be determined by the City at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

***Notice and Effect of Call for Redemption.*** Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 30 days prior to the Redemption Date to each Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register. Official notice of redemption having been given as provided in the Ordinance, the Bonds or portions of the Bonds to be redeemed shall become due and payable on the Redemption Date at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of the Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Ordinance for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the aggregate principal amount of the unredeemed portion of the principal amount of such Bond.

### **Book-Entry Only System**

***General.*** The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company (“**DTC**”), New York, New York.

**The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

***DTC and its Participants.*** DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

***Purchases of Ownership Interests.*** Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

***Transfers.*** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

***Notices.*** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

***Voting.*** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

***Payments of Principal, Redemption Price and Interest.*** Payment of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

***Discontinuation of Book-Entry System.*** DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described herein under the caption **"Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book Entry Only System."**

### **Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System**

The Paying Agent will keep the Bond Register at its principal payment office or such other office designated by the Paying Agent. Upon surrender of any Bond at the principal payment office of the Paying Agent or such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Any Bond may be transferred or exchanged upon the Bond Register by the person in whose name it is registered and shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. The Owner requesting such transfer or exchange will be required to pay any additional costs or fees that might be incurred in the secondary market with respect to such transfer or exchange. If any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **Special Limited Obligations**

The Bonds are special, limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the Sewerage System, and the City has pledged such Net Revenues to the payment of the principal of and interest on the Bonds. No reserve fund has been established as security for the Bonds.

**The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.**

### **The Ordinance**

***Pledge of Revenues.*** The Bonds are special, limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the Sewerage System, and pursuant to the Ordinance, the City has pledged said Net Revenues to the payment of the principal of and interest on the Bonds. The Bonds will not be or constitute a general obligation of the City, nor will they

constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

The covenants and agreements of the City contained in the Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the Sewerage System and in all other respects with any Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over any Parity Bonds and any Parity Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Bonds.

***Parity Obligations.*** The City has the right under the Ordinance to issue additional bonds on a parity with the Bonds (herein referred to as “**Parity Bonds**”) payable from the same sources and secured by the same revenues as the Bonds, but only if:

(1) The City is not in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(2) The City either:

(a) Certifies that the annual Net Revenues as set forth in the most recent annual audit have been equal to at least 110% of the Average Annual Debt Service with respect to all Sewerage System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Net Revenues for the purpose described in this paragraph, the City may retain a Consultant who may adjust said Net Revenues by adding thereto, if the City has made any increase in rates for the use and services of the Sewerage System and such increase was not in effect during all or part of the fiscal year shown in the audit, the amount, as estimated by the Consultant, of the additional Net Revenues that would have resulted from the operation of the Sewerage System during said fiscal year had such rate increase been in effect for the entire period; or

(b) Obtains a certificate from a Consultant that the Net Revenues projected to be derived by the City from the operation of the Sewerage System for the fiscal year immediately following the fiscal year in which improvements to the Sewerage System, the cost of which is being financed by such additional bonds, are to be in commercial operation, will be equal to at least 110% of the Average Annual Debt Service with respect to all Sewerage System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the projected Net Revenues for the purpose described in this paragraph, the Consultant may adjust said Net Revenues by adding thereto any estimated increase in Net Revenues resulting from any increase in rates for the use and services of the Sewerage System that, in the opinion of the Consultant, are economically feasible and reasonably considered necessary based on projected operations of the Sewerage System. Any rate increases relied on by the Consultant are required to be adopted and effective prior to the sale of the additional revenue bonds.

**Rate Covenant.** The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the Sewerage System as will produce Revenues sufficient to:

- (1) pay the Operating Expenses of the Sewerage System;
- (2) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date;
- (3) enable the City to have in each fiscal year Net Revenues not less than 110% of the actual Debt Service Requirements on all Sewerage System Revenue Bonds outstanding in such fiscal year; and
- (4) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the Sewerage System as provided in the Ordinance

The City will require the prompt payment of accounts for service rendered by or through the Sewerage System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under the Ordinance.

If in any fiscal year Net Revenues are an amount less than as provided in the Ordinance, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Underwriter of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

See **Appendix B** for a summary of certain other provisions of the Ordinance.

## **FINANCIAL AND OPERATING INFORMATION CONCERNING THE SYSTEM**

### **General Information**

The entire City is connected to the City's Route J Wastewater Treatment Plant through its collection system, which consists of approximately 84 miles of sanitary sewer lines that range from 4 inches to 30 inches in size.

The Route J Wastewater Treatment Plant is an extended aeration-type activated sludge treatment system with a rock media "roughing" trickling filter, clarifiers, aeration basins and a UV treatment facility. This facility has served the City's residents since its initial construction in 1935, with expansions in 1964, 1976, 1995, 2010, 2011 and 2012.

## Customers and Usage

The total number of active customers of the Sewerage System is 5,429. The Sewerage System services all residential and commercial facilities in the City. The following table sets forth the total number of customers of the Sewerage System for the last five years:

<u>Year</u>	<u>Total Number of Customers</u>	<u>Percentage Increase</u>
2015	5,366	N/A
2016	5,349	-0.32%
2017	5,367	+0.34
2018	5,337	-0.56
2019	5,378	+0.77

The following table shows the total gallons used by and amount billed to the largest customers of the Sewerage System for the fiscal year ended September 30, 2019:

<u>Customer</u>	<u>Business</u>	<u>Gallons Used</u>	<u>Dollar Billing</u>
1. TEVA Pharmaceuticals USA	Pharmaceutical manufacturing	30,303,600	\$199,532
2. Dawn Food Products	Bread products manufacturing	19,426,800	127,948
3. Archer Daniels Midland	Agricultural products	28,986,000	114,575
4. Spartan Light Metal Products	Automotive parts manufacturing	15,014,400	98,912
5. SSM Health – Audrain	Hospital – health services	13,534,800	82,056
6. Mid America Biofuels	Bio diesel	11,739,600	77,358
7. Crown Linen Service Inc.	Commercial laundry	8,409,600	44,944
8. Missouri Veterans Home	Veterans care facility	5,965,200	39,371
9. SSM Health – Audrain	Hospital – health services	4,922,400	29,920
10. Pin Oaks Living Center	Nursing home	4,580,400	27,846

## Rates and Charges

**Current Rates.** The City most recently increased its rates and charges for usage of the Sewerage System in September 2019 (which became effective in October 2019). The following table shows the current rates. The variable portion of the rate is calculated based on water usage by Sewerage System customers or, in a few instances, on volume of sewage entering the Sewerage System. Water usage is either provided by the commercial water provider (Missouri American Water) to the City or, for customers who obtain water from wells, from meters attached to those wells.

	<u>User Charge Portion</u>	<u>Capital Charge Portion</u>	<u>Total</u>
Administrative Charge – All Customers	-	-	\$9.09/month
Monthly Variable portion	\$1.30/1,000 gallons	\$5.53/1,000 gallons	\$6.83/1,000 gallons

In addition to the rates set forth above, the City imposes certain surcharges to certain users of the Sewerage System, including businesses located outside of the City limits and businesses whose discharge exceeds a designated concentration of biological oxygen demand.

Based on current rates, the monthly cost for a user of 668 cubic feet (or 5,000 gallons) is \$43.24.

***Future Rates.*** Approximately six months into each fiscal year, the City begins analyzing whether rate adjustments will be needed for the following fiscal year. The City reviews historic revenues, planned capital expenditures and estimated fund balances. While the ordinances authorizing the outstanding sewerage system revenue bonds only require debt service coverage of 1.10, the City administration generally establishes rates that are designed to produce debt service coverage of 1.50, plus an additional \$500,000 in surplus cash to cover capital expenditures. In accordance with Missouri law, the City Council holds a public hearing before approving any rate increase. The City’s administration does not expect to recommend a rate increase for fiscal year 2021.

## **Billing and Collection**

All customers are billed monthly for usage during the preceding calendar month. Bills are due at the end of each month. Any payments received on the 5th day or after on the following month are considered delinquent and are assessed a late payment fee of 10%.

The City estimates its collection rate to be 97.17% after taking into account the late payment fee of 10%. Approximately 23% of customers are delinquent in paying their bills in any given month. The City credits its policy of enforcing unpaid bills from rental property on the owners of the property in helping it maintain a successful collection rate. If the owner of the rental property does not pay the bill, then a lien is placed on the property.

To date, the COVID-19 pandemic has not interrupted the City’s billing processes and has minimally impacted collection activities.

## **Summary of the Wastewater Fund**

The Wastewater Fund of the City is an Enterprise Fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. For a more detailed summary of budgeting and accounting procedures, see ***Appendix A*** to this Official Statement.

[Remainder of Page Intentionally Left Blank]



The following table sets forth certain financial information of the Sewerage System for the past three fiscal years:

### Summary of the Wastewater Fund

	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,993,020	\$ 3,092,625	\$ 3,175,438
Miscellaneous	<u>24,205</u>	<u>27,494</u>	<u>30,985</u>
Total Operating Revenues	<u>\$ 3,017,225</u>	<u>\$ 3,120,119</u>	<u>\$ 3,206,423</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 430,567	\$ 432,178	\$ 478,140
Employee benefits	186,796	189,863	239,032
Materials and supplies	76,255	80,805	82,668
Electricity	175,873	150,320	136,466
Repairs and maintenance	121,855	157,526	86,258
Telephone and utilities	35,416	37,708	32,303
Fuel and oil	9,948	9,488	11,713
Other operating expenses	419,522	653,235	455,213
Depreciation and amortization	<u>819,726</u>	<u>845,875</u>	<u>891,694</u>
Total Operating Expenses	<u>\$ 2,275,958</u>	<u>\$ 2,556,998</u>	<u>\$ 2,413,487</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 741,267</u>	<u>\$ 563,121</u>	<u>\$ 792,936</u>
<b>NON-OPERATING REVENUES</b>			
Gain on sale of capital assets	\$ 21,111	\$ 211,295	\$ 5,900
Intergovernmental revenues	9,006	0	0
Interest income	32,750	51,192	72,525
Interest rebate on Build America Bonds	114,317	112,611	110,923
Interest expense	(568,070)	(555,489)	(542,260)
Net capital contributions	<u>38,123</u>	<u>0</u>	<u>15,700</u>
Total Non-Operating Revenues	<u>\$ (352,763)</u>	<u>\$ (180,391)</u>	<u>\$ (337,212)</u>
<b>CHANGE IN NET POSITION</b>	\$ 388,504	\$ 382,730	\$ 455,724
<b>NET POSITION - Beginning of year</b>	\$11,476,974	\$11,865,478	\$12,248,208
<b>NET POSITION - End of year</b>	<u>\$11,865,478</u>	<u>\$12,248,208</u>	<u>\$12,703,932</u>

Source: The City's Comprehensive Annual Financial Reports for the Fiscal Years Ended September 30, 2017 through 2019.

### Historical Debt Service Coverage

The table shown below sets forth the historical debt service coverage of the City's outstanding sewerage system revenue bonds for the past three fiscal years.

### Summary of Historical Annual Debt Service Coverage

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenues <sup>(1)</sup>	\$3,173,298	\$3,283,922	\$3,389,871
Operating Expenses <sup>(2)</sup>	<u>1,456,232</u>	<u>1,711,123</u>	<u>1,521,793</u>
Net Revenues Available for Debt Service	<u>\$1,717,066</u>	<u>\$1,572,799</u>	<u>\$1,868,078</u>
Debt Service Requirements <sup>(3)</sup>	\$ 890,608	\$ 893,262	\$ 890,351
<b>Historical Debt Service Coverage</b>	<b>1.93X</b>	<b>1.76X</b>	<b>2.10X</b>

<sup>(1)</sup> Includes interest income, the interest rebate on the Series 2010B Bonds and, for 2017, intergovernmental revenues.

<sup>(2)</sup> Excludes depreciation and amortization.

<sup>(3)</sup> Represents debt service due on all outstanding sewerage system revenue bonds, exclusive of the interest rebate on the Series 2010B Bonds.

### DEBT STRUCTURE OF THE SYSTEM

#### Other Obligations of the Sewerage System

Following the issuance of the Bonds, the Bonds will be the only revenue obligations payable from a pledge or otherwise of the Net Revenues of the Sewerage System.

#### Previous Defaults

The City has never defaulted on the payment of any of the City's obligations payable from the Net Revenues of the Sewerage System.

[Remainder of Page Intentionally Left Blank]

## Debt Service Requirements

The following table shows the principal and interest requirements for the Bonds:

Fiscal Year Ending <u>Sept. 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 585,000	\$ 162,724	\$ 747,724
2022	570,000	175,150	745,150
2023	590,000	158,050	748,050
2024	605,000	140,350	745,350
2025	620,000	122,200	742,200
2026	645,000	103,600	748,600
2027	660,000	84,250	744,250
2028	685,000	64,450	749,450
2029	700,000	43,900	743,900
2030	715,000	29,900	744,900
2031	730,000	15,600	745,600
2032	<u>50,000</u>	<u>1,000</u>	<u>51,000</u>
<u>TOTAL</u>	<u>\$7,155,000</u>	<u>\$1,101,174</u>	<u>\$8,256,174</u>

## Authority to Issue Revenue Obligations

Pursuant to the Act, the City may issue revenue obligations payable from the net income and revenues of the Sewerage System for the purpose of improving or extending the Sewerage System, upon approval of a majority of the qualified voters voting in favor of such issuance. In addition, the City may issue refunding bonds to refund, extend and unify all or a portion of any outstanding revenue bonds without voter approval.

## Capital Projects

Each year, the City prepares a five-year and ten-year wastewater capital outlay plan. The City also reviews historic revenues, planned capital expenditures and estimated fund balances each year to establish rates that will produce \$500,000 to \$600,000 annually in surplus cash. This allows the City to complete small capital projects and pay for capital expenditures without issuing additional revenue obligations or incurring additional debt.

## Future Debt

The voters of the City authorized \$16,000,000 of sewerage system revenue bonds pursuant to an election held on August 4, 2009. In May 2010, the City issued a total of \$5,765,000 of sewerage system revenue bonds from the authorized amount. In April 2011, the City issued an additional \$5,695,000 of sewerage system revenue bonds from the authorized amount. The City does not anticipate issuing the remaining balance of \$4,540,000 in authorized bonds in the near future.

## GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

### Size and Location

The City is a third-class city and political subdivision duly organized and existing under the laws of the State. The City is located in central Missouri on U.S. Highway 54, approximately 18 miles north of

U.S. Interstate 70. The City encompasses approximately 4.5 square miles and is the county seat for Audrain County, Missouri (the “**County**”). The City’s estimated population is 11,517, and the County’s estimated population is 25,388.

### **Government and Organization**

The original town was formed in 1836 and became incorporated in 1857. In 1949, the City became a third-class city organized under State statutes utilizing the Council-Manager form of government. The City Council is comprised of five council members who appoint the mayor from among its members. City voters elect five council members on an at-large, nonpartisan basis to serve three-year staggered terms. The City Council appoints the City Manager who serves as the City’s chief administrative officer and is responsible for carrying out the policies established by the City Council.

The current Mayor and members of the City Council are as follows:

<u>Name</u>	<u>Title</u>	<u>First Elected</u>	<u>Term Expires</u>
Dr. Ayanna Shivers	Mayor	April 2017	April 2023
Vicki Briggs	Chairman Pro Tem	April 2018	April 2021
Steve Haag	Councilmember	June 2020	April 2023
Chris Miller	Councilmember	April 2015	April 2021
Chris Williams	Councilmember	April 2010	April 2022

### **Employee Relations**

The City has approximately 85 full-time employees, which include approximately 36 public safety personnel. Public employees have a constitutional right to collectively bargain under Missouri’s constitution, but none of the City’s employees are union members. The City has no record of any work stoppages or other labor disputes.

### **Pension Plan**

The City participates in the Missouri Local Governmental Employees Retirement System (“**LAGERS**”), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Sections 70.600 to 70.755 of the Revised Statutes of Missouri, as amended. The plan is qualified under Internal Revenue Code Section 401(a) and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees, consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the “**2019 LAGERS CAFR**”) is available at <https://www.molagers.org/financial-reports/>. The link to the 2019 LAGERS CAFR is provided for general background information only, and the information in the 2019 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2019 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

The City’s full-time employees do not contribute to the pension plan. Instead, the City is required to contribute amounts at least equal to an actuarially determined rate. The City’s contribution rates are 12.5% for general employees, 9.7% for police employees and 5.0% for fire employees.

For information specific to the City's participation in LAGERS, including the City's past contributions, net pension liability, and pension expense, see Note 13 to the City's financial statements included in *Appendix A* to this Official Statement. For additional information regarding LAGERS, see the 2019 LAGERS CAFR.

## **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.

## **Communications and Media**

Telecommunications services are provided by numerous telecommunications providers. Residents of the City are able to receive broadcast signals from all major television networks, independent local stations as well as public television and one cable television company. There are also numerous radio station broadcasts throughout the area. High-speed internet services are readily accessible through four fiber vendor sources. Local newspapers include the *Mexico Ledger* and the *Columbia Tribune*.

## **Municipal Services and Public Safety**

The City provides a full range of municipal services for its citizens, including police and fire protection, construction and maintenance of streets and other infrastructure, residential sanitation and sewerage services, and recreational and cultural activities through its parks system. The City also operates an airport, an animal shelter, a cemetery and a wastewater treatment facility.

The City's Public Safety Department was formed when the police and fire departments were consolidated in 1972. Officers are trained to respond to all types of emergency situations including: fires, traffic accidents, criminal investigations, domestic disturbances and other routine service calls. The Public Safety Department includes 34 sworn officers, 2 civilians, and 8 volunteer firemen.

## **Utilities**

Natural gas service is provided by Ameren Missouri. Electrical service is provided by Ameren Missouri and Consolidated Electric Cooperative. Water is supplied by Missouri American Water Company and two public water supply districts.

## **Transportation**

The City is located along U.S. Highway 54 and Missouri State Highway 22, approximately 18 miles north of U.S. Interstate 70. The City owns the Mexico Memorial Airport that has two separate runways and offers service to single engine and multi engine aircraft, helicopters and small jets. Several trucking companies are located in the City. Rail service is offered by Kansas City Southern and Norfolk Southern.

St. Louis Lambert International Airport is located approximately 107 miles southeast of the City and the Kansas City International Airport is located approximately 183 miles west of the City.

## **Recreation and Cultural Facilities**

The City has 11 developed parks encompassing approximately 450 acres. The park facilities and amenities include picnic areas, barbeque grills, playground equipment, a swimming pool, basketball courts,

tennis courts, athletic fields, a skate park, walking and hiking trails, camping areas and fishing lakes. A variety of activities and sports are also offered by the local YMCA. Because of the City's close proximity to Mark Twain Lake and Lake of the Ozarks, City residents are able to participate in water sport activities and fishing tournaments at both lakes.

The City is home of the Miss Missouri Pageant, which takes place annually during the first week of June. The City provides cultural activities and historical perspective through the Presser Arts Center and the Audrain County Historical Museum. The Presser Arts Center provides a venue for pre-professional dance programs, theatre productions, musical productions, lecture series, art workshops and classes.

### **Medical Services**

SSM Health St. Mary's Hospital - Audrain, a 70-bed hospital, is located in the City. The hospital offers a wide range of services including the following: primary care, anesthesia, allergy, dermatology, hematology/oncology, neurology, interventional cardiology, radiology, emergency medicine and critical care medicine and many other services. On July 14, 2020, SSM Health signed a letter of intent for a possible transfer of ownership of the hospital to Noble Health Corporation of Kansas City, Missouri. Noble Health Corporation owns and operates Fulton Medical Center in Fulton, Missouri, which is approximately 30 miles south of the City.

### **Education**

The City has one public school, one parochial school, one vocational school, a technical college and one military academy within its boundaries. Mexico School District No. 59 of Audrain County, Missouri (the **"District"**), provides public education to City residents. The District is accredited by the Missouri Department of Elementary and Secondary Education (**"DESE"**), the highest accreditation status given by DESE. St. Brendan School and Missouri Military Academy offer private education. Moberly Area Community College offers a two-year college program at the Mexico campus.

City residents are approximately 20 miles north of Fulton, Missouri, which is home to William Woods College and Westminster College, and approximately 40 miles northeast of Columbia, Missouri, which is home to Columbia College, Stephens College and the University of Missouri-Columbia. City residents also have access to Truman State University in Kirksville, Missouri, and the St. Louis Metropolitan Area's many technical schools, colleges and universities, including Lindenwood University, University of Missouri-St. Louis, Washington University, Fontbonne University, Maryville University, Saint Louis University and Webster University.

[Remainder of Page Intentionally Left Blank]

## Employment Information

The following table sets forth information regarding the largest employers located within the County:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1. Spartan Light Metal Products	Automotive parts manufacturing	425
2. True Manufacturing	Refrigeration equipment manufacturing	415
3. SSM Health – Audrain	Hospital – health services	350
4. Mexico School District No. 59	Education	343
5. Wal-Mart	Discount retail	204
6. Missouri Veterans Home	Veterans care facility	185
7. Soft Surroundings	Retail	176
8. Continental Products	Plastic bags manufacturing	155
9. Dawn Food Products	Bread products manufacturing	141
10. Missouri Military Academy	Education	105

Source: The City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019.

**Unemployment.** The following table sets forth the total labor force, number of employed and unemployed workers in the City and, for comparative purposes, the unemployment rates for the County, the State and the United States for 2015 through 2019:

<u>Year</u>	<u>City of Mexico Labor Force</u>			<u>Unemployment Rates</u>			
	<u>Employed</u>	<u>Unemployed</u>	<u>Total</u>	<u>City of Mexico</u>	<u>Audrain County</u>	<u>State of Missouri</u>	<u>United States</u>
2015	5,100	297	5,397	5.5%	4.6%	5.0%	5.3%
2016	5,050	269	5,319	5.0	4.2	4.6	4.9
2017	5,069	218	5,287	4.1	3.5	3.8	4.4
2018	4,952	186	5,138	3.6	3.1	3.2	3.9
2019	4,889	204	5,093	4.0	3.4	3.3	3.7

Source: Missouri Department of Higher Education and Workforce Development; U.S. Department of Labor, Bureau of Labor Statistics.

## Housing

The median value of owner-occupied housing units in the City, the County and the State is as follows:

	<u>Value</u>
City of Mexico	\$ 94,800
Audrain County	98,300
State of Missouri	151,600

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates.

## Population

The historical populations of the City, the County and the State are set forth in the following table:

	<u>City of Mexico</u>		<u>Audrain County</u>		<u>State of Missouri</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
1980	12,276	N/A	26,458	N/A	4,916,686	N/A
1990	11,305	-7.90%	23,599	-10.80%	5,117,073	+4.10%
2000	11,320	+0.13	25,853	+9.55	5,595,211	+9.34
2010	11,543	+1.96	25,529	-1.25	5,988,927	+7.01
2019	11,517	-0.23	25,388	-0.55	6,137,428	+2.48

Source: U.S. Census Bureau – Decennial Census; U.S. Census Bureau – July 1, 2019 Estimates.

The following table shows the population by age categories for the City, the County and the State:

<u>Age</u>	<u>City of Mexico</u>	<u>Audrain County</u>	<u>State of Missouri</u>
under 5 years	879	1,606	372,932
5-19 years	2,317	4,843	1,171,037
20-24 years	871	1,657	421,255
25-44 years	2,788	6,457	1,542,544
45-64 years	2,727	6,774	1,600,602
65 and over	1,962	4,398	981,692
Median Age	37.2	39.7	38.5

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates.

## Income

**Income Statistics.** The following table presents certain income statistics for the City, the County, the State and the United States:

	<u>Median Family Income</u> <u>(2018 dollars)</u>	<u>Per Capita Income</u> <u>(2018 dollars)</u>
City of Mexico	\$49,132	\$20,492
Audrain County	54,715	21,819
State of Missouri	67,612	29,537
United States	73,965	32,621

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates.



The following table presents per capita personal income<sup>(1)</sup> for the County and the State for the years 2014 through 2018, the latest date for which such information is available:

<u>Year</u>	<u>Audrain County</u>	<u>State of Missouri</u>
2014	\$37,307	\$41,775
2015	38,154	43,096
2016	38,549	44,336
2017	38,248	45,744
2018	40,111	47,746

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>(1)</sup> “Per Capita Personal Income” is the annual total personal income of residents divided by the resident population as of July 1. “Personal Income” is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. “Net Earnings” is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

## **FINANCIAL AND OPERATING INFORMATION CONCERNING THE CITY**

### **Accounting, Budgeting and Auditing Procedures**

The accounts of the City are organized on the basis of funds and account groups, in conformance with generally accepted accounting principles applicable to governments. The financial statements for governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available and expenditures are generally recognized when a liability is incurred. An exception to this rule is that principal and interest on general long-term debt is recognized when due.

The City maintains one proprietary fund which contains two enterprise funds, the Wastewater Fund and the Sanitation Fund, to account for its wastewater and sanitation operations.

The City Council annually engages an independent certified public accountant for the purpose of performing an annual audit of the financial statements of the City. Williams-Keepers LLC performed the audit for the City’s fiscal year ended September 30, 2019.

### **Awards**

The City Council, the City’s administrative staff and the City’s auditor have worked together to produce annual audits which are easily readable and efficiently organized, satisfying both generally accepted accounting principles and applicable legal requirements.

As a result of this effort, the Government Finance Officers Association of the United States and Canada (“GFOA”) has awarded a “Certificate of Achievement of Excellence in Financial Reporting” to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This was the 30th consecutive year the City received this award. The City expects to receive this award for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

### **Summary of the General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund or designated by management for expenditures for specified purposes. For a more detailed summary of budgeting and accounting procedures, see *Appendix A* to this Official Statement.

The table on the following page sets forth certain financial information of the General Fund for the past three fiscal years.

[Remainder of Page Intentionally Left Blank]

## SUMMARY OF THE GENERAL FUND

	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES			
Taxes			
Property	\$ 652,865	\$ 694,155	\$ 717,285
Sales	2,209,815	2,338,110	2,298,040
Franchise	1,663,309	1,774,255	1,606,812
Licenses and permits	270,002	224,856	252,133
Intergovernmental revenues	343,555	180,243	19,657
Fines and forfeitures	67,506	48,146	23,969
Miscellaneous			
Rent	224,140	232,373	232,165
Interest	47,697	85,206	121,489
Administrative reimbursement	191,230	198,314	198,314
Other	123,771	208,929	132,034
TOTAL REVENUES	<u>\$5,793,890</u>	<u>\$5,984,587</u>	<u>\$5,601,898</u>
EXPENDITURES			
Current:			
General government	\$1,163,748	\$1,224,510	\$1,182,949
Public safety	2,358,026	2,280,391	2,278,573
Streets	840,674	916,692	895,677
Cemetery	124,915	123,723	134,870
Economic development	156,578	187,906	162,593
Airport	70,598	60,472	62,630
Community development	242,143	214,491	227,737
Brush yard	46,015	50,427	50,959
Capital outlay	888,593	437,426	477,702
Debt service			
Principal	82,040	84,999	369,701
Interest	17,495	14,536	1,351
TOTAL EXPENDITURES	<u>\$5,990,825</u>	<u>\$5,595,573</u>	<u>\$5,844,742</u>
Excess (deficiency) of revenues over expenditures	\$ (196,935)	\$ 389,014	\$ (242,844)
OTHER FINANCING SOURCES (USES)			
Transfers in <sup>(1)</sup>	\$ 382,095	\$ 378,166	\$ 435,224
Transfers out	(100,000)	(100,000)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 282,095</u>	<u>\$ 278,166</u>	<u>\$ 335,224</u>
Net change in fund balance	\$ 85,160	\$ 667,180	\$ 92,380
Fund balance, October 1	<u>\$4,257,559</u>	<u>\$4,342,719</u>	<u>\$5,009,899</u>
FUND BALANCE, SEPTEMBER 30	<u>\$4,342,719</u>	<u>\$5,009,899</u>	<u>\$5,102,279</u>

<sup>(1)</sup> Represents transfers from the Capital Improvement Sales Tax Fund and Cemetery Trust Fund to the General Fund. The Capital Improvement Sales Tax Fund is used to account for the City's Capital Improvement Sales Tax collections and expenditures for designated capital purchases and ongoing maintenance of capital assets. The interest earned in the Cemetery Trust Fund is transferred annually to the General Fund to cover expenditures related to maintaining the City's Elmwood Cemetery.

Source: The City's Comprehensive Annual Financial Reports for the Fiscal Years ended September 30, 2017 through 2019.

## Sources of Revenue

The City finances its General Fund through the sales tax, local property tax and various other taxes, a variety of license and permit fees and other miscellaneous sources as indicated below for the 2019 fiscal year:

<u>Source</u>	<u>Percent</u>
Taxes .....	82.51%
Licenses and permits .....	4.50
Intergovernmental Revenues .....	0.35
Fines and forfeitures .....	0.43
Miscellaneous .....	<u>12.21</u>
	<u>100.00%</u>

Source: The City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019.

## General Obligation Indebtedness

On August 17, 2010, the City issued \$1,120,000 Neighborhood Improvement District Taxable Limited General Obligation Bonds (Mid-America Brick Refractory Site Improvements Project) (Build America Bonds - Direct Pay), Series 2010B (the "**NID Bonds**"). The NID Bonds were issued to pay the costs of redeveloping and improving a closed refractory brick manufacturing facility, formerly known as A.P. Green Industries, into a face brick manufacturing facility to be known as Mid-America Brick Refractory. The NID Bonds are outstanding in the principal amount of \$1,120,000. The NID Bonds are payable from special assessments levied against the real property owners benefited by the improvements financed with the proceeds of the NID Bonds and, if not so paid, from current income and revenues and surplus funds of the City; provided, however, the City is not authorized to impose any new or increased ad valorem property tax to pay principal of or interest on the NID Bonds without the voter approval required by the Constitution and laws of the State. In March 2020, the City made the semi-annual payment then due on the NID Bonds with general funds. In June 2020, the special assessments were paid to the City, and the City's general funds were replenished. The special assessments are now current.

## Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness of political subdivisions with boundaries overlapping the City and the percentage attributable (on the basis of assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Approximate Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Mexico Public School District No. 59	\$20,972,404	71%	\$14,890,407

Source: The City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019; Missouri State Auditor's Office; Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

## **BONDHOLDERS' RISKS**

*The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in the Appendices hereto, copies of which are available as described herein.*

### **Limited Obligations**

The Bonds are special, limited obligations of the City and are payable solely out of Net Revenues of the Sewerage System, including any further extensions and improvements thereto hereafter constructed or acquired by the City, after providing for the costs of operation and maintenance thereof. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The Bonds are not payable by and have no recourse to the power of taxation. Bondholders have no lien on or security interest in any of the physical assets of the City, including the Sewerage System.

Although the City has agreed in the Ordinance and is required by law to charge rates sufficient to pay, among other things, the principal of and interest on the Bonds (see the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Ordinance – Rate Covenant**” herein), there is no assurance that, because of adverse economic conditions, unexpected repairs, replacements or improvements to the Sewerage System or other unanticipated circumstances, the City will be successful in collecting sufficient revenues to pay debt service on the Bonds on a timely basis.

### **Potential Risks Relating to COVID-19**

In December 2019, a novel strain of coronavirus (which leads to the disease known as “**COVID-19**”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been broad-based and has negatively impacted national, state and local economies.

On March 13, 2020, the President of the United States declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 13, 2020, the Governor of the State (the “**Governor**”) signed an Executive Order declaring a state of emergency in the State in response to COVID-19. On April 24, 2020, the Governor signed another Executive Order extending the state of emergency in the State through June 15, 2020, and on June 11, 2020, the Governor signed another Executive Order extending the state of emergency in the State through December 30, 2020. The stated purpose of the Executive Order is to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. On April 3, 2020, the Governor of the State issued a “stay at home order” for all Missouri residents, which began on April 6, 2020, and ended on May 4, 2020, requiring all Missourians to avoid leaving their residences unless necessary and to practice social distancing when they need to travel outside their homes to work, access foods, prescriptions, health care, and other necessities, or to engage in an outdoor activity.

The proliferation of COVID-19 throughout the City and the surrounding area may adversely impact the amount of revenues available to fund the City’s general operations and may also negatively impact the amount of Net Revenues that are pledged to pay debt service on the Bonds if the economic ramifications of the spread of COVID-19 have a lasting impact on the economy in and around the City. Significant instances of late payment or nonpayment could result in Net Revenues that are insufficient to pay debt service on the Bonds. Developments regarding COVID-19 continue to occur on a daily basis. The extent to which COVID-

19 will impact the general operations of the City, the operation of the Sewerage System and the ability of the City to generate sufficient Net Revenues from the operation of the Sewerage System is highly uncertain and cannot be predicted.

#### **No Credit Enhancement or Reserve Fund**

No bond insurance policy, letter of credit, reserve fund or other credit enhancement will be issued to insure payment of the principal of or interest on the Bonds.

#### **Factors Affecting Revenues of the Sewerage System**

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the operation and financial performance of the Sewerage System to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the operations of the Sewerage System.

2. *Future Economic Conditions.* Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the City; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges could adversely affect the financial performance of the Sewerage System to an extent that cannot be determined at this time.

3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely affect the financial performance of the Sewerage System to an extent that cannot be determined at this time.

4. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

5. *Environmental Regulation.* Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the City. For example, if property of the City is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it were not responsible for the contamination.

6. *Natural Disasters.* The occurrence of natural disasters, such as floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

7. *Miscellaneous Factors.* The utility industry in general has experienced, or may in the future experience, problems including (a) the effects of inflation upon the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (d) compliance with rapidly changing environmental, safety, rate and licensing regulations and requirements.

## **Market for the Bonds**

There is no established secondary market for the Bonds and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. It is the present practice of the Underwriter to make a secondary market as a dealer in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds although it is not obligated to do so. However, prices of municipal bonds traded by the Underwriter in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entity operating facilities subject to bond indebtedness. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the entity operating the subject facilities, or a material adverse change in the operations of that entity, whether or not the subject bonds are in default as to principal and interest payments, and other factors which, in the opinion of the Underwriter, may give rise to certainty concerning prudent secondary market practices.

Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

## **Tax-Exempt Status of the Bonds**

The failure of the City to comply with certain covenants of the City set forth in the Ordinance (see the caption "**TAX MATTERS**" herein), could cause the interest on the Bonds to become includible in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Ordinance does not provide for the payment of any additional interest or penalty in the event that the interest on the Bonds becomes includible in gross income for federal income tax purposes.

## **Tax Limitation: The Hancock Amendment**

An amendment to the Missouri Constitution limiting taxation and government revenue was approved by Missouri voters on November 4, 1980. The amendment (popularly known as the Hancock Amendment) places limitations on governmental revenues and the levying or increasing of taxes without voter approval. The amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

Since the Hancock Amendment was adopted in 1980, the Missouri Supreme Court has rendered numerous opinions addressing the question of whether certain types of fees and charges are subject to voter approval. In *Oswald v. City of Blue Springs*, 635 S.W.2d 332 (Mo. 1982) (en banc), the Supreme Court held that the voters' approval of revenue bonds implicitly authorized the city to increase utility rates to the extent required to pay the costs of operating and maintaining its utility system and to pay debt service on the bonds. So long as the City has revenue bonds outstanding that are payable from the Sewerage System, based on the *Blue Springs* case, the City believes that it can raise rates for use of the Sewerage System without further voter approval. In addition, the Supreme Court in *Keller v. Marion County Ambulance District*, 820 S.W.2d 301 (Mo. 1991) (en banc) analyzed the question of whether certain types of fees and charges are subject to voter approval under a five-prong test and concluded that an increase in fees charged by an ambulance district for transporting patients did not require voter approval. Subsequently, in *Beatty v. Metropolitan St. Louis Sewer District*, 867 S.W.2d 217 (Mo. 1993) (en banc), the Supreme Court applied the five-prong test developed in *Keller* and concluded that sewerage fees that were not directly related to the amount of service a customer

received required voter approval. Applying the same analysis to different billing structures, however, the Missouri Court of Appeals in *Missouri Growth Association v. Metropolitan St. Louis Sewer District*, 941 S.W.2d 615 (Mo. App. E.D. 1997) and *Mullenix - St. Charles Properties v. City of St. Charles*, 983 S.W.2d 550 (Mo. App. E.D. 1998), found that the sewerage fees and water and sewer charges at issue in these cases did not require voter approval. The City believes that, based on these and other cases, volume-based increases in charges for users of the Sewerage System are not subject to the voter approval requirement of the Hancock Amendment. Nevertheless, if the Missouri Supreme Court were to subsequently change its interpretation of the Hancock Amendment, or if future initiatives limited the ability of the City to raise its charges without voter approval, the City's ability to raise revenues to pay the Bonds could be adversely impacted.

### **Risk of Audit**

The Internal Revenue Service (the "Service") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Service would likely treat the City as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Defeasance Risks**

When all of the Bonds are deemed paid as provided in the Ordinance, the requirements contained in the Ordinance and all other rights granted to bond owners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the stated maturity or redemption date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or redemption date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. There is no legal requirement in the Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

### **BOND RATING**

Standard & Poor's Ratings Services, a division of McGraw-Hill Financial, Inc. ("S&P"), has assigned a municipal bond rating of "A" to the Bonds based upon the underlying credit of the City. Such rating reflects only the view of S&P at the time the rating is given, and the City and the Underwriter make no representation as to the appropriateness of such rating. An explanation of the significance of such rating may be obtained only from S&P. The City furnished S&P with certain information and materials relating to the Bonds and the



City that has not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances warrant.

The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of any rating of the Bonds or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Agreement, the City is required to bring to the attention of the holders of the Bonds any rating changes but has not undertaken any responsibility to disclose any rating revisions proposed by S&P or to oppose any such proposed revision or withdrawal of the rating of the Bonds. See the caption **“CONTINUING DISCLOSURE UNDERTAKING”** herein. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Bonds.

### **ABSENCE OF LITIGATION**

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof or which might materially affect the City’s ability to meet its obligations to pay the Bonds.

### **LEGAL MATTERS**

Legal matters with respect to the authorization, execution and delivery of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City, whose approving opinion will be available at the time of delivery of the Bonds. Gilmore & Bell, P.C. will also pass upon certain legal matters relating to this Official Statement.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not

deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

***Federal and State of Missouri Tax Exemption.*** The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

***Bank Qualification.*** The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

### **Other Tax Consequences**

***Original Issue Premium.*** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue premium.

***Sale, Exchange or Retirement of Bonds.*** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

***Reporting Requirements.*** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any

backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **CONTINUING DISCLOSURE UNDERTAKING**

The City is executing the Continuing Disclosure Agreement for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**"). The City is the only "obligated person" with responsibility for continuing disclosure.

### **Annual Reports**

Pursuant to the Continuing Disclosure Agreement, the City shall, not later than 180 days after the end of the City's fiscal year, commencing with the fiscal year ending September 30, 2020, file with the Municipal Securities Rulemaking Board ("**MSRB**") the following financial information and operating data (the "**Annual Report**"):

(1) The City's audited financial statements for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States. If the City's audited financial statements are not available by the time the Annual Report is required to be provided, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements shall be provided in the same manner as the Annual Report when they become available.

(2) The financial information and operating data contained in the tables under the following sections of this Official Statement: "**FINANCIAL AND OPERATING INFORMATION CONCERNING THE SYSTEM – Customers and Usage**," "**– Rates and Charges**" and "**– Billing and Collection**" and "**DEBT STRUCTURE OF THE SYSTEM – Debt Service Requirements**."

### **Material Event Notices**

Pursuant to the Continuing Disclosure Agreement, within 10 Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

**“Financial Obligation”** means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (1) or (2) in this definition; provided however, the term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Notwithstanding any other provision of the Continuing Disclosure Agreement, the City may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement.

If the City fails to comply with any provision of the Continuing Disclosure Agreement, the Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

### **Prior Undertakings**

The City has made similar undertakings with respect to its outstanding obligations to file an Annual Report for each fiscal year of the City. The City covenanted to include in its Annual Report the City’s audited financial statements for the previous year in addition to updated information relating to the City, the Sewerage System and its operations. The City believes that in the past five years it has complied in all material respects with its prior undertakings under the Rule, except the City failed to file notice within 10 Business Days of a rating change to its Neighborhood Improvement District Tax-Exempt Limited General Obligation Bonds (Mid-America Brick Refractory Site Improvements Project), Series 2010A.

## MISCELLANEOUS

### Financial Statements

The audited financial statements of the City for the fiscal year ended September 30, 2019, are included in *Appendix A* to this Official Statement. These financial statements have been audited by Williams-Keepers LLC, Columbia, Missouri, certified public accountants, to the extent and for the periods indicated in the independent auditors' report which is also included in *Appendix A* hereto.

### Financial Advisor

Piper Sandler & Co., Leawood, Kansas, has acted as Financial Advisor to the City in connection with the sale of the Bonds. The Financial Advisor has provided certain professional services in connection with the Bonds. The Financial Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Bonds.

### Underwriting

Commerce Bank, Kansas City, Missouri (the “**Underwriter**”) has agreed, subject to certain conditions, to purchase the Bonds at a price of \$7,852,006.95 (which is equal to the principal amount of the Bonds, plus original issue premium of \$740,652.45, less an underwriting discount of \$43,645.50). The Underwriter is purchasing the Bonds for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, determines.

### Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Bonds and the Ordinance do not purport to be complete and are qualified in their entirety by reference thereto.

Simultaneously with the delivery of the Bonds, the Mayor, acting on behalf of the City, will furnish to the Underwriter a certificate which will state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City. Neither the City nor any of its officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Ordinance.

**CITY OF MEXICO, MISSOURI**

By: /s/ Dr. Ayanna Shivers  
Mayor

**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019**

---

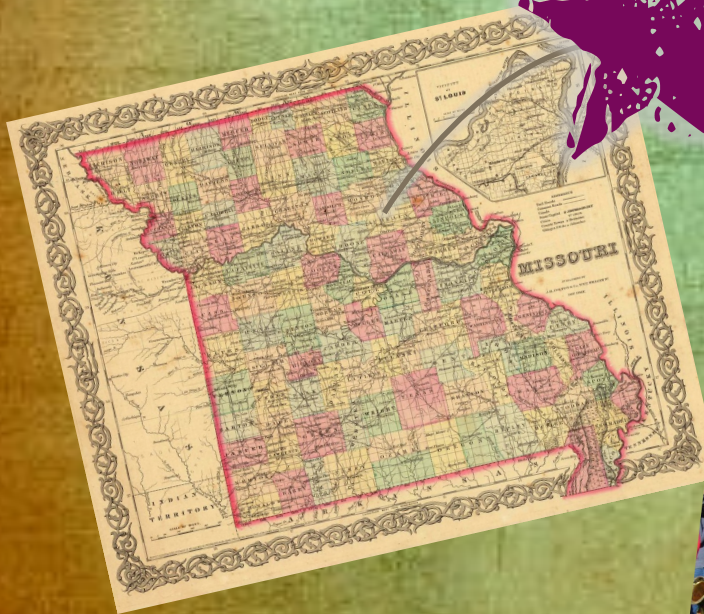
THIS PAGE INTENTIONALLY  
LEFT BLANK

---



*City of*

# MEXICO MISSOURI



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING SEPTEMBER 30, 2019

**CITY OF MEXICO, MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2019**

**Prepared By:**  
**Administrative Services Department**  
**Roger Haynes**  
**Administrative Services Director**  
**Vicki Duenke**  
**Financial Analyst/Accountant**



**CITY OF MEXICO, MISSOURI  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i – vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officers	x
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 14
Basic Financial Statements:	
Government-Wide:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
Notes to Basic Financial Statements	24 – 44
Required Supplementary Information:	
Budgetary Comparison Schedules-Major Governmental Funds:	
General Fund	45
Parks and Recreation Fund	46
Capital Improvement Sales Tax Fund	47
Mid-America Brick NID Fund	48
Grant Funds	49
Notes to Required Supplementary Information	50
Modified Approach to Reporting Infrastructure Assets	51 – 52
LAGERS (Pension Plan) Schedule of Changes in Net Pension Liability and Related Ratios	53
LAGERS (Pension Plan) Schedule of Contributions – Last Ten Fiscal Years	54

## TABLE OF CONTENTS – continued

Supplementary Information:	
Description of Non-Major Funds	55
Non-Major Governmental Funds:	
Combining Balance Sheet	56
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	57
Budgetary Comparison Schedules-Non-Major Governmental Funds:	
Tourism Tax Fund	58
Capital Project Reserve Fund	59
Cunningham Road NID Fund	60
Public Health Fund	61
Cemetery Perpetual Fund	62
Budgetary Comparison Schedules-Governmental Funds Combined with General Fund for Reporting Purposes:	
Airport Fund	63
Economic Development Fund	64

### STATISTICAL SECTION (Unaudited)

Table of Contents for Statistical Section	65
Net Position by Component – Last Ten Fiscal Years	66
Changes in Net Position – Last Ten Fiscal Years	67 – 68
Fund Balances, Governmental Funds – Last Ten Fiscal Years	69
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	70 – 71
Property Tax Levies and Collections – Last Ten Fiscal Years	72
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	73
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	74
Principal Property Tax Payers – Current Year and Nine Years Ago	75
Taxable Sales by Category	76
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	77
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	78
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	79
Direct and Overlapping Governmental Activities Debt	80
Legal Debt Margin Information – Last Ten Fiscal Years	81
Pledged-Revenue Coverage – Last Ten Fiscal Years	82
Demographic and Economic Statistics – Last Ten Calendar Years	83
Principal Employers – Current Year and Nine Years Ago	84
Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	85
Operating Indicators by Function/Program – Last Ten Fiscal Years	86
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	87

## **INTRODUCTORY SECTION**



January 15, 2020

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, 2019. 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 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 Number 59 and Audrain County are also contained in this report. However, it should be clearly noted these self-governed entities are not part of the City of Mexico and are excluded from the Introductory and Financial Sections.

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

## PROFILE OF THE GOVERNMENT

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

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

The City of Mexico provides a full range of services including police and fire protection, construction and maintenance of streets and other infrastructure; and recreational and cultural activities through the parks system. The City also operates an airport, animal shelter, cemetery, 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 Company provide service to the City, and a number of AM and FM stations broadcast throughout the area. High-speed internet services are readily accessible through four fiber vendor sources.

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 2,527 as of the date of this report. St. Brendan's enrollment for 2019 was 176, which includes Preschool through Eighth Grade. Moberly Area Community College offers a two-year college program at the Mexico campus, and 2019 enrollment averaged 213 students per semester. The MACC program provides associate degree educational opportunities in nursing, business, information systems, and agriculture. The Missouri Military Academy, which has 210 students enrolled for 2019, 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 grants, user fees, sales tax, property taxes and supporters of the Mexico Parks Foundation.

The City of Mexico is home of the Miss Missouri Pageant, which takes place during June of each year. Year 2019 represented the 50th 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 Arts Center and the Audrain County Historical Museum. The Presser 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, 2019, local unemployment is 2.40%, which compares favorably to the State of Missouri's unemployment rate of 2.60% and to the national unemployment rate, which was reported at 3.30%.

Assessed property value in Mexico increased by \$10,090,489 in fiscal year 2019 as compared to fiscal year 2018. The increase in total valuation was attributed to an increase in both real and personal property valuations. The overall tax levy for fiscal year 2019 remained the same as for fiscal year 2018.

As of the date of this report, the City of Mexico has noted the total assessed value for real and personal property decreased by \$649,549 for the upcoming fiscal year (2020) with a decrease in overall personal property assessed value being the sole factor.

## **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 2013 and forward.

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. In the end, the expansion was valued at \$1.5 million dollars 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 resulted in eighty additional full-time employment positions.

During fiscal year 2016, the City of Mexico began the process of updating its Airport Layout Plan in preparation for a major apron expansion planned for fiscal year 2017. All told, the City expects to expend approximately \$777,000 for the two projects with ninety percent of the cost being funded through non-primary entitlement aviation grants. These two projects are near completion as of the date of this report.

In February of 2016, East Central Missouri Behavioral Health Services, Inc., d/b/a Arthur Center Community Health, completed the construction of a 25,000 square foot medical clinic to provide expanded outpatient behavioral health services, outpatient primary care and dental services to the region. The City of Mexico approved the issuance of \$6.6 million dollars in Chapter 100 Bonds through the Mexico Industrial Development Authority to assist with construction costs. This medical facility expansion brought 22 FTE employment positions to Mexico. ECMBHS projects to invest another \$750,000 in duplex construction during 2017 to support a new residential care program and will add an estimated 13 more employment positions.

In June of 2016, Triad Catalog Co., LLC d/b/a Soft Surroundings, announced an expansion of its distribution facilities in Mexico. Soft Surroundings, through Chapter 100 financing, began the process of constructing a new 300,000 square foot distribution facility. Upon completion of the new building, the company will move its current Mexico based Soft Surroundings distribution operation to the new facility and insert Boston Proper's distribution operation, a sister company, into the vacated 89,500 square foot facility. The total project investment is estimated at \$18 million dollars (\$12.5 million financed through Chapter 100 Bonds). The expansion added more than 50 full time employment positions.



Presser Performing Arts Center broke ground in July of 2016 for a 9,200 square foot addition valued at \$3.2 million dollars. The addition, which was completed in 2017, features a state-of-the-art block-box multi-purpose theater, scene shop, music studio, art studio, art gallery, expanded lobby, concession area, offices, and other amenities.

In September of 2018, Spartan Light Metals held a groundbreaking ceremony to celebrate its new 135,000 square foot manufacturing addition. This new manufacturing facility is anticipated to provide one hundred new employment opportunities over the next five years. This facility will be partially financed with Chapter 100 Bonds in the amount of \$110,000,000.

In December of 2018, the Plant Science Center secured a lease with SEMO Milling, DBA Tiger Soy, LLC. The Plant Science Center facility is a Joint Venture Company with the City of Mexico, Missouri Technology Corporation and the University of Missouri as members. The 29,000 square foot facility is being utilized by Tiger Soy to manufacture a very fine soy meal for use in food products. Tiger Soy is anticipated to employ twenty near term and has potential for expansion both its manufacturing footprint and employment opportunity.

## **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, 2019, the City had pooled cash resources of \$11,367,876 consisting primarily of fully insured or security collateralized money market accounts. The City, during fiscal year 2019, earned \$387,723 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 at a minimum 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 a cost of \$1,179,205 in 2019. 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. In the past, the City has utilized 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**

### **Credit Rating**

In 2010, the City of Mexico received its first nationally recognized credit rating through Standard and Poor's, which resulted in a "stable" rating of AA-. The City has successfully retained the rating of AA- through the date of this report.

### **Independent Audit**

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

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

### **Certificates of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mexico for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirtieth 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.

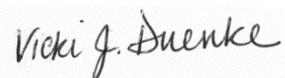
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire finance department staff. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Special thanks 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 Duenke  
Financial Analyst

City of Mexico  
300 N. Coal Street  
Mexico, Missouri 65265

573-581-2100  
[rhaynes@mexicomissouri.org](mailto:rhaynes@mexicomissouri.org)



Government Finance Officers Association

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

Presented to

**City of Mexico  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

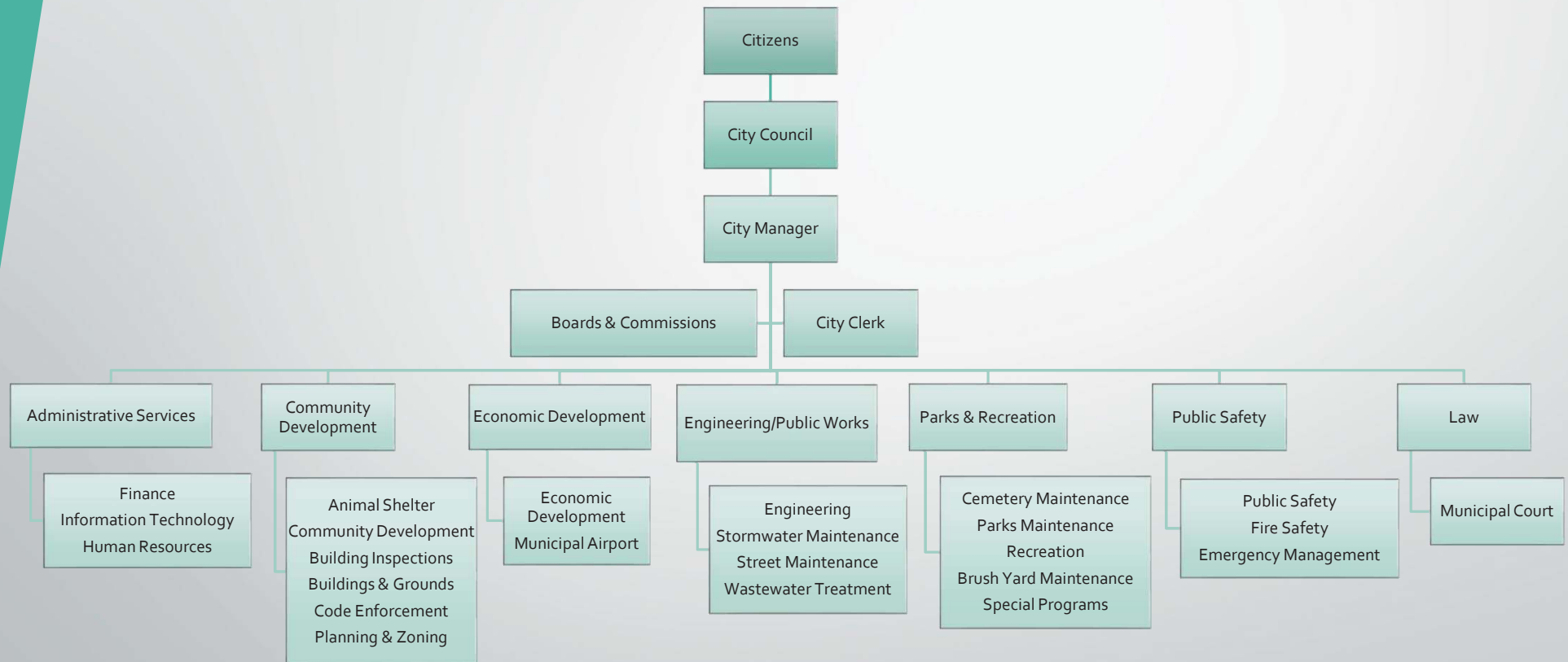
**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# City of Mexico, Missouri

## Organizational Chart



# **CITY OF MEXICO, MISSOURI**

## **PRINCIPAL OFFICERS**

### **CITY COUNCIL**

Dr. Ayanna Shivers, Mayor

Chris Williams, Chairman Pro Tem

Vicki Briggs

Chris Miller

Steve Nichols

### **ADMINISTRATION**

Bruce R. Slagle	City Manager
Roger D. Haynes	Deputy City Manager/Administrative Services Director
Russell Runge	Assistant City Manager/Economic Development Director
Marcy LeCount	City Clerk
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**

To the Honorable Mayor and City Council  
of the 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, 2019, 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

*William F. Keepers III*

January 15, 2020

**CITY OF MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2019**

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, 2019. 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 - vii 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 \$69,888,956 on the government-wide statements. Of this amount, \$55,224,637 represents investment in capital assets; \$5,811,086 is restricted; and the remaining \$8,853,233 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,984,621. Of that total, \$1,480,352 is attributable to governmental activities and \$504,269 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 \$56,716,398, an increase of \$1,480,352 in comparison with the prior year. Of this total amount, \$46,600,605 represents investment in capital assets; \$4,320,416 is restricted; and \$5,795,377 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 \$4,602,414 or 78.74% of the total General Fund expenditures, excluding transfers.
- The City of Mexico's total long term obligations decreased by \$783,794 or 6.78% during the current fiscal year per the Statement of Net Position. The decrease relates to the capital lease for the Speculative Building being paid-off early, 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 34 – 36 of this report.
- The City of Mexico's other liabilities increased by \$148,304 or 29.44% during the current fiscal year. The key factors in the increase relate to the current fiscal year end having outstanding payments on the Holt Street grant project.
- The City of Mexico utilized a combination of three state and federal grants during fiscal year 2019, with approximately \$956,859 being expended and \$225,933 being reimbursed during the twelve-month period. A substantial amount of the expenditures and reimbursements were attributable to the Holt Street project related grants, made available through a Federal Highway Innovation grant as administered by the Missouri Department of Transportation and two sidewalk infrastructure grants.

## 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, Capital Improvement Sales Tax, Mid-America Brick NID and Grant Funds, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 – 44 of this report.

**Other information** – In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance. Required budgetary supplementary information can be found on pages 45 – 50 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 6.58. 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 51 – 52 of this report.

Required supplementary information related to the City's pension plan can be found on pages 53 – 54.

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 55 – 64 of this report.

## Government-wide Financial Analysis

### Statement of Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 13,878,049	\$ 13,994,711	\$ 5,030,793	\$ 4,782,353	\$ 18,908,842	\$ 18,777,064
Capital assets	46,600,605	45,354,866	17,734,032	17,832,023	64,334,637	63,186,889
Total assets	60,478,654	59,349,577	22,764,825	22,614,376	83,243,479	81,963,953
Deferred outflows of resources	183,952	258,015	19,156	43,694	203,108	301,709
Total deferred outflows	183,952	258,015	19,156	43,694	203,108	301,709
Long-term obligations	1,523,020	1,956,446	9,251,516	9,601,884	10,774,536	11,558,330
Other liabilities	419,930	279,690	232,176	224,112	652,106	503,802
Total liabilities	1,942,950	2,236,136	9,483,692	9,825,996	11,426,642	12,062,132
Deferred inflows of resources	2,003,258	2,135,410	127,731	163,785	2,130,989	2,299,195
Total deferred inflows	2,003,258	2,135,410	127,731	163,785	2,130,989	2,299,195
Net position						
Net investment in capital assets	46,600,605	44,985,164	8,624,032	8,377,023	55,224,637	53,362,187
Restricted	4,320,416	4,592,289	1,490,670	1,490,299	5,811,086	6,082,588
Unrestricted	5,795,377	5,658,593	3,057,856	2,800,967	8,853,233	8,459,560
Total net position	\$ 56,716,398	\$ 55,236,046	\$ 13,172,558	\$ 12,668,289	\$ 69,888,956	\$ 67,904,335

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mexico, assets and deferred outflows exceeded liabilities and deferred inflows by \$69,888,956 at the close of the most recent fiscal year. Net position increased by \$1,984,621 for the current fiscal year over the prior fiscal year. Assets and deferred outflows exceed liabilities and deferred inflows by \$67,904,335 at the close of the prior fiscal year, with net position for that year having increased by \$1,167,871.

Governmental activities' assets constitute 72.65% of total assets, deferred outflows constitute 90.57% of total deferred outflows, liabilities constitute 17.00% of total liabilities, deferred inflows constitute 94.01% of total deferred inflows, and net position is 81.15% of total net position. Governmental activities' assets constituted 72.41% of total assets, deferred outflows constituted 85.52% of total deferred outflows, liabilities constituted 18.54% of total liabilities, deferred inflows constituted 92.88% of total deferred inflows, and net position was 81.34% of total net position for the prior fiscal year. The business-type activities constitute 27.35% of total assets, 9.43% of total deferred outflows, 83.00% of total liabilities, 5.99% of total deferred inflows, and 18.85% of total net position. The business-type activities constituted 27.59% of total assets, 14.48% of total deferred outflows, 81.46% of total liabilities, 7.12% of total deferred inflows, and 18.66% of total net position in the prior fiscal year.

By far the largest portion of the City of Mexico's net position (\$55,224,637 or 79.02%) 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 net investment in capital assets in the prior year totaled \$53,362,187 or 78.58% of total net position. During the current year, the City's net investment in capital assets increased by \$1,862,450 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 (\$5,811,086 or 8.31%) represents resources that are subject to external restrictions on how they may be used. This portion of net position was \$6,082,558 or 8.96% in the prior fiscal year. The remaining balance of unrestricted net position of \$8,853,233 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$393,673 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 - Capital assets increased by \$1,245,739 largely due to an increase in non-depreciable capital assets. Long-term obligations decreased by \$433,426. The Speculative Building loan was paid-off early for \$369,701 and the scheduled principal payment of \$80,000 was made on the \$1,930,000 Mid America Brick NID. Other liabilities increased by \$140,240 largely due accounts payable related to the Holt Street grant project nearing completion at the end of the fiscal year. Deferred outflows decreased by \$74,063 and deferred inflows decreased by \$132,152 largely due to adjustments related to actuarial changes in pension plan deferred outflows and inflows of resources that were originally brought into the City's financials in fiscal year 2015 (GASB 68 and 71).

Business-type activities - Current and other assets increased by \$248,440 as a result of savings in operational costs and healthy consumption/user charges throughout the course of the fiscal year. Long-term obligations decreased by \$350,368 in large part due to making scheduled principal payments on the Series 2010 and 2011 Series Sewer System Revenue Bonds. Deferred outflows decreased by \$24,538 and deferred inflows decreased by \$36,054 due to adjustments to pension plan deferred outflows and deferred inflows of resources that were originally 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 years 2015 through 2019 than it would have excluding these pension items. Additional information on these pension items can be found within the Pension Plan section on pages 39 – 42 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 563,500	\$ 547,009	\$ 3,779,477	\$ 3,687,247	\$ 4,342,977	\$ 4,234,256
Grants and contributions:						
Operating	8,000	-	-	-	8,000	-
Capital	1,073,501	321,378	15,700	-	1,089,201	321,378
General revenues:						
Taxes	6,920,691	7,109,157	-	-	6,920,691	7,109,157
Investment revenue	193,637	130,147	83,163	58,606	276,800	188,753
Interest rebates	-	-	110,923	112,611	110,923	112,611
Other	402,304	498,303	31,051	27,996	433,355	526,299
Gain on sale of capital assets	39,189	22,268	5,900	211,295	45,089	233,563
Total revenues	9,200,822	8,628,262	4,026,214	4,097,755	13,227,036	12,726,017
Expenses:						
General government	1,639,486	1,348,717	-	-	1,639,486	1,348,717
Public safety	2,303,651	2,395,368	-	-	2,303,651	2,395,368
Streets	1,309,690	1,413,609	-	-	1,309,690	1,413,609
Cemetery	141,331	138,841	-	-	141,331	138,841
Parks and recreation	1,136,267	1,046,211	-	-	1,136,267	1,046,211
Public health	319,910	311,871	-	-	319,910	311,871
Economic development	218,413	245,645	-	-	218,413	245,645
Airport	154,360	141,521	-	-	154,360	141,521
Community development	373,949	669,739	-	-	373,949	669,739
Brush yard	51,012	62,127	-	-	51,012	62,127
Interest expense	72,401	94,847	-	-	72,401	94,847
Wastewater utility	-	-	2,955,747	3,112,487	2,955,747	3,112,487
Sanitation	-	-	566,198	577,163	566,198	577,163
Total expenses	7,720,470	7,868,496	3,521,945	3,689,650	11,242,415	11,558,146
Increase in net position	1,480,352	759,766	504,269	408,105	1,984,621	1,167,871
Net position, beginning	55,236,046	54,476,280	12,668,289	12,260,184	67,904,335	66,736,464
Net position, ending	\$ 56,716,398	\$ 55,236,046	\$ 13,172,558	\$ 12,668,289	\$ 69,888,956	\$ 67,904,335

**Governmental activities:** Governmental activities increased the City of Mexico's net position by \$1,480,352. Governmental activities increased the City of Mexico's net position by \$759,766 in the prior fiscal year.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2019.

- There were minimal operating grants and contributions during fiscal year 2019.
- Capital grants and contributions for governmental activities increased by \$752,123. This was a result of the Holt Street grant, two sidewalk infrastructure grants, and contributed park assets in the current fiscal year.
- Revenue derived from taxes decreased in fiscal year 2019 over the prior fiscal year in the amount of \$188,466 with the majority of the decrease being from a decline in franchise taxes, and one-third of the decrease relating to a decline in sales tax, with them being offset by an increase in property tax revenue.



- Revenue earned from investments increased in fiscal year 2019 over the prior year in the amount of \$63,490 due to a full year's favorable investment floor rate offered through the depository banking agreement that has been effective since April 1, 2018.

The following summarizes significant events or changes in governmental activities for the year ended September 30, 2018.

- There were no operating grants or contributions during fiscal year 2018.
- Capital grants and contributions for governmental activities decreased by \$531,678. This was a result of two airport grants, two street infrastructure grants, and contributed park asset projects nearing completion in the prior fiscal year.
- Revenue derived from taxes increased in fiscal year 2018 over the prior fiscal year in the amount of \$413,560 with approximately one-third of the increase being from sales tax and majority of the remainder derived from improved gross receipts tax collection on electric and natural gas utilities.
- Revenue earned from investments increased in fiscal year 2018 over the prior year in the amount of \$51,849 due to an improved investment floor rate offered through a new depository banking agreement that became effective on April 1, 2018.

As a whole, expenses for governmental activities decreased by \$148,026 or 1.88% in fiscal year 2019 as compared to fiscal year 2018.

In fiscal year 2019, general government expenditures increased by \$290,769 or 21.56%, streets expenditures decreased by \$103,919 or 7.35%, parks department operations increased by \$90,056 or 8.61%, community development operations decreased by \$295,790 or 44.16%, public health decreased by \$11,115 or 17.89%, and brush yard operations decreased by \$22,446 or 23.67% as compared to fiscal year 2018. As a whole, the decreases in expenditures within Governmental Activities are attributed to decreases in building repairs, utility costs, and other various service related expenditures.

**Business-type activities:** Business type activities increased the City of Mexico's net position by \$504,269 during fiscal year 2019. Business type activities increased the City of Mexico's net position by \$408,105 in the prior fiscal year. Of the \$504,269 increase in business-type net position, \$455,724 of the net position increase resulted from wastewater operations, and \$48,545 from sanitation operations.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2019.

- 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 1.73% to cover contractual cost adjustments associated with providing this service.
- Operating expenses for business-type activities decreased in comparison to the prior fiscal year in the amount of \$167,705. This significant decrease was largely due to the prior year having a non-recurring home claim/backflow valve expense, as well as realizing savings in natural gas, electricity, insurance, and repairs.

The following summarizes significant events or changes in business-type activities for the year ended September 30, 2018.

- 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 1.49% to cover contractual cost adjustments associated with providing this service.
- Operating expenses for business-type activities increased in comparison to the prior fiscal year in the amount of \$305,381. This was largely due to a \$233,713 increase in non-capitalized “other expense” within wastewater operations, which most will be non-recurring.

### **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 \$8,755,394, a decrease of \$134,922 in comparison with the prior year. Approximately 51.51% of this total amount (\$4,509,713) constitutes unassigned fund balance, which is available for spending at the government’s discretion. Approximately 48.58% (\$4,319,305) 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 \$5,102,279, of which \$4,602,414 is unassigned. The fund balance of the City of Mexico’s General Fund increased by \$92,380 compared to the prior year. The fund balance of the General Fund was \$5,009,899 in the prior fiscal year. Key factors in the increased fund balance can be attributed to increases in property tax revenue, licenses and permits, and interest earnings over the prior year. Cash balance was used to pay off a real estate loan on a speculative building, creating current and future interest savings, combined with savings in various departments in utility expenses and supply expenditures.

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 \$590,546. The fund balance of the Parks and Recreation Fund decreased by \$10,361 from the prior fiscal year. The fund balance of the Parks and Recreation Fund was \$600,907 in the prior year. Factors for the decrease in fund balance relate to increased capital outlay expenditures for parks improvements and a playground project, along with increased parts and services expenses.

The Capital Improvement Sales Tax Fund accounts for funds 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 \$395,207. The fund balance increased \$10,522 compared to the prior year. The fund balance of the Capital Improvement Sales Tax Fund was \$384,685 in the prior year. The key factors for this increase relate to reduced transfers to the capital project and airport funds for grant matches.

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 2019 fiscal year, the total fund balance of the Mid-America Brick NID Fund was \$962,326 as compared to the fund balance of \$1,004,298 in the 2018 fiscal year, reflecting a \$41,972 decrease. Additional information on the Mid-America Brick NID can be found within Note 7 within the Notes to Financial Statements section of this report.

The Grant Funds accounts for funds provided from Federal and State grants. At the end of the current fiscal year, total fund balance of the Grant Funds was a deficit of \$92,701. The fund balance decreased by \$304,164 compared to the prior year. The fund balance of the Grant Funds was \$211,463 in the prior year. Fund balance decreased representing outstanding grant receivables and payables on the Holt Street and Muldrow Sidewalk grant projects.

**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 \$12,703,932, and the net position for Sanitation Fund amounted to \$468,626. The increase in net position for the Wastewater Fund was \$455,724, and there was an increase of \$48,545 for the Sanitation Fund. Net position in the Wastewater Fund amounted to \$12,248,208, and net position for the Sanitation Fund amounted to \$420,081 in the prior fiscal year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Mexico's business-type activities.

### **General Fund Budgetary Highlights**

Revisions of the original expenditure budget were minor, but made to reflect changes in original budgeting assumptions. The original General Fund expenditure budget was forecasted at \$6,060,334 and the revised expenditure budget was reduced by 6.36% to \$5,674,711.

Actual expenditures for the General Fund came in 5.79% or \$328,378 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 \$123,643 under the revised budget due to reduced cost in the categories of personnel and supplies.
- The Public Safety Department came in \$135,198 under budget with a better than revised budget savings in the areas of personnel cost and supplies. Personnel cost continue to be impacted by position vacancies, which in turn impacted funds expended for uniforms, supplies, and training services.
- The Street Department came in \$32,174 under budget with a better than revised budget savings in the amount of \$17,253 in the category of personnel services and \$17,287 in supplies.
- The Cemetery Department came in \$8,652 under budget with a better than budget savings of \$4,701 in supplies expenditures and \$3,865 in personnel services costs.
- The Economic Development Department came in \$5,498 over budget with a higher than budget expense of \$6,130 in the category of personnel services, offset by lower than budget expenses in services category.

- The Community Development Department came in \$3,646 over budget with a higher than budget expense of \$8,709 in the category of personnel services and offsetting savings in supplies and services.
- Capital outlay came in \$28,617 under the revised budget due mostly to budgeted repairs to city hall not being completed during the fiscal year.

Revisions of the original revenue budget were positive with an upward adjustment in the amount of \$90,047 or a 1.73% change.

General Fund revenues exceeded the revised budget for General Fund revenues by approximately \$29,764, which was largely contributed to:

- Property and gross receipts taxes collected being \$22,463 better than the revised budget, largely due to better than anticipated revenue for electric and telecommunication tax, and real estate tax.
- Building licenses and permits came in \$34,032 better than the revised budget due to several new construction projects and industrial expansion projects.

### **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:

	2019	2018
Capital assets, not being depreciated:		
Land	\$ 4,458,418	\$ 4,493,418
Infrastructure	31,573,707	31,253,207
Construction in progress	1,497,831	426,601
Total capital assets, not being depreciated	37,529,956	36,173,226
Capital assets, being depreciated:		
Buildings	12,335,982	12,245,471
Structures other than buildings	16,536,776	16,066,792
Equipment	19,430,239	18,792,359
Infrastructure	2,051,621	2,035,071
Total capital assets, being depreciated	50,354,618	49,139,693
Less accumulated depreciation	(23,549,937)	(22,126,030)
Total capital assets being depreciated, net	26,804,681	27,013,663
Capital assets, net	\$ 64,334,637	\$ 63,186,889

The major capital asset events in the current year included the purchase of a new dump truck and snow plow/spreader equipment costing \$120,703 and an asphalt recycler costing \$73,000, both for the Street Department. The Public Safety Department replaced the portable and mobile radios for \$44,687. The Cemetery Department purchased a compact excavator for \$59,816. The Engineering Department purchased survey equipment and made improvements to the GIS system for \$30,745. The Holt Street Improvement project continued, adding \$921,553 to construction in progress.

The Wastewater Fund purchased a new jet truck for \$211,741, a new CCTV unit for underground line inspection for \$75,689 and made \$62,797 in lift station improvements. The WWTP RAS/WAS Pump project at the Wastewater Treatment Plant had \$38,216 in additions to construction in progress. The Wastewater Treatment Plant Facility update had \$78,079 in additions to construction in progress. There were \$31,857 in additions for the project creating a hydraulic model of the wastewater collection system trunk. Work continued on various projects in the wastewater collection system totaling \$315,379.

The Parks and Recreation Fund replaced the Plunket Park Shelter floor costing \$45,400 and the Lakeview Park Shelter floor costing \$20,926. The Fairgrounds Parking Lot was paved, costing \$28,610. Playground equipment was replaced at Hardin Park costing \$62,424. The remaining phases of the Culvert replacement at the A.P. Green Estates Park were completed, costing \$28,666.

The Airport Fund replaced the fuel storage tank at a cost of \$15,394.

Amelia and Falcon Streets were recorded as contributed infrastructure street assets valued at \$320,500, with corresponding storm sewer contributions valued at \$16,550.

During the prior fiscal year, capital asset events included the purchase of a wheel loader for the Street Department costing \$132,812. The Public Safety Department replaced the In-Car Camera Video Systems for \$54,500. The Forestry/Brush Yard Department purchased a Mini Skid Steer unit and attachments for \$32,125. The Holt Street Improvement project continued, adding \$97,535 to construction in progress. Storm Sewer Drainage Improvements were made to the Kiwanis Lake Spillway for a total of \$44,056.

The Aeration Blower project at the Wastewater Treatment Plant had \$336,115 in additions, and was placed in service with a total project cost of \$381,985. Work continued on various projects in the wastewater collection system totaling \$758,467, and improvements to the treatment plant totaled \$31,342.

The Parks and Recreation Fund completed the Fairgrounds Park Shelter project with a total project cost of \$93,048. The Lakeview Park Playground Equipment, funded through grant matching, had additions of \$2,718 and was placed in service with a project total of \$164,691. Additional Playground Equipment was installed at Fairgrounds Park with additions of \$60,000, and a project total of \$62,551. Improvements to Lighting at the Basketball Courts at Garfield and Fairgrounds Parks totaled \$11,829. One of the Parks Department Wide Area Mowers was replaced costing \$54,000.

The Airport Fund completed work on the Apron Expansion project with additions of \$177,290, and placed in service with a total project cost of \$664,118. This project was funded through a Non-Primary Entitlement 90/10 MoDOT Aviation Grant.

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 51 and 52. 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 6.58 was met for 2019.

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

<u>Year</u>	<u>Assessed Condition</u>
2019	6.58
2018	6.64
2017	6.54

Additional information regarding the City's capital assets can be found in Note 5 on pages 32 – 33 of this report.

### **Long-Term Debt**

At the end of the current fiscal year, the City of Mexico had bonded debt in the amount of \$10,390,000. Additional information regarding the City's long-term debt can be found in Note 7 on pages 34 – 36 of this report.

At the end of the prior fiscal year, the City of Mexico had \$10,815,000 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 \$212,000 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. During fiscal year 2019, the NID related property was purchased by Abacus Financial Member LLC. The NID payments on the limited obligation bonds total \$154,740 annually.
- With interest rates remaining relatively low and inflation being kept at a moderate level, the City of Mexico can reasonably expect continued investment into the community by existing businesses through various expansions as seen during 2019.
- The unemployment rate for the City of Mexico is 2.4% at September 30, 2019, which is an improvement compared to last year's rate of 2.5%. This rate is equal to or matches the State's average unemployment rate of 2.6% and betters the national average of 3.3%.
- The occupancy rate of the City's central business district has remained at 97% for the past ten 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 2019 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, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,788,019	\$ 3,028,778	\$ 9,816,797
Restricted cash	424,669	1,126,410	1,551,079
Accounts receivable (net of allowance of \$85,735)	-	496,280	496,280
Taxes receivable	1,953,554	-	1,953,554
Intergovernmental receivable	612,457	-	612,457
Special assessment receivable	1,054,686	-	1,054,686
Other receivables	17,293	-	17,293
Prepaid expenses	687,225	15,065	702,290
Investment in joint venture	50,000	-	50,000
Capital assets:			
Non-depreciable	37,256,988	272,968	37,529,956
Depreciable, net	9,343,617	17,461,064	26,804,681
Net pension plan asset	2,290,146	364,260	2,654,406
Total assets	<u>60,478,654</u>	<u>22,764,825</u>	<u>83,243,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan contributions	86,498	13,442	99,940
Pension plan - other	97,454	5,714	103,168
Total deferred outflows of resources	<u>183,952</u>	<u>19,156</u>	<u>203,108</u>
<b>LIABILITIES</b>			
Accounts payable	419,930	126,538	546,468
Accrued interest payable	-	105,638	105,638
Long-term liabilities:			
Bonds payable			
Amounts due within one year	160,000	355,000	515,000
Amount due beyond one year	1,120,000	8,755,000	9,875,000
Accrued landfill closure costs			
Amounts due within one year	-	8,888	8,888
Amounts due beyond one year	-	106,651	106,651
Compensated absences			
Amounts due within one year	121,510	12,989	134,499
Amounts due beyond one year	121,510	12,989	134,499
Total liabilities	<u>1,942,950</u>	<u>9,483,692</u>	<u>11,426,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	1,186,612	-	1,186,612
Pension plan - other	816,646	127,731	944,377
Total deferred inflows of resources	<u>2,003,258</u>	<u>127,731</u>	<u>2,130,989</u>
<b>NET POSITION</b>			
Net investment in capital assets	46,600,605	8,624,032	55,224,637
Restricted for:			
Perpetual care, nonexpendable	166,352	-	166,352
Capital improvements	395,207	-	395,207
Public health	354,395	-	354,395
Community development	751,812	-	751,812
Tourism	87,403	-	87,403
Debt service	275,101	1,126,410	1,401,511
Pension plan	2,290,146	364,260	2,654,406
Unrestricted	5,795,377	3,057,856	8,853,233
Total net position	<u>\$ 56,716,398</u>	<u>\$ 13,172,558</u>	<u>\$ 69,888,956</u>

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

**CITY OF MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2019**

Program/function	Program revenues				Net (expense) revenue and changes in net position		Total
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	
Governmental activities:							
General government	\$ 1,639,486	\$ 252,133	\$ 131,539	\$ -	\$ (1,255,814)	\$ -	\$ (1,255,814)
Public safety	2,303,651	23,969	-	-	(2,279,682)	-	(2,279,682)
Streets	1,309,690	-	599,617	-	(710,073)	-	(710,073)
Cemetery	141,331	-	-	-	(141,331)	-	(141,331)
Parks and recreation	1,136,267	55,233	-	8,000	(1,073,034)	-	(1,073,034)
Public health	319,910	-	-	-	(319,910)	-	(319,910)
Economic development	218,413	205,920	-	-	(12,493)	-	(12,493)
Airport	154,360	26,245	-	-	(128,115)	-	(128,115)
Community development	373,949	-	342,345	-	(31,604)	-	(31,604)
Brush yard	51,012	-	-	-	(51,012)	-	(51,012)
Interest expense	72,401	-	-	-	(72,401)	-	(72,401)
Total governmental activities	7,720,470	563,500	1,073,501	8,000	(6,075,469)	-	(6,075,469)
Business-type activities:							
Wastewater utility	2,955,747	3,175,438	15,700	-	-	235,391	235,391
Sanitation	566,198	604,039	-	-	-	37,841	37,841
Total business-type activities	3,521,945	3,779,477	15,700	-	-	273,232	273,232
Total	\$ 11,242,415	\$ 4,342,977	\$ 1,089,201	\$ 8,000	(6,075,469)	273,232	(5,802,237)
General revenue:							
Taxes:							
Property taxes					1,267,067	-	1,267,067
Sales taxes					4,046,812	-	4,046,812
Franchise taxes					1,606,812	-	1,606,812
Miscellaneous income					203,990	31,051	235,041
Administrative reimbursement					198,314	-	198,314
Gain on sale of capital assets					39,189	5,900	45,089
Interest income					193,637	83,163	276,800
Interest rebates on Build America Bonds					-	110,923	110,923
Total general revenue					7,555,821	231,037	7,786,858
Change in net position					1,480,352	504,269	1,984,621
Net position - beginning					55,236,046	12,668,289	67,904,335
Net position - ending					\$ 56,716,398	\$ 13,172,558	\$ 69,888,956

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



**CITY OF MEXICO**  
**BALANCE SHEET**  
**ALL GOVERNMENTAL FUND TYPES**  
**September 30, 2019**

	Major Funds						
	General Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Mid-America Brick NID Fund	Grant Funds	Non-Major Funds	Totals
<b>ASSETS</b>							
ASSETS							
Cash and cash equivalents	\$ 4,338,745	\$ 479,155	\$ 265,171	\$ 63,890	\$ 7,122	\$ 1,633,936	\$ 6,788,019
Restricted cash	18,600	-	-	238,600	-	167,469	424,669
Taxes receivable	1,198,314	293,624	132,516	-	-	329,100	1,953,554
Intergovernmental receivable	15,496	-	-	-	596,961	-	612,457
NID receivable	-	-	-	1,052,060	-	2,626	1,054,686
Other receivables	5,780	6,331	-	-	-	5,182	17,293
Interfund receivable	410,224	-	-	-	-	-	410,224
Prepaid expenditures	-	-	-	687,225	-	-	687,225
Total assets	<u>\$ 5,987,159</u>	<u>\$ 779,110</u>	<u>\$ 397,687</u>	<u>\$ 2,041,775</u>	<u>\$ 604,083</u>	<u>\$ 2,138,313</u>	<u>\$ 11,948,127</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
LIABILITIES							
Accounts payable	\$ 68,304	\$ 9,822	\$ 2,480	\$ 27,389	172,071	\$ 8,704	\$ 288,770
Accrued liabilities	106,968	17,574	-	-	-	6,618	131,160
Interfund payable	-	-	-	-	410,224	-	410,224
Total liabilities	<u>175,272</u>	<u>27,396</u>	<u>2,480</u>	<u>27,389</u>	<u>582,295</u>	<u>15,322</u>	<u>830,154</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	702,952	161,168	-	-	-	322,492	1,186,612
Unavailable revenue - special assessments and grants	6,656	-	-	1,052,060	114,489	2,762	1,175,967
Total deferred inflows of resources	<u>709,608</u>	<u>161,168</u>	<u>-</u>	<u>1,052,060</u>	<u>114,489</u>	<u>325,254</u>	<u>2,362,579</u>
FUND BALANCES							
Nonspendable:							
Prepays	-	-	-	687,225	-	-	687,225
Perpetual care	-	-	-	-	-	166,352	166,352
Restricted for:							
Capital improvements	-	-	395,207	-	-	-	395,207
Public health	-	-	-	-	-	354,395	354,395
Community development	-	-	-	-	-	64,587	64,587
Tourism	-	-	-	-	-	87,403	87,403
Debt service	-	-	-	275,101	-	-	275,101
Committed:							
Capital improvements	-	-	-	-	-	1,125,000	1,125,000
Assigned:							
Airport	111,429	-	-	-	-	-	111,429
Economic development	388,436	-	-	-	-	-	388,436
Parks and recreation	-	590,546	-	-	-	-	590,546
Unassigned	4,602,414	-	-	-	(92,701)	-	4,509,713
Total fund balances	<u>5,102,279</u>	<u>590,546</u>	<u>395,207</u>	<u>962,326</u>	<u>(92,701)</u>	<u>1,797,737</u>	<u>8,755,394</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,987,159</u>	<u>\$ 779,110</u>	<u>\$ 397,687</u>	<u>\$ 2,041,775</u>	<u>\$ 604,083</u>	<u>\$ 2,138,313</u>	<u>\$ 11,948,127</u>

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

## CITY OF MEXICO

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

September 30, 2019

Fund balances - total governmental funds \$ 8,755,394

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	58,108,340	
Less accumulated depreciation	<u>(11,507,735)</u>	
		46,600,605

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	2,290,146
Pension plan contributions	86,498
Pension plan - other	97,454

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,175,967

Long-term liabilities, including bonds 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:

Bonds payable	(1,280,000)
Accrued compensated absences	(243,020)
Pension plan - other	<u>(816,646)</u>

Net position of governmental activities	<u>\$ 56,716,398</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, 2019**

	Major Funds						
	General Fund	Parks and Recreation Fund	Capital Improvement Sales Tax Fund	Mid-America Brick NID Fund	Grant Funds	Non-Major Funds	Totals
<b>REVENUES:</b>							
Taxes							
Property	\$ 717,285	\$ 163,794	\$ -	\$ 154,741	\$ -	\$ 327,923	\$ 1,363,743
Sales	2,298,040	845,628	845,022	-	-	58,122	4,046,812
Franchise	1,606,812	-	-	-	-	-	1,606,812
Licenses and permits	252,133	-	-	-	-	-	252,133
Charges for services	-	55,233	-	-	-	-	55,233
Intergovernmental revenues	19,657	8,000	-	-	621,462	-	649,119
Fines and forfeitures	23,969	-	-	-	-	-	23,969
Miscellaneous							
Rent	232,165	-	-	-	-	-	232,165
Interest	121,489	14,380	12,194	6,698	-	38,876	193,637
Administrative reimbursement	198,314	-	-	-	-	-	198,314
Other	132,034	11,411	-	21,578	-	38,967	203,990
<b>TOTAL REVENUES</b>	<b>5,601,898</b>	<b>1,098,446</b>	<b>857,216</b>	<b>183,017</b>	<b>621,462</b>	<b>463,888</b>	<b>8,825,927</b>
<b>EXPENDITURES:</b>							
Current:							
General government	1,182,949	-	-	-	-	-	1,182,949
Public safety	2,278,573	-	-	-	-	-	2,278,573
Streets	895,677	-	384,094	-	19,017	-	1,298,788
Cemetery	134,870	-	-	-	-	-	134,870
Parks and recreation	-	929,214	-	-	-	-	929,214
Public health	-	-	-	-	-	300,919	300,919
Economic development	162,593	-	-	-	-	-	162,593
Airport	62,630	-	-	-	-	-	62,630
Community development	227,737	-	-	73,264	18,056	54,892	373,949
Brush yard	50,959	-	-	-	-	-	50,959
Capital outlay	477,702	254,593	-	-	921,553	8,780	1,662,628
Debt service:							
Principal	369,701	-	-	80,000	-	-	449,701
Interest	1,351	-	-	71,725	-	-	73,076
<b>TOTAL EXPENDITURES</b>	<b>5,844,742</b>	<b>1,183,807</b>	<b>384,094</b>	<b>224,989</b>	<b>958,626</b>	<b>364,591</b>	<b>8,960,849</b>
Excess (deficiency) of revenues over (under) expenditures	(242,844)	(85,361)	473,122	(41,972)	(337,164)	99,297	(134,922)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	435,224	75,000	1,800	-	33,000	100,000	645,024
Transfers (out)	(100,000)	-	(464,400)	-	-	(80,624)	(645,024)
Total other financing sources (uses)	335,224	75,000	(462,600)	-	33,000	19,376	-
Net change in fund balances	92,380	(10,361)	10,522	(41,972)	(304,164)	118,673	(134,922)
Fund balances, October 1	5,009,899	600,907	384,685	1,004,298	211,463	1,679,064	8,890,316
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 5,102,279</b>	<b>\$ 590,546</b>	<b>\$ 395,207</b>	<b>\$ 962,326</b>	<b>\$ (92,701)</b>	<b>\$ 1,797,737</b>	<b>\$ 8,755,394</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, 2019

Net change in fund balances - total governmental funds \$ (134,922)

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 greater than the depreciation in the current period.

Capital outlay capitalized as assets	1,662,129	
Gain on disposal of capital assets	39,189	
Depreciation	<u>(793,129)</u>	
		908,189

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	337,550
Unavailable revenue - property taxes and grants	<u>(1,844)</u>

The issuance of long-term debt (i.e. 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, interest expenditures are 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	449,701	
Change in interest payable	<u>675</u>	
		450,376

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	(16,274)
Pension plan	<u>(62,723)</u>
Change in net position of governmental activities	<u>\$ 1,480,352</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, 2019**

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,542,362	\$ 486,416	\$ 3,028,778
Restricted cash	1,126,410	-	1,126,410
Accounts receivable (net of allowance of \$85,735)	403,748	92,532	496,280
Prepaid expenses	15,065	-	15,065
Total current assets	4,087,585	578,948	4,666,533
Non-current assets:			
Property, plant and equipment, net of accumulated depreciation	17,724,775	9,257	17,734,032
Net pension plan asset	317,258	47,002	364,260
Total non-current assets	18,042,033	56,259	18,098,292
Total assets	22,129,618	635,207	22,764,825
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan contributions	12,423	1,019	13,442
Pension plan - other	3,671	2,043	5,714
Total deferred outflows of resources	16,094	3,062	19,156
<b>LIABILITIES</b>			
Current liabilities:			
Bonds payable	355,000	-	355,000
Accrued interest payable	105,638	-	105,638
Accrued landfill closure costs	-	8,888	8,888
Accounts payable	87,182	39,356	126,538
Compensated absences	12,989	-	12,989
Total current liabilities	560,809	48,244	609,053
Non-current liabilities:			
Bonds payable	8,755,000	-	8,755,000
Accrued landfill closure costs	-	106,651	106,651
Compensated absences	12,989	-	12,989
Total long-term liabilities	8,767,989	106,651	8,874,640
Total liabilities	9,328,797	154,895	9,483,692
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan - other	112,983	14,748	127,731
Total deferred inflows of resources	112,983	14,748	127,731
<b>NET POSITION</b>			
Net investment in capital assets	8,614,775	9,257	8,624,032
Restricted for debt service	1,126,410	-	1,126,410
Restricted for pension plan	317,258	47,002	364,260
Unrestricted	2,645,489	412,367	3,057,856
<b>TOTAL NET POSITION</b>	<b>\$ 12,703,932</b>	<b>\$ 468,626</b>	<b>\$ 13,172,558</b>

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

# CITY OF MEXICO

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### ALL PROPRIETARY FUND TYPES

Year Ended September 30, 2019

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for services	\$ 3,175,438	\$ 604,039	\$ 3,779,477
Miscellaneous	30,985	66	31,051
Total operating revenues	3,206,423	604,105	3,810,528
OPERATING EXPENSES			
Salaries and wages	478,140	63,373	541,513
Employee benefits	239,032	19,168	258,200
Materials and supplies	82,668	46,835	129,503
Electricity	136,466	253	136,719
Repairs and maintenance	86,258	1,612	87,870
Telephone and utilities	32,303	-	32,303
Fuel and oil	11,713	-	11,713
Other operating expenses	455,213	12,957	468,170
Depreciation and amortization	891,694	755	892,449
Contracted haulers	-	421,245	421,245
Total operating expenses	2,413,487	566,198	2,979,685
OPERATING INCOME	792,936	37,907	830,843
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	5,900	-	5,900
Interest income	72,525	10,638	83,163
Interest rebate on Build America Bonds	110,923	-	110,923
Interest expense	(542,260)	-	(542,260)
Net capital contributions	15,700	-	15,700
Total non-operating revenues (expenses)	(337,212)	10,638	(326,574)
Change in net position	455,724	48,545	504,269
Net position, October 1	12,248,208	420,081	12,668,289
NET POSITION, SEPTEMBER 30	\$ 12,703,932	\$ 468,626	\$ 13,172,558

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, 2019**

	Major Funds		
	Wastewater Fund	Sanitation Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 3,170,861	\$ 606,823	\$ 3,777,684
Cash received from other sources	30,985	66	31,051
Cash paid to vendors	(805,330)	(488,475)	(1,293,805)
Cash paid to employees	(691,168)	(95,195)	(786,363)
Net cash provided by operating activities	<u>1,705,348</u>	<u>23,219</u>	<u>1,728,567</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payment for capital acquisitions	(813,758)	-	(813,758)
Proceeds from the sale of capital assets	40,900	-	40,900
Interest rebates on Build America Bonds	110,923	-	110,923
Principal and interest payments on debt	(890,352)	-	(890,352)
Net cash used by capital and related financing activities	<u>(1,552,287)</u>	<u>-</u>	<u>(1,552,287)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	<u>72,525</u>	<u>10,638</u>	<u>83,163</u>
Net increase in cash and cash equivalents	225,586	33,857	259,443
Cash and cash equivalents, beginning of year	<u>3,443,186</u>	<u>452,559</u>	<u>3,895,745</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 3,668,772</u></u>	<u><u>\$ 486,416</u></u>	<u><u>\$ 4,155,188</u></u>
 Cash and cash equivalents	 \$ 2,542,362	 \$ 486,416	 \$ 3,028,778
Restricted cash	<u>1,126,410</u>	<u>-</u>	<u>1,126,410</u>
Total cash and cash equivalents	<u><u>\$ 3,668,772</u></u>	<u><u>\$ 486,416</u></u>	<u><u>\$ 4,155,188</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 792,936	\$ 37,907	\$ 830,843
Adjustments:			
Depreciation and amortization	891,694	755	892,449
(Increase) decrease in assets and deferred outflows of resources:			
Accounts receivable	(4,577)	2,784	(1,793)
Prepaid expenses	(10,776)	-	(10,776)
Net pension plan asset	20,679	2,893	23,572
Pension plan contributions	(293)	(41)	(334)
Pension plan - other	26,915	(2,043)	24,872
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	10,067	1,089	11,156
Accrued expenses	1,294	-	1,294
Accrued landfill	-	(6,662)	(6,662)
Pension plan - other	(22,591)	(13,463)	(36,054)
Net cash provided by operating activities	<u><u>\$ 1,705,348</u></u>	<u><u>\$ 23,219</u></u>	<u><u>\$ 1,728,567</u></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 No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34).

##### 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.

Capital Improvement Sales Tax Fund – This special revenue fund accounts for funds provided from a half-cent sales tax dedicated for use in funding capital improvement projects including street, drainage, and bridges.

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, MAB was purchased by Shamrock Assets, LLC. During the fiscal year ended September 30, 2019, MAB was purchased by Abacus Financial Member, 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 purchases.

Grant Fund – This capital project fund accounts for grants received and disbursed by the City for specified capital projects.

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.

Interfund balances and transfers are not carried forward to the government-wide presentation. Such eliminations have taken place in the process of incorporating fund data into the government-wide financial statements.

#### *D. Budgets*

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental 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, 2019.

#### *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, 2019. 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 acquisition value at the date of donation.

In accordance with GASB 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 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 deferred 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) of the government's highest level of decision-making authority (the City Council) by the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

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 or capital project fund that has a fund deficit.

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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

#### *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 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 \$133,692,283 as of September 30, 2019 and the maturity of these bonds ranges from 5 to 20 years. See Note 12 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, 2019.

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 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	\$ 9,816,797
Restricted assets:	
Cash and cash equivalents	1,551,079
Total	<u>\$ 11,367,876</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, 2019. Deposits, categorized by level of custodial risk, were as follows as of September 30, 2019:

	Cash and Cash Equivalents	Petty Cash	Total
Bank balance			
Insured by the FDIC	\$ 250,000	\$ -	\$ 250,000
Collateralized with securities pledged by the financial institution	11,275,550	-	11,275,550
	<u>\$ 11,525,550</u>	<u>\$ -</u>	<u>\$ 11,525,550</u>
Carrying value	<u>\$ 11,367,226</u>	<u>\$ 650</u>	<u>\$ 11,367,876</u>

At September 30, 2019, cash was restricted for various uses as follows:

Governmental funds:

General Fund	
Restricted for municipal court bonds and protested taxes	\$ 18,600
Mid-America Brick NID Fund	
Restricted for debt service	238,600
Cunningham Road NID Fund	
Restricted for community development	1,117
Cemetery Perpetual Care Fund	
Restricted for perpetual maintenance	166,352
	<u>424,669</u>

Proprietary funds:

Wastewater Fund	
Restricted for debt service	1,126,410
	<u>1,126,410</u>
Total for all funds	<u>\$ 1,551,079</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:

	For the 2018 Calendar Year
Assessed valuation:	
Real estate	\$ 105,422,020
Personal property	44,765,980
Railroad and utilities	8,927,737
	<u>\$ 159,115,737</u>

	For the 2018 Calendar Year
Tax levies per \$100 assessed valuation:	
General Fund	\$ 0.4261
Parks and Recreation Fund	0.0976
Public Health Fund	0.1953
	<u>\$ 0.7190</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Retirements	Transfers	Balance September 30, 2019
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,440,998	\$ -	\$ -	\$ -	\$ 4,440,998
Infrastructure	31,253,207	320,500	-	-	31,573,707
Construction in progress	319,205	923,078	-	-	1,242,283
Total capital assets, not being depreciated	<u>36,013,410</u>	<u>1,243,578</u>	<u>-</u>	<u>-</u>	<u>37,256,988</u>
Capital assets, being depreciated:					
Buildings	5,690,568	90,511	-	-	5,781,079
Structures other than buildings	7,262,825	139,760	8,722	-	7,393,863
Equipment	5,250,942	551,955	178,108	-	5,624,789
Infrastructure	2,035,071	16,550	-	-	2,051,621
Total capital assets, being depreciated	<u>20,239,406</u>	<u>798,776</u>	<u>186,830</u>	<u>-</u>	<u>20,851,352</u>
Less accumulated depreciation for:					
Buildings	3,027,534	147,060	-	-	3,174,594
Structures other than buildings	3,303,332	204,099	5,236	-	3,502,195
Equipment	3,466,839	406,280	178,108	-	3,695,011
Infrastructure	1,100,245	35,690	-	-	1,135,935
Total accumulated depreciation	<u>10,897,950</u>	<u>793,129</u>	<u>183,344</u>	<u>-</u>	<u>11,507,735</u>
Total capital assets being depreciated, net	<u>9,341,456</u>	<u>5,647</u>	<u>(3,486)</u>	<u>-</u>	<u>9,343,617</u>
Governmental activities capital assets, net	<u>\$ 45,354,866</u>	<u>\$ 1,249,225</u>	<u>\$ (3,486)</u>	<u>\$ -</u>	<u>\$ 46,600,605</u>



	Balance October 1, 2018	Additions	Retirements	Transfers	Balance September 30, 2019
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 52,420	\$ -	\$ 35,000	\$ -	\$ 17,420
Construction in progress	107,396	148,152	-	-	255,548
Total capital assets, not being depreciated	159,816	148,152	35,000	-	272,968
Capital assets, being depreciated:					
Buildings	6,554,903	-	-	-	6,554,903
Structures other than buildings	8,811,834	331,079	-	-	9,142,913
Equipment	13,533,551	350,227	78,328	-	13,805,450
Total capital assets, being depreciated	28,900,288	681,306	78,328	-	29,503,266
Less accumulated depreciation for:					
Buildings	3,470,859	122,980	-	-	3,593,839
Structures other than buildings	3,948,317	173,921	-	-	4,122,238
Equipment	3,808,905	595,548	78,328	-	4,326,125
Total accumulated depreciation	11,228,081	892,449	78,328	-	12,042,202
Total capital assets being depreciated, net	17,672,207	(211,143)	-	-	17,461,064
Business-type activities capital assets, net	<u>\$ 17,832,023</u>	<u>\$ (62,991)</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ 17,734,032</u>

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

<b>Governmental activities:</b>	
General government	\$ 433,577
Parks and recreation	196,879
Public health	15,121
Community and economic development	55,820
Airport	91,732
Total depreciation expense - governmental activities	<u>\$ 793,129</u>
<b>Business-type activities:</b>	
Wastewater	\$ 891,694
Sanitation	755
Total depreciation expense - business-type activities	<u>\$ 892,449</u>

## 6. CAPITAL LEASES

The City had a lease-purchase agreement for property and improvements to be leased to commercial entities. In October 2018, the City paid-off the principal balance outstanding in advance of the maturity date. As of September 30, 2019, \$1,278,128 has been capitalized. Accumulated depreciation for this asset was \$428,836 as of September 30, 2019. This lease agreement qualified as a capital lease for accounting purposes because title transferred at the end of the lease-term. Therefore, it had been recorded as debt at the present value of the future minimum lease payments as of the date of its inception.

## 7. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2019:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due In One Year
Governmental activities:					
Capital leases	\$ 369,701	\$ -	\$ 369,701	\$ -	\$ -
NID bonds	1,360,000	-	80,000	1,280,000	160,000
Compensated absences	226,746	220,781	204,507	243,020	121,510
Business-type activities:					
Revenue bonds	9,455,000	-	345,000	9,110,000	355,000
Compensated absences	24,684	24,017	22,723	25,978	12,989
Landfill closure costs (Note 10)	122,201	-	6,662	115,539	8,888
	<u>\$ 11,558,332</u>	<u>\$ 244,798</u>	<u>\$ 1,028,593</u>	<u>\$ 10,774,537</u>	<u>\$ 658,387</u>

\*In October 2018, the City paid-off the principal balance outstanding in advance of the maturity date.

Accrued compensated absences for governmental activities are generally liquated by the General Fund.

### NID Bonds

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

As part of this debt issuance, the City used \$1,037,500 of proceeds to enter into a twenty year lease with Mid-America Brick & Structural Clay Products, LLC for land to be used by the City as a park. This amount has been recorded as a prepaid expense and is being amortized over the term of the lease. During the fiscal year ended September 30, 2013, Mid-America Brick & Structural Clay Products, LLC was purchased by Shamrock Assets, LLC, who became the lessor of the lease with the City as a result of the purchase. During the fiscal year ended September 30, 2019, Mid-America Brick & Structural Clay Products, LLC was purchased by Abacus Financial Member, LLC, who became the new lessor of the lease with the City as a result of the purchase. There is uncertainty about the collectability of the NID special assessment payments from the new lessor. In the event of the lessor's default, the City could be liable for the NID bond payments.

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

	Original Amount	Interest Rate	Maturity Date	Balance September 30, 2019
NID Bonds:				
2010A, Tax-Exempt Limited General Obligation Bonds	\$ 810,000	1.0%-3.0%	3/1/2020	\$ 160,000
2010B, Taxable Limited General Obligation Bonds	1,120,000	5.500%-6.125%	3/1/2030	1,120,000
				<u>\$ 1,280,000</u>

The annual requirements to amortize debt outstanding in the governmental activities as of September 30, 2019, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2020	\$ 160,000	\$ 68,125	\$ 228,125
2021	85,000	63,388	148,388
2022	90,000	58,575	148,575
2023	90,000	53,625	143,625
2024	95,000	48,538	143,538
2025-2029	530,000	153,731	683,731
2030	230,000	7,044	237,044
Total minimum payments	<u>\$ 1,280,000</u>	<u>\$ 453,026</u>	<u>\$ 1,733,026</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 \$110,923 during fiscal year 2019.

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 210% of the annual principal and interest payments made during the year ended September 30, 2019. The total principal and interest remaining to be paid on the bonds is \$15,330,920. Principal paid and interest accrued for the current year and total customer net revenues were \$890,351 and \$1,868,078, respectively.

As of September 30, 2019, 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	Maturity Date	Balance September 30, 2019
Revenue Bonds:				
2010B, Taxable Sewerage System Revenue Bonds	\$ 5,170,000	5.289%-7.108%	7/1/2040	\$ 4,795,000
2011, Tax-Exempt Sewerage System Revenue Bonds	5,695,000	3.000%-5.000%	7/1/2032	4,315,000
				<u>\$ 9,110,000</u>

The annual requirements to amortize debt outstanding in the business-type activities as of September 30, 2019, including interest payments, are as follows:

Year Ending September 30:	Principal	Interest	Total
2020	\$ 355,000	\$ 531,219	\$ 886,219
2021	365,000	516,468	881,468
2022	380,000	498,855	878,855
2023	400,000	479,034	879,034
2024	415,000	458,109	873,109
2025-2029	2,365,000	1,942,109	4,307,109
2030-2034	2,725,000	1,180,639	3,905,639
2035-2039	1,370,000	562,243	1,932,243
2040	735,000	52,244	787,244
Total minimum payments	<u>\$ 9,110,000</u>	<u>\$ 6,220,920</u>	<u>\$ 15,330,920</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, 2018, of \$159,115,737, the constitutional total general obligation debt limit for "city purposes" was \$31,823,146 which provides a general obligation debt margin of \$30,736,146.

## 8. LEASE REVENUE

On May 13, 2014, the City entered into a lease for a building with Cagney Global Logistics, through May 31, 2017. During the fiscal year ended September 30, 2017, the lease was extended through May 31, 2020. The carrying value of this building in the City's governmental activities is \$300,000. The lease requires payments of \$5,200 per month thereafter through May 31, 2020 (except for the months of December 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. During the year ended September 30, 2017, the lease was extended again through September 30, 2020. The carrying value of this building in the City's governmental activities is \$1,040,239. Payments are \$13,260 per month through September 30, 2020.

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

2020	<u>\$ 185,120</u>
------	-------------------

The General Fund recognized rental income of \$205,920 from the above leases and total rental income of \$232,165, including hanger rental income, during the year ended September 30, 2019.

## 9. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

In the fund financial statements, interfund receivables and payables at September 30, 2019, resulting from interfund activity consisted of a General Fund receivable and a Grants Fund payable in the amount of \$410,224. The City maintains a pooled cash account for the majority of its funds. Interfund receivables and payables arise due to the deficiency of cash in some funds that are covered by the sufficiency of cash in other funds at year end.

A summary of interfund transfers for the year ended September 30, 2019 follows:

	TRANSFERRED FROM					Total
	Governmental Funds					
	Major Funds		Non-Major Funds			
	General Fund	Capital Improvement Sales Tax Fund	Capital Project Reserve Fund	Cunningham Road NID Fund	Cemetery Perpetual Care Fund	
TRANSFERRED TO						
Governmental Funds:						
Major Funds:						
General Fund	\$ -	\$ 431,400	\$ -	\$ -	\$ 3,824	\$ 435,224
Parks and Recreation Fund	-	-	75,000	-	-	75,000
Capital Improvement Sales Tax Fund	-	-	-	1,800	-	1,800
Grant Funds	-	33,000	-	-	-	33,000
	-	464,400	75,000	1,800	3,824	545,024
Non-Major Funds:						
Capital Project Reserve Fund	100,000	-	-	-	-	100,000
Total governmental funds	\$ 100,000	\$ 464,400	\$ 75,000	\$ 1,800	\$ 3,824	\$ 645,024

Amounts were transferred as a result of a reallocation of resources. Specifically, funds transferred from the General Fund to the Capital Project Reserve Fund support future capital projects. Funds transferred from the Capital Improvement Sales Tax Fund to the General Fund support street operations and capital purchases. Funds transferred from the Capital Improvement Sales Tax Fund to the Grant Funds support the matching requirements under the grants for street improvement projects. Funds transferred from the Capital Project Reserve Fund to the Parks and Recreation Fund support the swimming pool renovation project. All transfers were approved by the City Council.

## 10. 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, 2019, the City has recorded \$115,539 in estimated

closure and postclosure costs, which includes a decrease in the liability of \$6,662 from the prior year due to a change in estimated closure costs during the year. The estimated total closure and postclosure care costs are 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, 2019. 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, 2019, commitments under contracts were as follows:

Project	Spent-to-Date	Commitment
Wastewater treatment plant projects	\$ 403,870	\$ 156,765
Airport layout plan	174,597	21,203
Muldrow sidewalk project	17,370	9,081
	<u>\$ 595,837</u>	<u>\$ 187,049</u>

## **11. 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, 2019.

## **12. CONDUIT BOND ISSUES**

As of September 30, 2019, the City has issued \$133,692,283 in Industrial Revenue Bonds. The outstanding balance on these bonds as of September 30, 2019, was \$19,750,176. 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.

### 13. PENSION PLAN

#### *General Information about the Pension Plan*

The following information is presented in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 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>2019 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	60
Active employees	<u>71</u>
Total	<u><u>222</u></u>

## Contributions

The City 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 City do not contribute to the pension plan. The City's contribution rates are 12.5% (General), 9.7% (Police), and 5.0% (Fire) of annual covered payroll.

## ***Net Pension Liability (Asset)***

The City's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2019.

## Actuarial Assumptions

The total pension liability in the February 28, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.25% to 6.55%, including inflation
Investment rate of return	7.25%, net of investment expenses

Mortality rates were based on the 2014 Healthy Annuitant, Disabled, and Employees Mortality Tables.

The actuarial assumptions used in the February 28, 2019, valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.29%
Fixed income	26.00%	2.93%
Real assets	21.00%	3.31%
Strategic assets	10.00%	5.73%
	100.00%	



### 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 (Asset) (a) - (b)
Balances at June 30, 2018	\$ 22,463,435	\$ 25,264,046	\$ (2,800,611)
Changes for the year:			
Service cost	429,731	-	429,731
Interest	1,601,757	-	1,601,757
Difference between expected and actual experience	(59,586)	-	(59,586)
Contributions - employer	-	434,230	(434,230)
Net investment income	-	1,587,227	(1,587,227)
Benefit payments, including refunds	(1,183,393)	(1,183,393)	-
Administrative expense	-	(23,779)	23,779
Other changes	-	(171,981)	171,981
Net changes	788,509	642,304	146,205
Balances at June 30, 2019	\$ 23,251,944	\$ 25,906,350	\$ (2,654,406)

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) 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	\$ 26,547,922	\$ 23,251,944	\$ 20,556,382
Plan fiduciary net position	25,906,350	25,906,350	25,906,350
Net pension liability (asset)	\$ 641,572	\$ (2,654,406)	\$ (5,349,968)

### 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, 2019, the City recognized pension expense of \$511,087. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 70,162	\$ (280,919)
Projected and actual earnings on investments	-	(663,458)
Changes in assumptions	33,006	-
Contributions subsequent to the measurement date*	99,940	-
Total	<u>\$ 203,108</u>	<u>\$ (944,377)</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 liability (asset) for the year ending September 30, 2020.

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

Year ending:	
2020	\$ (197,335)
2021	(469,726)
2022	(218,818)
2023	44,670
Total	<u>\$ (841,209)</u>

***Payable to the Pension Plan***

At September 30, 2019, the City reported a payable of \$15,054 for the outstanding amount of contributions to the pension plan required for the year then ended.

**14. 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.

## **15. FUND BALANCES AND BUDGETS**

The Grants Fund, a governmental fund, had a fund balance deficit of \$92,701 at September 30, 2019, due to outstanding grant receivables and payables on the Holt Street and Muldrow Sidewalk grant projects.

The Mid-America Brick NID Fund, a governmental fund, had expenditures that exceeded its budgeted expenditures by \$51,778, due to certain non-cash items, such as amortization expense of a twenty-year lease/maintenance agreement, not being budgeted.

## **16. TAX ABATEMENTS**

In Missouri, State Statutes provide several economic development tools that State and local governments can offer as incentives for businesses to locate, build and/or expand a physically present operation in a target area. The City utilizes tax abatement incentive tools as made available through State Statutes. Each agreement was negotiated under state law and has been described by type within this disclosure. The City has grouped the abatements in total by abatement type. The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

### ***Property Tax Abatement under Chapter 353, RSMo***

Under Chapter 353 of the Missouri Revised Statutes (RSMo), real property tax abatement is available within "blighted areas." Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible, an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the first 10 years of the tax abatement, (1) 100% of the incremental increase in real property taxes on the land are abated, (2) 100% of the real property taxes on all improvements are abated, and (3) the property owner continues to pay real property taxes on the land in the amount of such taxes in the year before the redevelopment corporation takes title.

During the remaining fifteen years, between 50% and 100% of the incremental real property taxes on all land and all improvements are abated. Payments in lieu of taxes (PILOTS) may be imposed on the Urban Redevelopment Corporation by contract with the city or county, as applicable, to achieve an effective tax abatement that is less than the abatement established by statute. PILOTS are paid on an annual basis and allocated to the eligible taxing districts according to their proportionate share of ad valorem property taxes. Under the 353 Abatement Program, the City had one tax abatement during fiscal year 2019. Total property taxes abated under this program totaled approximately \$293 in fiscal year 2019.

#### ***Property Tax Abatement under Chapter 100, RSMo***

In Missouri, a municipality can issue industrial development revenue bonds (Revenue Bonds) pursuant to Chapter 100 of the RSMo. Under the Act, the municipality may issue Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such municipality, buildings, fixtures and machinery. There are two primary reasons to issue Revenue Bonds under the Act. First, if the Revenue Bonds are tax-exempt, it is possible to issue the Revenue Bonds at lower interest rates than those obtained through conventional financing. Second, even if the Revenue Bonds are not tax-exempt, ad valorem taxes levied on the Revenue Bonds financed project may be abated so long as the Revenue Bonds are outstanding.

In a typical Chapter 100 transaction, the municipality holds fee title to the project once the Revenue Bonds are issued and leases the project to the private company. Because the municipality is the legal owner of the project while the Revenue Bonds are outstanding, the project is exempt from taxes. Tax abatements under this program issued by the City ranges from fifteen to twenty years.

Payments in lieu of taxes (PILOTS) may be imposed on the project to achieve an effective tax abatement that is less than the abatement established by statute. PILOTS are paid on an annual basis and allocated to the eligible taxing districts according to their proportionate share of ad valorem property taxes. Section 100.800 of the RSMo does provide for the recapture of abated taxes, sometimes referred to as “claw back” provisions, in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement. Under the Chapter 100 Revenue Bonds, the City has four tax abatement projects during fiscal year 2019. Total property taxes abated under this agreement totaled approximately \$53,373 in fiscal year 2019.

#### ***Property Tax Abatement under Sections 135.950 to 135.973, RSMo (Enhanced Enterprise Zones)***

Enhanced Enterprise Zones (EEZs) are specific geographic areas designated by local government and certified by the Missouri Department of Economic Development. The Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development. Eligible businesses located within the EEZ target receive at minimum a local property tax abatement of 50% for ten years.

Under the Enhanced Enterprise Zone Program, the City had three tax abatements during fiscal year 2019. Total property taxes abated under this program totaled approximately \$75,571 in fiscal year 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended September 30, 2019**

	General Fund as reported in Financial Statements	Less Other City Funds Included for Reporting Purposes	General Fund Activity on the City's Budgetary Basis	Original General Fund Budget	Final General Fund Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$ 4,622,137	\$ -	\$ 4,622,137	\$ 4,603,343	\$ 4,593,972	\$ 28,165
Licenses and permits	252,133	-	252,133	158,300	218,101	34,032
Intergovernmental revenues	19,657	(19,657)	-	-	-	-
Fines and forfeitures	23,969	-	23,969	67,700	40,400	(16,431)
Miscellaneous	684,002	(243,023)	440,979	390,064	456,981	(16,002)
Total revenues	<u>5,601,898</u>	<u>(262,680)</u>	<u>5,339,218</u>	<u>5,219,407</u>	<u>5,309,454</u>	<u>29,764</u>
<b>EXPENDITURES:</b>						
General government	1,182,949	-	1,182,949	1,383,376	1,306,592	123,643
Public safety	2,278,573	-	2,278,573	2,616,379	2,413,771	135,198
Streets	895,677	-	895,677	956,796	927,851	32,174
Cemetery	134,870	-	134,870	147,959	143,522	8,652
Economic development	162,593	(19,533)	143,060	149,429	137,562	(5,498)
Airport	62,630	(62,630)	-	-	-	-
Community development	227,737	-	227,737	274,970	224,091	(3,646)
Brush yard	50,959	-	50,959	47,950	60,197	9,238
Capital outlay	477,702	(45,194)	432,508	483,475	461,125	28,617
Debt service	371,052	(371,052)	-	-	-	-
Total expenditures	<u>5,844,742</u>	<u>(498,409)</u>	<u>5,346,333</u>	<u>6,060,334</u>	<u>5,674,711</u>	<u>328,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(242,844)</u>	<u>235,729</u>	<u>(7,115)</u>	<u>(840,927)</u>	<u>(365,257)</u>	<u>358,142</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	435,224	(10,000)	425,224	425,143	425,143	81
Transfers (out)	<u>(100,000)</u>	<u>(35,000)</u>	<u>(135,000)</u>	<u>(35,000)</u>	<u>(135,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>335,224</u>	<u>(10,000)</u>	<u>290,224</u>	<u>390,143</u>	<u>290,143</u>	<u>81</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	<u>\$ 92,380</u>	<u>\$ 225,729</u>	<u>\$ 283,109</u>	<u>\$ (450,784)</u>	<u>\$ (75,114)</u>	<u>\$ 358,223</u>

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, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 1,009,422	\$ 987,771	\$ 984,740	\$ 24,682
Charges for services	55,233	37,250	38,818	16,415
Intergovernmental revenues	8,000	8,000	8,000	-
Miscellaneous	25,791	11,700	23,974	1,817
Total revenues	<u>1,098,446</u>	<u>1,044,721</u>	<u>1,055,532</u>	<u>42,914</u>
<b>EXPENDITURES:</b>				
Parks and recreation	929,214	992,914	981,072	51,858
Capital outlay	254,593	333,000	352,857	98,264
Total expenditures	<u>1,183,807</u>	<u>1,325,914</u>	<u>1,333,929</u>	<u>150,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,361)</u>	<u>(281,193)</u>	<u>(278,397)</u>	<u>193,036</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	75,000	75,000	75,000	-
Total other financing sources	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,361)</u>	<u>\$ (206,193)</u>	<u>\$ (203,397)</u>	<u>\$ 193,036</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - CAPITAL IMPROVEMENT SALES TAX FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 845,022	\$ 826,500	\$ 818,235	\$ 26,787
Miscellaneous	12,194	5,500	9,863	2,331
Total revenues	<u>857,216</u>	<u>832,000</u>	<u>828,098</u>	<u>29,118</u>
<b>EXPENDITURES:</b>				
Streets	384,094	20,000	-	(384,094)
Capital outlay	-	475,000	465,000	465,000
Total expenditures	<u>384,094</u>	<u>495,000</u>	<u>465,000</u>	<u>80,906</u>
Excess of revenues over expenditures	<u>473,122</u>	<u>337,000</u>	<u>363,098</u>	<u>110,024</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,800	1,800	1,800	-
Transfers (out)	<u>(464,400)</u>	<u>(431,400)</u>	<u>(464,400)</u>	<u>-</u>
Total other financing (uses)	<u>(462,600)</u>	<u>(429,600)</u>	<u>(462,600)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing (uses) over (under) expenditures	<u>\$ 10,522</u>	<u>\$ (92,600)</u>	<u>\$ (99,502)</u>	<u>\$ 110,024</u>



**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - MID-AMERICA BRICK NID FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 154,741	\$ 154,741	\$ 154,741	\$ -
Miscellaneous	28,276	27,382	28,486	(210)
Total revenues	<u>183,017</u>	<u>182,123</u>	<u>183,227</u>	<u>(210)</u>
EXPENDITURES:				
Community development	73,264	21,486	21,486	(51,778)
Debt service	<u>151,725</u>	<u>151,725</u>	<u>151,725</u>	<u>-</u>
Total expenditures	<u>224,989</u>	<u>173,211</u>	<u>173,211</u>	<u>(51,778)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (41,972)</u>	<u>\$ 8,912</u>	<u>\$ 10,016</u>	<u>\$ (51,988)</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**CAPITAL PROJECTS FUND - GRANT FUNDS**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 621,462	\$ 771,376	\$ 801,180	\$ (179,718)
Total revenues	621,462	771,376	801,180	(179,718)
<b>EXPENDITURES:</b>				
Streets	19,017	51,000	26,452	7,435
Community development	18,056	20,386	25,178	7,122
Capital outlay	921,553	896,795	933,788	12,235
Total expenditures	958,626	968,181	985,418	26,792
Deficiency of revenues under expenditures	(337,164)	(196,805)	(184,238)	(152,926)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	33,000	-	33,000	-
Total other financing sources	33,000	-	33,000	-
Deficiency of revenues and other financing sources under expenditures	\$ (304,164)	\$ (196,805)	\$ (151,238)	\$ (152,926)

## **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, major special revenues funds, and major capital projects fund 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 \$51,778, 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. The City uses a software system called PASER (Pavement Surface Evaluation and Rating) to monitor and maintain the information. PASER uses a condition index of 1 to 10. 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 6.58.

<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>
2019	6.58
2018	6.64
2017	6.54

### **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.

<u>Year</u>	<u>Actual Expense</u>	<u>Estimated Expense</u>
2019	\$ 1,768,253	\$ 2,057,495
2018	1,376,339	2,322,474
2017	1,099,407	1,199,474

### **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, 2019**

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 429,731	\$ 437,412	\$ 438,158	\$ 427,562	\$ 427,181
Interest on the total pension liability	1,601,757	1,560,557	1,475,143	1,396,000	1,363,122
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	(59,586)	(359,808)	195,683	(460,956)	(466,750)
Assumption changes	-	-	-	608,116	-
Benefit payments	(1,183,393)	(952,869)	(908,873)	(860,571)	(879,596)
Refunds	-	-	-	-	-
Net change in total pension liability	788,509	685,292	1,200,111	1,110,151	443,957
Total pension liability beginning	22,463,435	21,778,143	20,578,032	19,467,881	19,023,924
Total pension liability ending	<u>\$ 23,251,944</u>	<u>\$ 22,463,435</u>	<u>\$ 21,778,143</u>	<u>\$ 20,578,032</u>	<u>\$ 19,467,881</u>
Plan fiduciary net position					
Contributions - employer	\$ 434,230	\$ 442,069	\$ 460,839	\$ 433,850	\$ 407,859
Contributions - employee	-	-	-	-	-
Pension plan net investment income	1,587,227	2,908,725	2,458,701	(47,118)	419,009
Benefit payments	(1,183,393)	(952,869)	(908,873)	(860,571)	(879,596)
Refunds	-	-	-	-	-
Pension plan administrative expense	(23,779)	(16,474)	(16,181)	(15,896)	(17,429)
Other	(171,981)	(47,670)	247,014	(166,515)	(158,974)
Net change in plan fiduciary net position	642,304	2,333,781	2,241,500	(656,250)	(229,131)
Plan fiduciary net position beginning	25,264,046	22,930,265	20,688,765	21,345,015	21,574,146
Plan fiduciary net position ending	<u>\$ 25,906,350</u>	<u>\$ 25,264,046</u>	<u>\$ 22,930,265</u>	<u>\$ 20,688,765</u>	<u>\$ 21,345,015</u>
Net pension liability/(asset)	<u>\$ (2,654,406)</u>	<u>\$ (2,800,611)</u>	<u>\$ (1,152,122)</u>	<u>\$ (110,733)</u>	<u>\$ (1,877,134)</u>
Plan fiduciary net position as a percentage of the total pension liability	111.42%	112.47%	105.29%	100.54%	109.64%
Covered payroll	\$ 3,321,393	\$ 3,414,699	\$ 3,469,485	\$ 3,437,066	\$ 3,327,803
Net pension liability/(asset) as a percentage of covered payroll	-79.92%	-82.02%	-33.21%	-3.22%	-56.41%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.*

# CITY OF MEXICO

## LAGERS (PENSION PLAN) SCHEDULE OF CONTRIBUTIONS – LAST TEN FISCAL YEARS September 30, 2019

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 436,304	\$ 438,876	\$ 442,550	\$ 483,858	\$ 483,487
Contributions in relation to the actuarially determined contribution	436,304	438,876	442,550	442,037	417,112
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 41,821	\$ 66,375
Covered payroll	\$ 3,446,398	\$ 3,411,626	\$ 3,490,132	\$ 3,449,204	\$ 3,341,651
Contributions as a percentage of covered payroll	12.66%	12.86%	12.68%	12.82%	12.48%
	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 469,309	\$ 489,392	\$ 449,730	\$ 502,989	\$ 350,298
Contributions in relation to the actuarially determined contribution	379,751	371,785	352,120	369,145	350,298
Contribution deficiency (excess)	\$ 89,558	\$ 117,607	\$ 97,610	\$ 133,844	\$ -
Covered payroll	\$ 3,304,247	\$ 3,235,440	\$ 3,151,077	\$ 3,446,386	\$ 3,662,217
Contributions as a percentage of covered payroll	11.49%	11.49%	11.17%	10.71%	9.57%

## **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.

#### *Capital Project Reserve 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.

#### *Public Health Fund*

To account for property taxes and other revenue restricted for animal control, public health, nursing, and environmental sanitation.

### **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 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 \$14,000 and burial permits of \$15,300 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 Perpetual Care Fund contributed \$3,824 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, 2019**

	Special Revenue Funds				Permanent Fund	
	Tourism Tax Fund	Capital Project Reserve Fund	Cunningham Road NID Fund	Public Health Fund	Cemetery Perpetual Care Fund	Total
<b>ASSETS</b>						
ASSETS						
Cash and cash equivalents	\$ 84,795	\$ 1,188,424	\$ -	\$ 360,717	\$ -	\$ 1,633,936
Restricted cash	-	-	1,117	-	166,352	167,469
Taxes receivable	6,608	-	-	322,492	-	329,100
NID receivable	-	-	2,626	-	-	2,626
Other receivables	-	-	182	5,000	-	5,182
<b>TOTAL ASSETS</b>	<b>91,403</b>	<b>1,188,424</b>	<b>3,925</b>	<b>688,209</b>	<b>166,352</b>	<b>2,138,313</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
LIABILITIES						
Accounts payable	4,000	-	-	4,704	-	8,704
Accrued liabilities	-	-	-	6,618	-	6,618
Total liabilities	4,000	-	-	11,322	-	15,322
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	322,492	-	322,492
Unavailable revenue - special assessments	-	-	2,762	-	-	2,762
Total deferred inflows of resources	-	-	2,762	322,492	-	325,254
FUND BALANCES						
Nonspendable - perpetual care	-	-	-	-	166,352	166,352
Restricted for:						
Public health	-	-	-	354,395	-	354,395
Community development	-	63,424	1,163	-	-	64,587
Tourism	87,403	-	-	-	-	87,403
Committed for:						
Capital projects	-	1,125,000	-	-	-	1,125,000
Total fund balances	87,403	1,188,424	1,163	354,395	166,352	1,797,737
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 91,403</b>	<b>\$ 1,188,424</b>	<b>\$ 3,925</b>	<b>\$ 688,209</b>	<b>\$ 166,352</b>	<b>\$ 2,138,313</b>

**CITY OF MEXICO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**Year Ended September 30, 2019**

	Special Revenue Funds				Permanent Fund	
	Tourism Tax Fund	Capital Project Reserve Fund	Cunningham Road NID Fund	Public Health Fund	Cemetery Perpetual Care Fund	Total
REVENUES:						
Taxes						
Property	\$ -	\$ -	\$ 335	\$ 327,588	\$ -	\$ 327,923
Sales	56,423	-	-	1,699	-	58,122
Miscellaneous						
Interest	-	25,885	-	9,167	3,824	38,876
Other	-	-	-	38,967	-	38,967
TOTAL REVENUES	56,423	25,885	335	377,421	3,824	463,888
EXPENDITURES:						
Current:						
Public health	-	-	-	300,919	-	300,919
Community development	54,892	-	-	-	-	54,892
Capital outlay	-	-	-	8,780	-	8,780
Total expenditures	54,892	-	-	309,699	-	364,591
Excess of revenues over expenditures	1,531	25,885	335	67,722	3,824	99,297
OTHER FINANCING SOURCES (USES)						
Transfers in	-	100,000	-	-	-	100,000
Transfers (out)	-	(75,000)	(1,800)	-	(3,824)	(80,624)
Total other financing sources (uses)	-	25,000	(1,800)	-	(3,824)	19,376
Net change in fund balances	1,531	50,885	(1,465)	67,722	-	118,673
Fund balances, October 1	85,872	1,137,539	2,628	286,673	166,352	1,679,064
FUND BALANCES, SEPTEMBER 30	\$ 87,403	\$ 1,188,424	\$ 1,163	\$ 354,395	\$ 166,352	\$ 1,797,737

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - TOURISM TAX FUND**

**Year Ended September 30, 2019**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES:				
Taxes	<u>\$ 56,423</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 6,423</u>
Total revenues	<u>56,423</u>	<u>50,000</u>	<u>50,000</u>	<u>6,423</u>
EXPENDITURES:				
Community development	<u>54,892</u>	<u>71,000</u>	<u>53,500</u>	<u>(1,392)</u>
Total expenditures	<u>54,892</u>	<u>71,000</u>	<u>53,500</u>	<u>(1,392)</u>
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ 1,531</u></u>	<u><u>\$ (21,000)</u></u>	<u><u>\$ (3,500)</u></u>	<u><u>\$ 5,031</u></u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - CAPITAL PROJECT RESERVE FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Miscellaneous	\$ 25,885	\$ 24,300	\$ 25,300	\$ 585
Total revenues	25,885	24,300	25,300	585
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	-	100,000	-
Transfers (out)	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	25,000	(75,000)	25,000	-
Excess (deficiency) of revenues and other financing sources (uses)	<u>\$ 50,885</u>	<u>\$ (50,700)</u>	<u>\$ 50,300</u>	<u>\$ 585</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - CUNNINGHAM ROAD NID FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 335	\$ 462	\$ 1,078	\$ (743)
Total revenues	335	462	1,078	(743)
OTHER FINANCING USES:				
Transfers (out)	(1,800)	(1,800)	(1,800)	-
Total other financing uses	(1,800)	(1,800)	(1,800)	-
Deficiency of revenues under other financing uses	<u>\$ (1,465)</u>	<u>\$ (1,338)</u>	<u>\$ (722)</u>	<u>\$ (743)</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE - PUBLIC HEALTH FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 329,287	\$ 322,697	\$ 333,011	\$ (3,724)
Miscellaneous	48,134	20,600	40,181	7,953
Total revenues	<u>377,421</u>	<u>343,297</u>	<u>373,192</u>	<u>4,229</u>
EXPENDITURES:				
Public health	300,919	358,637	347,155	46,236
Capital outlay	8,780	11,000	8,775	(5)
Total expenditures	<u>309,699</u>	<u>369,637</u>	<u>355,930</u>	<u>46,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 67,722</u>	<u>\$ (26,340)</u>	<u>\$ 17,262</u>	<u>\$ 50,460</u>

**CITY OF MEXICO**

**BUDGETARY COMPARISON SCHEDULE**

**PERMANENT - CEMETERY PERPETUAL CARE FUND**

**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Miscellaneous	\$ 3,824	\$ 3,743	\$ 3,743	\$ 81
Total revenues	3,824	3,743	3,743	81
OTHER FINANCING USES:				
Transfers (out)	(3,824)	(3,743)	(3,743)	(81)
Total other financing uses	(3,824)	(3,743)	(3,743)	(81)
Excess (deficiency) of revenues over (under) other financing uses	\$ -	\$ -	\$ -	\$ -



**CITY OF MEXICO**  
**BUDGETARY COMPARISON SCHEDULE**  
**AIRPORT FUND**  
**Year Ended September 30, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 19,657	\$ 90,000	\$ 19,657	\$ -
Miscellaneous	28,785	28,905	27,751	1,034
Total revenues	48,442	118,905	47,408	1,034
<b>EXPENDITURES:</b>				
Airport	62,630	71,601	69,731	7,101
Capital outlay	15,394	125,000	41,000	25,606
Total expenditures	78,024	196,601	110,731	32,707
Excess (deficiency) of revenues over (under) expenditures	(29,582)	(77,696)	(63,323)	33,741
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	45,000	45,000	45,000	-
Total other financing sources	45,000	45,000	45,000	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 15,418	\$ (32,696)	\$ (18,323)	\$ 33,741

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, 2019**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Miscellaneous	\$ 214,238	\$ 212,175	\$ 213,443	\$ 795
Total revenues	<u>214,238</u>	<u>212,175</u>	<u>213,443</u>	<u>795</u>
<b>EXPENDITURES:</b>				
Economic development	19,533	83,680	58,307	38,774
Capital outlay	29,800	55,000	49,300	19,500
Debt service	<u>371,052</u>	<u>371,198</u>	<u>371,052</u>	<u>-</u>
Total expenditures	<u>420,385</u>	<u>509,878</u>	<u>478,659</u>	<u>58,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (206,147)</u>	<u>\$ (297,703)</u>	<u>\$ (265,216)</u>	<u>\$ 59,069</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.*

<b><u>Contents</u></b>	<b><u>Page</u></b>
<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>	66-71
<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 10)</i>	72-77
<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 11 through 15)</i>	78-82
<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 16 through 17)</i>	83-84
<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 18 through 20)</i>	85-87

**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)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> (as restated)	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$40,527,934	\$41,259,862	\$42,229,128	\$42,356,412	\$42,769,673	\$43,621,653	\$43,925,913	\$44,933,815	\$44,985,164	\$46,600,605
Restricted	805,641	2,147,275	2,102,698	2,316,964	2,292,246	2,384,386	3,089,044	3,275,658	4,592,289	4,320,416
Unrestricted	<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>	<u>6,702,468</u>	<u>6,266,807</u>	<u>5,658,593</u>	<u>5,795,377</u>
Total governmental activities net position	<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>	<u>53,717,425</u>	<u>54,476,280</u>	<u>55,236,046</u>	<u>56,716,398</u>
Business-type activities										
Net investment in capital assets	8,031,312	7,650,738	7,489,140	7,598,321	7,702,563	7,286,901	7,429,442	7,705,909	8,377,023	8,624,032
Restricted	510,874	1,198,157	1,201,431	1,103,076	1,115,326	1,125,837	1,076,003	1,241,120	1,490,299	1,490,670
Unrestricted	<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>	<u>3,318,651</u>	<u>3,313,155</u>	<u>2,800,967</u>	<u>3,057,856</u>
Total business-type activities net position	<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>	<u>11,824,096</u>	<u>12,260,184</u>	<u>12,668,289</u>	<u>13,172,558</u>
Primary government										
Net investment in capital assets	48,559,246	48,910,600	49,718,268	49,954,733	50,472,236	50,908,554	51,355,355	52,639,724	53,362,187	55,224,637
Restricted	1,316,515	3,345,432	3,304,129	3,420,040	3,407,572	3,510,223	4,165,047	4,516,778	6,082,588	5,811,086
Unrestricted	<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>	<u>10,021,119</u>	<u>9,579,962</u>	<u>8,459,560</u>	<u>8,853,233</u>
Total primary government net position	<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>	<u>\$65,541,521</u>	<u>\$66,736,464</u>	<u>\$67,904,335</u>	<u>\$69,888,956</u>

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

	2010	2011	2012	2013 (as restated)	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$1,172,615	\$1,153,299	\$1,237,910	\$1,274,967	\$1,000,510	\$1,137,315	\$1,629,158	\$1,282,694	\$1,348,717	\$1,639,486
Public safety	2,781,807	2,588,564	2,373,261	2,376,480	2,397,085	2,328,512	2,503,796	2,505,316	2,395,368	2,303,651
Streets	1,158,808	1,298,659	1,264,331	1,211,770	1,269,741	1,300,808	1,328,179	1,432,243	1,413,609	1,309,690
Cemetery	111,844	93,901	119,683	126,495	164,876	122,965	125,425	144,437	138,841	141,331
Parks and recreation	842,499	883,698	785,099	873,998	942,270	1,006,266	1,077,858	1,065,849	1,046,211	1,136,267
Public health	390,387	312,670	317,007	345,322	314,787	342,175	384,460	394,951	311,871	319,910
Economic development	238,929	246,301	234,431	251,145	194,888	209,317	217,109	209,420	245,645	218,413
Airport	117,739	120,473	134,531	160,875	140,532	134,940	135,449	151,651	141,521	154,360
Community development	4,496,926	2,464,877	460,657	455,192	473,509	362,510	425,955	617,135	669,739	373,949
Brush Yard	-	-	-	-	-	30,771	40,940	56,655	62,127	51,012
Interest on long-term debt	50,820	110,743	103,307	111,851	105,702	102,456	98,138	93,441	94,847	72,401
Loss on sale of capital assets	<u>52,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities expenses	<u>11,414,502</u>	<u>9,273,185</u>	<u>7,030,217</u>	<u>7,188,095</u>	<u>7,003,900</u>	<u>7,078,035</u>	<u>7,966,467</u>	<u>7,953,792</u>	<u>7,868,496</u>	<u>7,720,470</u>
<b>Business-type activities:</b>										
Wastewater utility	1,571,695	1,571,278	2,288,282	2,303,409	2,848,318	2,857,437	3,050,781	2,844,028	3,112,487	2,955,747
Sanitation	473,264	494,957	556,707	421,438	539,860	516,545	533,718	540,241	577,163	566,198
Total business-type activities expenses	<u>2,044,959</u>	<u>2,066,235</u>	<u>2,844,989</u>	<u>2,724,847</u>	<u>3,388,178</u>	<u>3,373,982</u>	<u>3,584,499</u>	<u>3,384,269</u>	<u>3,689,650</u>	<u>3,521,945</u>
Total primary government expenses	<u>\$13,459,461</u>	<u>\$11,339,420</u>	<u>\$9,875,206</u>	<u>\$9,912,942</u>	<u>\$10,392,078</u>	<u>\$10,452,017</u>	<u>\$11,550,966</u>	<u>\$11,338,061</u>	<u>\$11,558,146</u>	<u>\$11,242,415</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General	\$132,660	\$152,645	\$153,384	\$160,623	\$201,748	\$153,361	\$237,612	\$270,002	\$224,856	\$252,133
Public safety	515,245	164,697	36,632	33,229	55,229	99,130	71,687	67,506	48,146	23,969
Parks and recreation	47,615	46,755	43,114	37,229	21,206	23,913	27,647	42,522	41,634	55,233
Economic development	29,113	65,252	155,833	192,250	194,000	196,915	197,600	197,860	206,120	205,920
Airport	22,800	21,513	22,776	24,099	26,586	27,200	44,282	26,280	26,253	26,245
Operating grants and contributions	683	20,000	-	7,701	-	-	-	-	-	8,000
Capital grants and contributions	<u>6,483,395</u>	<u>3,132,982</u>	<u>994,834</u>	<u>243,196</u>	<u>570,046</u>	<u>295,414</u>	<u>585,503</u>	<u>853,056</u>	<u>321,378</u>	<u>1,073,501</u>
Total governmental activities program revenues	<u>7,231,511</u>	<u>3,603,844</u>	<u>1,406,573</u>	<u>698,327</u>	<u>1,068,815</u>	<u>795,933</u>	<u>1,164,331</u>	<u>1,457,226</u>	<u>868,387</u>	<u>1,645,001</u>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Wastewater utility	1,573,091	2,033,713	2,417,368	2,599,749	2,741,029	2,945,772	2,881,267	2,993,020	3,092,625	3,175,438
Sanitation	509,198	530,885	552,131	563,436	565,879	568,031	579,375	583,640	594,622	604,039
Capital grants and contributions	-	-	-	-	-	-	67,544	47,129	-	15,700
Total business-type activities program revenues	<u>2,082,289</u>	<u>2,564,598</u>	<u>2,969,499</u>	<u>3,163,185</u>	<u>3,306,908</u>	<u>3,513,803</u>	<u>3,528,186</u>	<u>3,623,789</u>	<u>3,687,247</u>	<u>3,795,177</u>
Total primary government program revenues	<u>\$9,313,800</u>	<u>\$6,168,442</u>	<u>\$4,376,072</u>	<u>\$3,861,512</u>	<u>\$4,375,723</u>	<u>\$4,309,736</u>	<u>\$4,692,517</u>	<u>\$5,081,015</u>	<u>\$4,555,634</u>	<u>\$5,440,178</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(4,182,991)	(5,669,341)	(5,623,644)	(6,489,768)	(5,935,085)	(6,282,102)	(6,802,136)	(6,496,566)	(7,000,109)	(6,075,469)
Business-type activities	37,330	498,363	124,510	438,338	(81,270)	139,821	(56,313)	239,520	(2,403)	273,232
Total primary government net expense	<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>	<u>(\$6,858,449)</u>	<u>(\$6,257,046)</u>	<u>(\$7,002,512)</u>	<u>(\$5,802,237)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$1,149,805	\$1,252,559	\$1,205,154	\$1,130,099	\$1,056,128	\$1,115,318	\$1,135,665	\$1,160,159	\$1,227,215	\$1,267,067
Sales taxes	2,866,397	2,913,731	2,939,444	3,520,641	3,916,683	3,988,132	3,972,167	3,872,129	4,107,687	4,046,812
Franchise taxes	1,773,704	1,847,093	1,826,191	1,885,224	1,924,513	1,817,210	1,677,601	1,663,309	1,774,255	1,606,812
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	517,974	432,392	475,486	594,845	334,648	264,573	326,285	255,873	299,989	203,990
Administrative reimbursement	-	-	-	-	196,318	186,713	191,230	191,230	198,314	198,314
Issuance of NID bonds	-	-	-	22,003	-	-	-	-	-	-
Gain on sale of capital assets	-	-	41,671	-	-	-	-	34,423	22,268	39,189
Investment earnings	17,392	16,541	12,111	30,585	58,693	66,284	72,438	78,298	130,147	193,637
Contributions to others	-	(242,173)	-	-	-	-	-	-	-	-
Net transfers (out) in from other funds	(9,596)	(170,504)	-	-	-	80,000	-	-	-	-
Total governmental activities	<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>	<u>7,375,386</u>	<u>7,255,421</u>	<u>7,759,875</u>	<u>7,555,821</u>
Business-type activities:										
Change in landfill P/L estimate	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	22,300	3,887	-	7,605	21,869	30,482	29,618	24,205	27,996	31,051
Investment earnings	11,038	153,534	132,568	139,104	35,120	34,095	37,209	36,935	58,606	83,163
Gain on sale of capital assets	-	-	-	-	5,100	-	2,700	21,111	211,295	5,900
Interest rebate on Build America Bonds	-	-	-	-	113,949	113,826	114,440	114,317	112,611	110,923
Contributions to others	-	(152,636)	-	-	-	-	-	-	-	-
Net transfers (out) in from other funds	9,596	170,504	-	-	-	(80,000)	31,075	-	-	-
Total business-type activities	<u>42,934</u>	<u>175,289</u>	<u>132,568</u>	<u>146,709</u>	<u>176,038</u>	<u>98,403</u>	<u>215,042</u>	<u>196,568</u>	<u>410,508</u>	<u>231,037</u>
Total primary government	<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>	<u>\$7,590,428</u>	<u>\$7,451,989</u>	<u>\$8,170,383</u>	<u>\$7,786,858</u>
<b>Change in Net Position</b>										
Governmental activities	\$2,132,685	\$380,298	\$876,413	\$693,629	\$1,551,898	\$1,236,128	\$573,250	\$758,855	\$759,766	\$1,480,352
Business-type activities	<u>80,264</u>	<u>673,652</u>	<u>257,078</u>	<u>585,047</u>	<u>94,768</u>	<u>238,224</u>	<u>158,729</u>	<u>436,088</u>	<u>408,105</u>	<u>504,269</u>
Total primary government	<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>	<u>\$731,979</u>	<u>\$1,194,943</u>	<u>\$1,167,871</u>	<u>\$1,984,621</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Assigned	\$ -	\$ -	\$ -	\$ 279,909	\$ 339,075	\$ 422,173	\$ 541,661	\$ 502,421	\$ 690,594	\$ 499,865
Unassigned	<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>	<u>3,715,898</u>	<u>3,840,298</u>	<u>4,319,305</u>	<u>4,602,414</u>
Total general fund	<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>	<u>4,257,559</u>	<u>4,342,719</u>	<u>5,009,899</u>	<u>5,102,279</u>
All Other Governmental Funds										
Reserved	805,641	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,808,999	-	-	-	-	-	-	-	-	-
Capital projects funds	19,226	-	-	-	-	-	-	-	-	-
Nonspendable										
Prepays	-	1,187,025	1,124,550	1,062,075	999,600	937,125	874,650	812,175	749,700	687,225
Perpetual Care	-	166,352	166,352	166,352	166,352	166,352	166,352	166,352	166,352	166,352
Restricted For:										
Capital Improvements	-	364,264	356,863	409,188	556,986	662,786	680,053	463,166	384,685	395,207
Public Health	-	158,567	188,094	205,465	226,226	243,609	242,225	212,137	286,673	354,395
Community Development	-	13,051	3,844	9,978	6,506	9,232	18,746	28,578	40,167	64,587
Tourism	-	43,473	43,680	51,190	51,185	60,335	71,695	93,288	85,872	87,403
Grant Activity	-	13,188	14,714	39,145	59,504	70,926	96,379	257,812	211,463	-
Debt Service	-	201,355	204,601	373,571	225,887	234,021	238,944	245,654	254,598	275,101
Committed:										
Capital Improvements	-	-	-	-	-	700,000	200,000	1,000,000	1,100,000	1,125,000
Assigned										
Parks & Recreation	-	131,509	232,272	411,121	582,987	679,145	781,145	510,937	600,907	590,546
Unassigned										
Grant Funds	-	-	-	-	-	-	-	-	-	(92,701)
Non-major Fund	-	(62,576)	(3,183)	(7,521)	(3,597)	(2,746)	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 3,370,189</u>	<u>\$ 3,790,099</u>	<u>\$ 3,880,417</u>	<u>\$ 3,653,115</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)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property	1,149,805	1,329,413	1,306,794	1,254,316	1,059,357	1,213,951	1,234,951	1,256,899	1,325,457	1,363,743
Sales	2,866,397	2,913,731	2,939,444	3,520,641	3,916,683	3,988,132	3,972,167	3,872,129	4,107,687	4,046,812
Franchise	2,042,894	1,847,093	1,826,191	1,885,224	1,924,513	1,817,210	1,677,601	1,663,309	1,774,255	1,606,812
Licenses, fees, and permits	132,660	152,645	153,384	160,623	201,748	153,361	237,612	270,002	224,856	252,133
Fines and penalties	44,234	46,975	36,632	33,229	55,229	99,130	71,687	67,506	48,146	23,969
Charges for services	47,615	46,755	43,114	37,229	21,206	23,913	27,647	42,522	41,634	55,233
Intergovernmental	4,481,243	2,565,172	925,309	187,907	365,398	53,229	243,322	548,608	341,485	649,119
Investment earnings	17,392	16,541	12,111	30,585	58,693	66,284	72,438	78,298	130,147	193,637
Other revenues	1,070,840	687,576	695,766	811,194	751,552	806,860	842,868	739,720	731,254	634,469
Total revenues	\$11,853,080	\$9,605,901	\$7,938,745	\$7,920,948	\$8,354,379	\$8,222,070	\$8,380,293	\$8,538,993	\$8,724,921	\$8,825,927
<b>Expenditures</b>										
General government	\$1,001,272	\$1,005,234	\$1,018,077	\$1,114,937	\$1,089,993	\$1,117,038	\$1,129,834	\$1,163,748	\$1,224,510	\$1,182,949
Public Safety	2,674,804	2,498,895	2,179,572	2,232,667	2,247,577	2,302,288	2,342,748	2,358,026	2,280,391	2,278,573
Streets	784,612	820,924	738,818	801,903	820,953	838,931	837,513	1,178,303	1,256,818	1,298,788
Cemetery	106,433	107,284	109,242	113,694	118,230	119,150	109,204	124,915	123,723	134,870
Parks and recreation	689,277	710,020	624,341	721,214	802,909	860,816	855,213	881,188	861,693	929,214
Public Health	382,935	294,034	290,763	324,331	301,392	336,813	347,839	374,217	290,892	300,919
Economic Development	181,872	172,721	212,179	186,200	145,399	151,113	159,782	156,578	187,906	162,593
Airport	46,644	56,044	53,815	68,129	60,099	56,207	58,998	70,598	60,472	62,630
Community Development	708,979	595,522	761,701	366,888	443,095	342,645	424,894	607,580	669,739	373,949
Brush Yard	-	-	-	-	-	27,141	41,755	46,015	50,427	50,959
Capital outlay	4,983,478	3,274,143	1,362,838	837,625	1,093,689	1,737,612	1,122,360	1,522,154	712,267	1,662,628
*Debt service										
Principal	87,209	135,670	146,942	149,570	143,768	146,429	154,129	157,040	159,999	449,701
Interest	50,820	110,743	101,879	110,422	106,692	102,675	98,253	93,561	88,586	73,076
Total expenditures	\$11,698,335	\$9,781,234	\$7,600,167	\$7,027,580	\$7,373,796	\$8,138,858	\$7,682,522	\$8,733,923	\$7,967,423	\$8,960,849
Excess of revenues over (under) expenditures	\$154,745	(\$175,333)	\$338,578	\$893,368	\$980,583	\$83,212	\$697,771	(\$194,930)	\$757,498	(\$134,922)
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>

**Other Financing  
Sources(uses)**

Lease Proceeds	-	-	-	-	-	-	-	-	-	-
NID proceeds	1,916,259	-	-	-	-	-	-	-	-	-
Issuance of NID Bonds	-	-	-	22,003	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Issuance costs	(68,164)	-	-	-	-	-	-	-	-	-
Transfers in	1,899,165	771,951	765,531	668,826	471,781	1,396,085	725,686	702,095	690,672	645,024
Transfers out	(1,899,165)	(771,951)	(765,531)	(668,826)	(471,781)	(1,316,085)	(725,686)	(702,095)	(690,672)	(645,024)
<b>Total other financing sources (uses)</b>	<b>1,848,095</b>	<b>-</b>	<b>-</b>	<b>22,003</b>	<b>-</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</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>\$697,771</b>	<b>(\$194,930)</b>	<b>\$757,498</b>	<b>(\$134,922)</b>
<b>Debt service as a percentage of noncapital expenditures</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>	<b>3.83%</b>	<b>3.47%</b>	<b>3.43%</b>	<b>7.16%</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**

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
2010	2009	1,103,048	1,041,675	94.44%	45,047	1,086,722	98.52%
2011	2010	1,099,901	1,073,156	97.56%	22,349	1,095,505	99.60%
2012	2011	1,102,389	1,086,503	98.55%	14,359	1,100,862	99.87%
2013	(2) 2012	990,676	976,293	98.54%	14,176	990,469	99.98%
2014	2013	1,010,953	953,731	94.34%	56,920	1,010,651	99.97%
2015	2014	997,863	983,723	98.59%	13,668	997,391	99.95%
2016	2015	1,009,313	940,946	93.23%	28,727	969,673	96.07%
2017	2016	1,029,422	985,267	95.71%	24,055	1,009,322	98.05%
2018	2017	1,077,649	1,014,521	94.14%	18,315	1,032,836	95.84%
2019	2018	1,144,042	1,055,445	92.26%	-	1,055,445	92.26%

**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>
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	0.72	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	550,532,935	24.74%
2016	60,312,780	106,720	35,330,032	34,480,459	7,560,164	137,790,155	0.73	555,752,029	24.79%
2017	60,347,690	107,220	35,278,933	36,951,533	7,105,776	139,791,152	0.74	561,781,216	24.88%
2018	61,203,940	111,150	41,489,755	40,071,921	7,004,875	149,881,641	0.72	594,787,485	25.20%
2019	61,529,540	111,860	43,780,620	44,765,980	8,927,737	159,115,737	0.72	623,511,088	25.52%

**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)

City Direct Rates						Overlapping Rates				State	Total
Fiscal Year	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	Audrain Ambulance District		
2010	0.41	0.00	0.40	0.00	0.81	3.55	0.22	0.90	0.30	0.03	5.80
2011	0.41	0.00	0.40	0.00	0.81	3.62	0.22	0.90	0.30	0.03	5.89
2012	0.42	0.00	0.40	0.00	0.82	3.64	0.24	0.92	0.30	0.03	5.94
2013	0.42	0.00	0.30	0.00	0.72	4.02	0.22	1.17	0.12	0.03	6.28
2014	0.42	0.00	0.30	0.00	0.72	4.05	0.24	1.17	0.12	0.03	6.33
2015	0.43	0.00	0.30	0.00	0.73	4.00	0.23	1.18	0.10	0.03	6.27
2016	0.43	0.00	0.30	0.00	0.73	4.26	0.21	1.18	0.11	0.03	6.53
2017	0.44	0.00	0.30	0.00	0.74	4.41	0.23	0.99	0.10	0.03	6.50
2018	0.43	0.00	0.29	0.00	0.72	4.41	0.24	0.99	0.11	0.03	6.50
2019	0.43	0.00	0.29	0.00	0.72	4.41	0.23	0.99	0.11	0.03	6.48

**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**

	Fiscal Year 2019			Fiscal Year 2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Spartan Light Metals	\$9,868,190	1	6.20%	6,598,103	1	4.86%
Teva	5,098,580	2	3.20%	1,189,292	7	0.88%
Metromex, LLC	5,038,990	3	3.17%	-	-	-
Ameren Missouri	4,204,430	4	2.64%	-	-	-
Archer Daniels Midland	3,702,570	5	2.33%	2,433,706	4	1.79%
MO American Water Co.	2,803,060	6	1.76%	2,744,518	3	2.02%
Wal-Mart	2,373,040	7	1.49%	2,906,880	2	2.14%
Dawn Food Products	2,151,350	8	1.35%	1,817,594	5	1.19%
Three T's Partnership	1,932,020	9	1.22%	834,689	9	0.62%
Triad Catalog	1,485,630	10	0.94%	-	-	-
Mexwest, LLC	-	-	-	1,328,380	6	0.98%
Cerro Copper	-	-	-	924,690	8	0.68%
Mexico Plastics	-	-	-	630,780	10	0.47%
<b>Total</b>	<b><u>\$38,657,860</u></b>		<b><u>24.30%</u></b>	<b><u>\$21,408,632</u></b>		<b><u>15.63%</u></b>

**Source:** Audrain County Assessor's Office.

**Schedule 9**  
**City of Mexico**  
**Sales Tax Collections and Estimated Retail Taxable Sales**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended</b>	<b>General Sales Tax 1.00%</b>	<b>Capital Improvement Sales Tax 0.50%</b>	<b>Parks &amp; Recreation Sales Tax 0.50%</b>	<b>Total</b>	<b>Estimated Taxable Retail Sales</b>
2010	\$ 1,569,920	\$ 747,206	\$ -	\$ 2,317,127	\$ 158,577,820
2011	\$ 1,595,948	\$ 755,857	\$ -	\$ 2,351,806	\$ 161,206,881
2012	\$ 1,645,272	\$ 782,260	\$ -	\$ 2,427,532	\$ 166,189,130
2013	\$ 1,644,881	\$ 778,725	\$ 439,139	\$ 2,862,745	\$ 166,149,548
2014	\$ 1,704,440	\$ 809,611	\$ 806,062	\$ 3,320,113	\$ 172,165,634
2015	\$ 1,773,234	\$ 837,953	\$ 933,924	\$ 3,545,111	\$ 179,114,561
2016	\$ 1,755,486	\$ 837,144	\$ 836,631	\$ 3,429,261	\$ 177,321,822
2017	\$ 1,696,987	\$ 808,812	\$ 808,791	\$ 3,314,589	\$ 171,412,781
2018	\$ 1,793,312	\$ 851,262	\$ 851,210	\$ 3,495,784	\$ 181,142,633
2019	\$ 1,745,750	\$ 832,480	\$ 831,492	\$ 3,409,722	\$ 176,338,384

**Source:** Missouri Department of Revenue

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

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Audrain County Rate</b>	<b>Audrain Emergency Services</b>	<b>Audrain Ambulance District</b>	<b>Total Local Sales Tax</b>
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%
2016	2.00%	1.50%	0.375%	0.50%	4.375%
2017	2.00%	1.75%	0.375%	0.50%	4.625%
2018	2.00%	1.75%	0.375%	0.50%	4.625%
2019	2.00%	1.75%	0.375%	0.50%	4.625%

**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**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Sales Tax Increment Bonds</u>	<u>Certificates of Participation</u>	<u>Special Assessment Bonds</u>	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Wastewater Capital Leases</u>			
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
2016	-	530,501	-	-	1,510,000	10,110,000	-	-	12,150,501	5.200%	1,042
2017	-	448,461	-	-	1,435,000	9,790,000	-	-	11,673,461	4.940%	990
2018	-	369,702	-	-	1,360,000	9,455,000	-	-	11,184,702	4.670%	959
2019	-	-	-	-	1,280,000	9,110,000	-	-	10,390,000	4.230%	891

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

See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**Schedule 12**  
**City of Mexico**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Redevelopment Bonds</b>	<b>Total</b>		
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
2016	-	1,510,000	1,510,000	0.003	129
2017	-	1,435,000	1,435,000	0.003	123
2018	-	1,360,000	1,360,000	0.003	117
2019	-	1,280,000	1,280,000	0.002	110

**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 13**  
**City of Mexico**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2019**

<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	\$ -	100%	\$ -
Special Assessment Bonds	\$ 1,280,000	100%	\$ 1,280,000
<b>Other debt</b>			
Mexico Public School District #59	\$ 22,357,404	71%	\$ 15,873,757
	-	-	-
	-	-	-
Subtotal, overlapping debt			\$ 15,873,757
<b>City direct debt</b>			\$ 1,280,000
<b>Total direct and overlapping debt</b>			<u>\$ 17,153,757</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 14  
City of Mexico  
Legal Debt Margin Information,  
Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Yr 2019**

Assessed value	\$159,115,732
Debt limit (20% of assessed valuation)	\$31,823,146
Debt applicable to limit:	
General obligation bonds	\$1,280,000
Less: Amount set aside for repayment of general obligation debt	\$193,000
Total net debt applicable to limit	\$1,087,000
Legal debt margin	\$30,736,146

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Debt Limit</b>	\$ 27,215,591	\$ 27,001,384	\$ 27,052,505	\$ 27,711,220	\$ 28,152,402	\$ 27,245,395	\$ 27,558,031	\$ 27,958,230	\$ 29,976,328	\$ 31,823,146
<b>Total net debt applicable to limit</b>	<u>\$ 1,737,000</u>	<u>\$ 1,672,000</u>	<u>\$ 1,602,000</u>	<u>\$ 1,532,000</u>	<u>\$ 1,462,000</u>	<u>\$ 1,392,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,242,000</u>	<u>\$ 1,167,000</u>	<u>\$ 1,087,000</u>
<b>Legal debt margin</b>	<u>\$ 25,478,591</u>	<u>\$ 25,329,384</u>	<u>\$ 25,450,505</u>	<u>\$ 26,179,220</u>	<u>\$ 26,690,402</u>	<u>\$ 25,853,395</u>	<u>\$ 26,241,031</u>	<u>\$ 26,716,230</u>	<u>\$ 28,809,328</u>	<u>\$ 30,736,146</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	6.30%	6.20%	6.30%	5.90%	5.20%	5.10%	4.78%	4.45%	3.89%	3.54%

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

Schedule 15  
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	
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	3,090,080	1,450,547	1,639,533	300,000	592,609	1.84	176,065	70,000	79,569	1.18	-	-	-	-
2016	3,059,740	1,655,442	1,404,298	375,000	583,609	1.46	176,180	75,000	77,847	1.15	-	-	-	-
2017	3,164,292	1,456,232	1,708,060	320,000	570,609	1.92	176,157	75,000	76,066	1.17	-	-	-	-
2018	3,283,922	1,711,123	1,572,799	335,000	558,262	1.76	176,226	75,000	74,040	1.18	-	-	-	-
2019	3,389,871	1,521,793	1,868,078	345,000	545,351	2.10	176,318	80,000	71,725	1.16	-	-	-	-

**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.

**Note:** Fiscal Years 2011-2014 Both the Wastewater and Mid-America Brick bond interest payments are net of Build America Bonds interest credits; FY 2015 re-stated with BAB credits as revenue.

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

**Schedule 16**  
**City of Mexico**  
**Demographic and Economic Statistics,**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income In Thousands</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>
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 *	39.69	2,409	4.10%
2016	11,664 *	233,826 *	20,108 *	39.69	2,407	4.20%
2017	11,664 *	233,826 *	20,108 *	39.69	2,428	3.20%
2018	11,664 *	239,089	20,498	39.30	2,566	2.50%
2019	11,664 *	245,743	21,071	39.00	2,527	2.40%

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

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

**Notes:** Personal income information is a total for the year stated in thousands.  
Unemployment rate information is as of September 30 of each year;  
2019 is as of September 2019.  
School enrollment is based on the census at the start of the school year.

**Schedule 17**  
**City of Mexico**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	<u>2019</u>			<u>2010</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>
Spartan Light Metal Products	425	1	4.00%	181	8	1.19%
True Manufacturing	415	2	3.91%	400	2	2.63%
SSM-Audrain (AMC)	350	3	3.29%	568	1	3.74%
Mexico Public Schools	343	4	3.23%	375	3	2.47%
Wal-Mart	204	5	1.92%	325	4	2.14%
Missouri Veterans Home	185	6	1.74%	200	7	1.32%
Soft Surroundings	176	7	1.66%	-	-	-
Continental Products	155	8	1.46%	220	6	1.45%
Dawn Foods	141	9	1.33%	290	5	1.91%
Missouri Military Academy	105	10	0.99%	-	-	-
Home Decorators	-	-	-	167	9	1.10%
Brookstone	-	-	-	150	10	0.99%
Total	<u>2499</u>		<u>23.53%</u>	<u>2876</u>		<u>18.94%</u>

**Source:** MissouriEconomy.org (Missouri Department of Economic Development)  
Employment percentages were calculated by using county employment numbers (10,622 and 15,198) respectively; (August report) employment numbers for the City of Mexico alone were not available.

**Schedule 18**  
**City of Mexico**  
**Full-time-Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
General government										
City Manager	2.3	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Administrative Services	5	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Law	-	-	-	-	-	-	-	1	1	1
Comm. Dev./Animal Control	6.6	6.6	7.6	7.6	6.6	6.6	6.6	6.6	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	35.15	34.65	34.65	34.65	34.65	34.65	34.65	33.5	33.5	33.5
Clerk Typist/Dispatchers	15	1	1	1	1	1	1	1	1	1
Fire										
Fire Apparatus Operator	0	0	0	0	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	1.25	1.2	1.2	1.2	1.2	1.2	1.2	1.2	0.9	0.9
Street Dept.	10	8.85	8.85	8.85	8.85	8.85	8.85	9	9	9
Parks / Cemetery / Brush Yard	12	10.1	11.1	11.1	11.1	12.1	12.1	12.1	11.5	11.5
Internal Service	0	0	0	0	0	0	0	0	0	0
Wastewater	10.8	11.1	11.1	11.1	11.1	11.1	11.1	11.1	10.4	10.4
Sanitation	1	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.65	1.65
Total	<u>101</u>	<u>84</u>	<u>86</u>	<u>86</u>	<u>85</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>85</u>	<u>85</u>

**Source: City Budget Office.**

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



**Schedule 19**  
**City of Mexico**  
**Operating Indicators by Function/Program,**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Building permits issued	570	525	696	737	716	693	681	643	867	818
Building inspections conducted	1373	1062	1040	1113	1707	1312	1261	1265	790	1807
Police										
Physical arrests	599	519	513	581	660	638	665	640	601	*
Parking violations	318	101	201	219	270	2	22	100	41	*
Traffic violations	1245	603	585	615	884	1086	745	939	700	*
Fire										
Emergency responses	136	163	175	184	202	186	242	241	254	*
Fires extinguished	35	30	53	24	30	38	38	44	42	*
Inspections	36	248	240	261	329	329	164	114	169	*
Other public works										
Street resurfacing/overlay (miles)	2.1	2.1	0.66	0.55	0.70	1.04	0.35	1.06	1.30	2.58
Micro seal	0	0	2.4	2.11	2.70	0.00	3.89	1.07	0.00	1.05
Parks and recreation										
Pool Admissions	11,214	12,112	12,003	10,779	5,754	10,388	11,006	11,083	10,572	10,910
Wastewater										
Average daily sewage treatment (Millions of gallons)	2.01	2.06	2.10	2.45	2.06	2.40	2.30	1.98	1.80	2.67

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 20**  
**City of Mexico**  
**Capital Asset Statistics by Function/Program,**  
**Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>Function/Program</u></b>										
Municipal Court										
General Operating Revenue (1)	#	#	#	#	\$ 4,929,539	\$ 4,833,165	\$ 4,793,546	\$4,743,708	\$4,934,787	\$4,827,479
Traffic Violations	#	#	#	#	\$ 54,471	\$ 98,013	\$ 51,096	\$ 53,506	\$ 45,233	\$ 22,137
% of General Operating Revenue from traffic violations revenue	#	#	#	#	1.11%	2.03%	1.07%	1.12%	0.92%	0.46%
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	78.24	78.24	78.24	79.1	79.1	79.1	79.29
Streetlights	1188	1188	1381	1381	1381	1381	190	190	190	190
Storm sewers (miles)	54	54	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)	86	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; calculation on cash basis.

Beginning fiscal year 2016 streetlights reported only reflect streetlights wholly owned and maintained by the City of Mexico; prior years reflected streetlights owned by the City plus those owned by Ameren Missouri with electric cost paid by the City.

## APPENDIX B

### SUMMARY OF THE ORDINANCE

#### Definitions

In addition to words and terms defined elsewhere herein, the following capitalized words and terms as used in the Ordinance and in this Official Statement shall have the following meanings:

**“Act”** means Chapter 250 of the Revised Statutes of Missouri, as amended.

**“Average Annual Debt Service”** means the average of the Debt Service Requirements as computed for the then-current and all future fiscal years.

**“Bond Counsel”** means Gilmore & Bell, P.C., St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

**“Bond Payment Date”** means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

**“Bond Register”** means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

**“Bondowner,” “Owner” or “Registered Owner”** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

**“Bonds”** means the City’s Sewerage System Refunding Revenue Bonds, Series 2020, authorized and issued pursuant to the Ordinance.

**“Business Day”** means a day, other than a Saturday, Sunday or holiday, on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**“City”** means the City of Mexico, Missouri, and any successors or assigns.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

**“Consultant”** means (a) a registered municipal advisor or (b) an independent engineer or engineering firm having a favorable reputation for skill and experience in the construction, financing and operation of public utilities and the preparation of management studies and financial feasibility studies in connection therewith, selected by the City for the purpose of carrying out the duties imposed on the Consultant by the Ordinance.

**“Debt Service Fund”** means the fund by that name created by the Ordinance.

**“Debt Service Requirements”** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and payments on all Sewerage System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers; and provided further, that for purposes of calculating such amount for the last fiscal year during which any Parity Bonds will be outstanding, the

amount on deposit in any bond reserve account securing such Parity Bonds shall be deducted from the determination of the Debt Service Requirements for such fiscal year.

**“Defeasance Obligations”** means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
  - (1) the obligations are not subject to redemption prior to maturity or the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
  - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal, premium, if any, and interest payments on such obligations;
  - (3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;
  - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
  - (5) such cash and United States Government Obligations serving as security for the obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
  - (6) the obligations are rated in the same rating category or higher as United States Government Obligations by a nationally recognized rating service.

**“Interest Payment Date”** means the Stated Maturity of an installment of interest on any Bond.

**“Maturity”** when used with respect to any Bond or installment of principal thereof means the date on which the Bond or installment of principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity thereof or call for redemption, declaration of acceleration or otherwise.

**“Net Revenues”** means all Revenues less all Operating Expenses.

**“Operating Expenses”** means all reasonable and necessary expenses of operation, maintenance and repair of the Sewerage System and keeping the Sewerage System in good repair and working order (other than interest paid on Sewerage System Revenue Bonds and depreciation and amortization charges during the period of determination), including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, deposits required to be made to a rebate fund for any Sewerage System Revenue Bonds, short-term obligations incurred and payable

within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the Sewerage System, but shall exclude all general administrative expenses of the City not allocated to the operation of the Sewerage System and shall exclude capital expenditures.

**“Ordinance”** means the Ordinance of the City authorizing the issuance of the Bonds, as from time to time amended in accordance with the terms thereof.

**“Outstanding”** means, when used with reference to Bonds, as of any particular date, all Bonds theretofore issued and delivered under the Ordinance, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered under the Ordinance.

**“Parity Bonds”** means any additional bonds or other obligations hereafter issued or incurred pursuant to the Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues.

**“Parity Ordinances”** means any ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to the Ordinance.

**“Paying Agent”** means UMB Bank, N.A., Kansas City, Missouri, and any successors and assigns.

**“Permitted Investments”** means any securities, if and to the extent the same are at the time legal for investment of the City’s funds.

**“Person”** means any natural person, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

**“Purchaser”** means Commerce Bank, Kansas City, Missouri, the original purchaser of the Bonds.

**“Record Date”** for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

**“Redemption Date”** when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

**“Redemption Price”** when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

**“Revenue Fund”** means the fund by that name ratified by the Ordinance.

**“Revenues”** means all income and revenues derived from the operation of the Sewerage System, including investment income and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of

determination to pay interest on Sewerage System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and any other moneys of the City that have been appropriated by the City Council to pay expenses of the Sewerage System or other Debt Service Requirements.

**“Securities Depository”** means The Depository Trust Company, New York, New York, and its successors and assigns.

**“Sewerage System”** means the entire sewerage plant and system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

**“Sewerage System Revenue Bonds”** means, collectively, the Bonds, any Parity Bonds and all other revenue bonds or other obligations that are payable out of or secured by the Net Revenues.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**“United States Government Obligations”** means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities that represent an undivided interest in such obligations, which obligations are rated in the same rating category or higher as the United States of America by a nationally recognized rating service and such obligations are held in a custodial account for the City’s benefit.

### **Establishment of Funds**

The Ordinance creates or ratifies and orders to be established and maintained in the treasury of the City the following separate funds:

- (a) Sewerage System Revenue Fund (the “Revenue Fund”).
- (b) Debt Service Fund for Sewerage System Refunding Revenue Bonds, Series 2020 (the “Debt Service Fund”).

### **Application of Revenues**

The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the moneys then held in the Revenue Fund as follows:

- (a) *Operation and Maintenance.* There shall first be paid and credited from month to month as a first charge against the Revenue Fund the Operating Expenses of the Sewerage System as the same become due and payable.
- (b) *Debt Service Fund.* There shall next be paid and credited monthly to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

(1) On September 1, 2020 and continuing on the first day of each month thereafter through and including December 1, 2020, an equal pro rata portion of the amount of interest becoming due on the Bonds on January 1, 2021; and thereafter, beginning on January 1, 2021, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) On September 1, 2020 and continuing on the first day of each month thereafter through and including June 1, 2021, an equal pro rata portion of the amount of principal becoming due on the Bonds on July 1, 2021; and thereafter, beginning on July 1, 2021, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Bonds on the next succeeding Maturity date.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Fund and to the debt service funds established to pay the principal of and interest on any Parity Bonds, the available moneys in the Revenue Fund shall be divided among such debt service funds in proportion to the respective principal amounts of said series of bonds at the time outstanding that are payable from the moneys in said debt service funds.

(c) *Surplus Moneys.* After all payments and credits required at the time to be made under the provisions of paragraphs (a) and (b) above have been made, all moneys remaining in the Revenue Fund may be expended and used for the following purposes as determined by the governing body of the City:

(1) Paying the cost of the operation, maintenance and repair of the Sewerage System to the extent that may be necessary after the application of the moneys under the provisions of paragraph (a) above;

(2) Paying the cost of extending, enlarging or improving the Sewerage System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Fund, or establishing or increasing the amount of any debt service fund or debt service reserve fund created by the City for the payment of any Parity Bonds;

(4) Calling, redeeming and paying prior to their Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the Redemption Price (if any bonds are callable), the Bonds or any Parity Bonds, including principal, interest and redemption premium, if any;

(5) Any other lawful purpose in connection with the operation of the Sewerage System and benefiting the Sewerage System; or

(6) Any lawful purpose of the City.

### **Transfer of Funds to Paying Agent**

The City Manager or other authorized officer of the City is authorized and directed to withdraw from the Debt Service Fund sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner that ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date.

### **Payments Due on Saturdays, Sundays and Holidays**

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged. Thereupon, it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall, without liability for interest thereon, repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **Deposit and Investment of Moneys**

Moneys in each of the funds and accounts created by and referred to in the Ordinance must be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits must be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri. Moneys held in said funds and accounts may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Ordinance, obligations shall be valued at the lower of the cost or the market value thereof. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Ordinance, the City shall direct that such excess be paid and credited to the Debt Service Fund.

### **Efficient and Economical Operation**

The City will continuously own and will operate the Sewerage System as a revenue-producing System in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the Sewerage System as may be necessary to assure maximum utilization and most efficient operation of the Sewerage System.

### **Rate Covenant**

See the heading “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Ordinance – Rate Covenant.**”



### **Reasonable Charges for all Services**

None of the facilities or services provided by the Sewerage System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. If the Revenues derived from the Sewerage System are at any time insufficient to pay the reasonable Operating Expenses of the Sewerage System and also to pay all interest on and principal of the Bonds as and when the same become due, then the City will thereafter pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services furnished to the City or any of its departments by the Sewerage System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Bonds.

### **Restrictions on Mortgage or Sale of System**

The City will not mortgage, pledge or otherwise encumber the Sewerage System or any part thereof, nor will it sell, lease or otherwise dispose of the Sewerage System or any material part thereof; provided, however, the City may:

(a) sell at fair market value any portion of the Sewerage System that has been replaced by other similar property of at least equal value, or that ceases to be necessary for the efficient operation of the Sewerage System, and in the event of sale, the City will apply the proceeds to either (1) redeem Outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of their Stated Maturity, or (2) replace the property so disposed of by other property the revenues of which shall be incorporated into the Sewerage System as provided in the Ordinance;

(b) cease to operate, abandon or otherwise dispose of any property that has become obsolete, nonproductive or otherwise unusable to the advantage of the City;

(c) lease, (1) as lessor, any real or personal property that is unused or unimproved, or that has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or that is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the Sewerage System. Property being leased as lessor and/or lessee as described under this subparagraph (c) shall not be treated as part of the Sewerage System and may be mortgaged, pledged or otherwise encumbered; and

(d) sell, lease or convey all or substantially all of the Sewerage System to another entity or enter into a management contract with another entity if:

(1) The transferee entity is a political subdivision organized and existing under the laws of the State of Missouri, or instrumentality thereof, or an organization described in Section 501(c)(3) of the Code, and expressly assumes in writing the due and punctual payment of the principal of and premium, if any, and interest on all outstanding Sewerage System Revenue Bonds according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Ordinance;

(2) If there remains unpaid any Sewerage System Revenue Bond that bears interest that is not includable in gross income under the Code, the City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, to the effect that under then-existing law the consummation of such sale, lease or conveyance, whether or not contemplated on any date of the delivery of such Sewerage System Revenue Bond, would not cause the interest payable on such Sewerage System Revenue Bond to become includable in gross income under the Code;

(3) The City receives a certificate of the Consultant that demonstrates and certifies that immediately upon such sale or conveyance the transferee entity will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under the Ordinance;

(4) Such transferee entity possesses such licenses to operate the Sewerage System as may be required if it is to operate the Sewerage System; and

(5) The City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, as conclusive evidence that any such sale, lease or conveyance, and any such assumption, is permitted by law and complies with the provisions of the Ordinance.

### **Insurance**

The City will carry and maintain insurance with respect to the Sewerage System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the Sewerage System insofar as the same are of an insurable nature, public liability, business interruption or workers' compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated.

### **Books, Records and Accounts**

The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the Sewerage System.

### **Annual Budget**

Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the Sewerage System for the next succeeding fiscal year. The City Clerk will mail a copy of the budget to the Purchaser, upon request. The annual budget shall be prepared in accordance with the requirements of the laws of Missouri and shall contain all information that is required by such laws.

### **Annual Audit**

Within 180 days after the end of the fiscal year, the City will cause an audit to be made of the Sewerage System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the Revenues. The annual audit shall cover in reasonable detail the operation of the Sewerage System during such fiscal year and shall evidence compliance with the rate covenant contained in the Ordinance.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the Sewerage System, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of the Ordinance and the Act, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the Sewerage System as may be necessary to adequately provide for such requirements.

### **Right of Inspection**

The Purchaser and any Registered Owner or Owners of not less than 10% of the principal amount of the Bonds then Outstanding may at all reasonable times inspect the Sewerage System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the Sewerage System and the operation thereof that the Purchaser or such Registered Owner or Owners may reasonably request.

### **Senior Lien Bonds**

The City covenants and agrees that so long as any of the Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the Sewerage System for the payment of moneys determined in accordance with generally accepted accounting principles consistently applied, including capital leases as defined by generally accepted accounting principles, payable out of the Net Revenues or any part thereof that are superior to the Bonds.

### **Parity Lien Bonds**

See the heading “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Ordinance – *Parity Obligations.***”

### **Junior Lien Bonds and Other Obligations**

The City may issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the Sewerage System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues, provided that at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in the Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City is in default in paying either interest on or principal of the Bonds, or if the City is in default in making any payments required to be made by it under the Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the Revenue Fund.

### **Acceleration of Maturity Upon Default**

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Ordinance or of the Constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of not less than 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the

provisions of the Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

### **Other Remedies**

The provisions of the Ordinance, including the covenants and agreements contained therein, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding may, for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things that may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

### **Limitation on Rights of Bondowners**

No one or more Bondowners secured by the Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for therein, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

### **Remedies Cumulative**

No remedy conferred in the Ordinance upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Ordinance. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by the Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights under the Ordinance, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

### **Defeasance**

When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Ordinance and the pledge of Net Revenues made thereunder and all other rights granted thereby shall terminate with respect to the Bonds or interest payments so paid and discharged.

Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations that, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (a) the City shall have elected to redeem such Bonds, and (b) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with the Ordinance.

### **Amendments**

The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount that the City is required to pay by way of principal or interest on any Bond;
- (c) permit the creation of a lien on the Net Revenues prior or equal to the lien of the Bonds or Parity Bonds;
- (d) permit preference or priority of any Bonds over any other Bonds;
- (e) alter the optional Redemption Date of any Bond; or
- (f) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Ordinance.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein that is not materially adverse to the interests of the Bondowners.