

CITY OF NEVADA, MISSOURI

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

CITY OF NEVADA, MISSOURI

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CITY OF NEVADA, MISSOURI

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CITY OF NEVADA, MISSOURI

Principal Officials

MAYOR/CITY COUNCIL

Seth Barrett Mayor

Jayne Novak Mayor Pro Tem/Council Member

Brian Leonard Council Member

Lance Christie Council Member

Blake Hertzberg Council Member

ADMINISTRATION

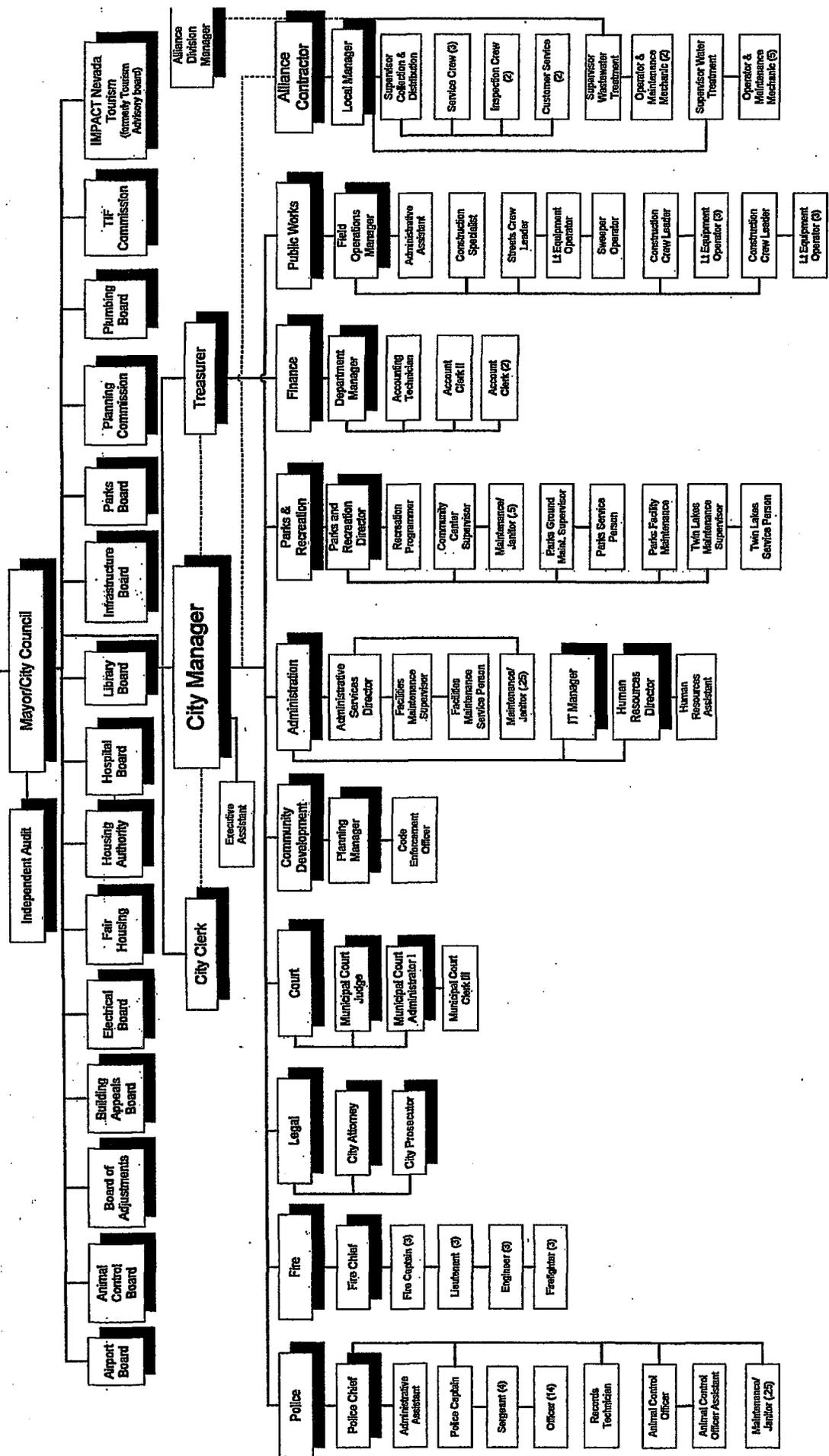
JD Kehrman City Manager

Kristie Modlin Treasurer

Independent Certified Public Accountants Troutt, Beeman & Co., P.C.

City of Nevada 2013 Organizational Chart

Citizens of Nevada





CITY OF

110 SOUTH ASH • NEVADA, MISSOURI 64772
PHONE 417-448-2700 • FAX 417-448-2707

June 13, 2014

HONORABLE MAYOR, CITY COUNCIL, AND CITY MANAGER:

The Finance Department is pleased to present this Annual Financial Report of the City of Nevada, Missouri (the City), for the fiscal year ended December 31, 2013. This report is required by Missouri State Statute (RSMo 105.145) and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material aspects, 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.

This report reflects changes required by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments* as well as other GASB statements issued before and since. The format and description of these reports are addressed in Management's Discussion and Analysis (MD&A) and in the notes to the financial statements. The MD&A can be found in the financial section of the report following the "Report of Independent Certified Public Accountants."

The report includes all activities of the City. All applicable funds, departments, and offices are included in these financial statements as part of the "primary government" of the City.

The City is required to undergo an annual audit of the financial records and transactions of all departments of the City by independent certified public accountants. The City's financial statements have been audited by Troutt, Beeman & Co., PC, a Certified Public Accounting firm. The goal of an independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and statement presentation. The Independent Certified Public Accountants concluded, based upon the audit, that there was a reasonable basis for issuing an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with generally accepted accounting principles (GAAP). The Report of the Certified Public Accountants is presented in the front of the Financial Section of this report.

The financial report is presented in two sections: introductory and financial. The **introductory section** is designed to introduce the reader to the report and includes this transmittal letter, the City's organizational chart, and a list of principal officers.

The **financial section** begins with the independent auditor's report. The auditor's report discloses the opinion of the independent auditors with regard to the presentation of the financial statements and internal controls. This section also includes the MD&A, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statement for non-major funds, and other schedules that provide detailed information relative to the Basic Financial Statements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Nevada's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

Nevada, Missouri, was incorporated in 1855 when it also was chosen as the county seat for Vernon County. It is located in the Southwest region of Missouri and the center of Vernon County. Nevada is the largest city in Vernon County with a 2010 Census population of 8,386. Before its incorporation, Nevada was known as both Fair View and Hog-Eye. The latter was considered crude and the former has already been taken as a post office name. The name was changed to Nevada after Nevada City California by circuit and county clerk DeWitt C. Hunter who had tried his luck in the California Gold Rush of 1849.

During the Civil War in 1863, the entire town was burned by a company of federal militia; Nevada (along with Ft. Scott, Kansas) was an area of major conflict and border wars throughout the historic War Between the States. After the war ended, the City officially incorporated and changed the formal name of the community to Nevada. The community saw the arrival of the Missouri-Kansas-Texas (Katy) railroad in 1870, and welcomed the Missouri Pacific railroad in 1880.

The City of Nevada provides a comprehensive range of municipal services normally associated with a municipality including highly rated police and fire protection, public works services, parks and recreation facilities, and general administrative services. The City also provides a public golf course (Frank E. Peters Golf Course) and water and sanitary sewer services, accounted for in the financial statements as a Parks Fund (governmental funds) and Water and Sewer Fund (business-like funds), respectively.

Utility service in the City is mixed between public and private companies. Water and sanitary sewerage utilities are operated by the Water and Sewer Department of the City. Water and sewer rates are established to meet the total revenue requirements of the utilities including operating costs and capital expenditures. Natural gas is supplied by Empire District Gas and electricity by KCP&L. Traditional and cellular phone services are provided by several companies.

All major commercial television networks, independent local stations as well as public television, are available and provide service to the City. Cable television is provided by Fidelity Communications Company.

In June 1979 the citizens of Nevada adopted a charter and Nevada became a charter city utilizing a Council/Manager form of government. A City Council of five members is nominated and elected by the City-at-large and serve staggered three year terms. The Council elects a Mayor from its ranks that presides at meetings and votes but has no veto power. The City Manager is appointed by the City Council.

Financial Information

In fulfilling its responsibilities for reliable financial statements, management depends on the City's system of internal control. The objective of this system is to ensure that the assets of the government are effectively protected from loss, theft, or misuse. Further, management of the City is responsible for ensuring that transactions are executed in accordance with proper authorization and within City policies and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management. While the system of internal controls is not totally immune to discrepancies, it does comply with the standards of the industry, is reviewed annually as part of the independent audit, and has proven its integrity with years of absence of any significant discrepancies.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which compromise its assets, liabilities, equities, revenues, and expenditures.

The annual budget serves as the foundation for the City of Nevada's financial planning and control. The appropriated budget is prepared by fund and department (e.g. public works, police, finance, etc.). Department heads may make transfers within their department with the approval of the City Manager. Transfers between funds require the approval of the City Council. Budget to actual comparisons, which are required for each individual governmental fund for which an appropriated annual budget has been adopted, are included in this report.

Factors Affecting Financial Condition

Local economy

Nevada's location and proximity to major recreational and tourist attractions make it an attractive prospect for increased business activity and expanding new businesses.

The following table sets forth average annual unemployment figures for Nevada and Vernon County compared to the State of Missouri. This information is a good indicator of economic activity in Nevada and other areas within the State.

UNEMPLOYMENT RATES

<u>Year</u>	<u>Nevada-Area</u>	<u>Vernon County</u>	<u>Mo. Statewide</u>
2013	5.7%	5.5%	6.5%
2012	6.4%	5.9%	6.9%
2011	8.9%	7.2%	9.2%
2010	9.6%	7.7%	9.6%
2009	9.8%	8.0%	9.3%

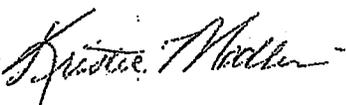
Long-Term Financial Planning

The City of Nevada prepares a five year Capital Improvement Plan which includes proposed amounts for constructing, maintaining, upgrading and replacing the major components of the City's infrastructure. Funding sources, identified and prospective, are included in this plan giving the City a tool for meeting the needs of the City.

Awards and Acknowledgements

The preparation of this report was made possible by the hard work of the staff of the City of Nevada Finance Department. The contribution made by each staff member is sincerely appreciated. Special thanks are extended to the City's Independent Certified Public Accountants for their assistance and for the professional manner in which the firm accomplished the audit. I would also like to thank Mayor Barrett, the City Council and City Manager J.D. Kehrman, for their continued interest and support in planning and conducting the financial operations of the City in a professional and progressive manner.

Respectfully submitted,



Kristie Modlin
City Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the
City Council
City of Nevada, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nevada, Missouri (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

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 Nevada, Missouri, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Missouri Local Government Employees Retirement System -- Schedule of Funding Progress, and Budgetary Comparison information on pages 5 through 13 and pages 64 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nevada, Missouri's basic financial statements. The introductory section, combining non-major fund financial statements, and non-major fund budget schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Loud, Lerman & Co., P.C.

Harrisonville, Missouri
June 13, 2014

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Nevada's Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2013. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements, and notes to the financial statements, to enhance their understanding of the activities and financial health of The City of Nevada.

FINANCIAL HIGHLIGHTS

- Net position of the City decreased \$1,121,464 or 3.9% during fiscal 2013 with a \$752,644 decrease in governmental activities and a \$368,820 decrease attributed to business-type activities. The decrease in governmental and business-type activities resulted from a reduction in accounts receivable and an increase in depreciation.
- Unrestricted net position increased \$705,063 to \$1,342,802. Governmental Activities net position decreased by \$436,540 which was offset by a decrease of \$268,523 in business-type activities.
- \$160,000 in Refunding and Improvement Certificates of Participation Bonds were issued in December of 2013. The proceeds of these bonds will be used to pay principal and interest for the 2011 Certificates of Participation Bonds.
- During fiscal 2013, the City's governmental expenses of \$8,062,662 were \$983,047 more than the \$7,079,615 generated in taxes and other revenues for governmental programs. This primarily relates to park operations. The deficit was budgeted for and was offset with transfers from various funds, primarily the General Fund.

This discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements (including component unit statements), and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for non-major governmental funds (along with actual and budget comparison schedules), and a *Statistical Section* which includes supplemental disclosure information.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - *Governmental Fund* statements tell how *general government* services like public safety, street, health and welfare, and parks, trails, and storm water were financed in the short-term as well as what remains for future spending.
 - *Proprietary Fund* statements offer short-term and long-term financial information about the activities the City government operates similar to a private business.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in single columns in each of the basic financial statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when and how they have changed. Net position, the difference between the City's assets and liabilities, are one way to measure the City's financial health or current position.

- Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration should be given to additional factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities:* Most of the City's basic services are included here, such as public safety, roads and bridges, parks and recreation, and general administration. Sales taxes, property taxes, charges for services, and State and Federal grants finance most of these activities.
- *Business-type activities:* The City charges fees to customers to help cover the costs of certain services it provides. The City's only active business-type fund is the Water and Sewer Fund. The Landfill Fund is open to record the cost of landfill closing requirements.
- *Component units:* The City currently has no situations or relationships which would be classified as component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of and segregate specific sources of funding and spending for particular purposes.

- Some funds are required by state law and/or by bond covenants.
- The City Treasurer establishes other funds to control and manage resources for particular purposes (i.e. Debt Service and Capital Projects Funds) or to show that certain taxes and grants are used appropriately (i.e. Special Revenue Funds).
- *Governmental funds*: Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.
- *Proprietary funds*: Operations which the City desires to view like it would a separate business are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
 - The City's *Proprietary Funds* are classified as a business-type activity on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

Government-Wide Financial Analysis

Net Position: As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2013, the City's net assets were \$27,925,655. Table A provides a summary of the City's governmental and business-type net assets for fiscal 2013.

Table A
Combined Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current and other assets						
Cash and other assets	\$ 9,676,694	\$ 8,206,759	\$ 2,704,390	\$ 2,519,692	\$ 12,381,084	\$ 10,726,451
Total capital assets	14,660,522	14,633,803	21,481,860	20,829,364	36,142,382	35,463,167
Total assets	\$ 24,337,216	\$ 22,840,562	\$ 24,186,250	\$ 23,349,056	\$ 48,523,466	\$ 46,189,618
Liabilities						
Current and other liabilities	\$ 1,603,832	\$ 1,728,800	\$ 1,163,790	\$ 1,023,350	\$ 2,767,622	\$ 2,752,150
Long-term debt outstanding	6,452,927	5,583,949	10,255,798	9,927,864	16,708,725	15,511,813
Total liabilities	\$ 8,056,759	\$ 7,312,749	\$ 11,419,588	\$ 10,951,214	\$ 19,476,347	\$ 18,263,963
Net Assets						
Net Investment in Capital Assets	\$ 12,504,340	\$ 12,470,846	\$ 11,274,978	\$ 11,097,705	\$ 23,779,318	\$ 23,568,551
Restricted:						
Capital projects & other	2,940,797	2,658,193	33,817	132,097	2,974,614	2,790,290
Debt service	75,636	75,630	169,686	148,382	245,322	224,012
Unrestricted	759,684	323,144	1,288,181	1,019,658	2,047,865	1,342,802
Total net position	\$ 16,280,457	\$ 15,527,813	\$ 12,766,662	\$ 12,397,842	\$ 29,047,119	\$ 27,925,655

Total net position for the City at December 31, 2013, was \$27,925,655 with \$12,397,842 attributed to business-type activities and \$15,527,813 attributable to governmental activities.

At the end of fiscal 2013, the City had \$23,568,551 invested in a variety of capital assets, including land, buildings, construction in progress, law enforcement equipment, heavy equipment for the maintenance of roads and bridges, as well as the addition of infrastructure. This was a decrease of \$210,767 from 2012. This decrease was primarily the result of asset depreciation partially offset by improvements to the public safety and golf club house buildings, airport apron, and sidewalk enhancement.

The largest portion of the City's net assets represents the investment in capital assets, net of related debt, which is restricted for the purpose of providing services to the City of Nevada citizens. Restricted assets are not available for future spending. Because they are not available for future spending, the resources needed to liquidate the related debt must be provided from other sources, primarily sales and property taxes.

Although the City's investment in 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.

The City issued an additional \$160,000 in debt to build a new Public Safety building and refinance existing related debt. Total debt issued for the building is \$5,205,000 and will be paid with revenue generated from General Fund sources.

Governmental Activities: Table B (see next page) presents fiscal 2012 and 2013 revenues and expenditures for the primary government as they are reported in the Statement of Activities in the basic financial statements. The revenues and expenditures include the Governmental Funds (General Fund, Special Revenue Funds, and Capital Projects Funds) and Proprietary Funds (Water and Sewer Fund and Landfill Fund).

Sales taxes increased 2.7% reflecting retail stability compared to the 2.1% decrease from 2011 to 2012. Residential and commercial growth continues to be slow in Nevada and most other communities reflective of general economic conditions. This corresponds directly with relatively flat sales tax revenue. Sales taxes make up 42.5% of revenue in the governmental funds.

Property taxes for general purposes remained flat in 2013. The above mentioned slow-down in new construction kept assessed value growth and the associated property tax revenue at this relatively flat level.

Grants and contributions decreased \$1,324,645 due primarily to the completion of the Airport Apron and Hickory to Ash sidewalk projects.

Business-type Activities: Water and Sewer rate increases of 3% and 20% primarily reduced the operating loss by 44.4% from the previous year. Water and sewer service revenue increased by 18.2% or \$549,723. Revenue has also been enhanced due to updated utility policies that went into effect April 1, 2012. In addition, leak adjustments and fee waivers were no longer offered and adjustments were only made for billing errors. Unrestricted cash reserves increased by \$12,834 as operating costs exceeded charges for services resulting in an operating loss of \$162, 968.

Table B
City of Nevada, Missouri - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 807,327	\$ 778,860	\$ 3,027,160	\$ 3,576,883	\$ 3,834,487	\$ 4,355,743
Operating Grants and Contributions	1,841,926	506,956	-	-	1,841,926	506,956
Capital Grants and Contributions	-	-	-	10,325	-	10,325
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	964,017	920,675	-	-	964,017	920,675
Property Taxes-specific purposes	216,428	202,547	-	-	216,428	202,547
Franchise Taxes	1,572,454	1,514,237	-	-	1,572,454	1,514,237
Sales Taxes	2,925,122	3,004,039	731,229	748,848	3,656,351	3,752,887
Unrestricted Investment Earnings	22,608	20,423	319,859	305,806	342,467	326,229
Miscellaneous	48,691	126,561	921,339	39,698	970,030	166,259
Total Revenues	8,398,573	7,074,298	4,999,587	4,681,560	13,398,160	11,755,858
Expenses						
Governmental Activities:						
General Government	1,788,054	1,502,921	-	-	1,788,054	1,502,921
Municipal Court	121,338	119,795	-	-	121,338	119,795
Public transportation	174,685	151,868	-	-	174,685	151,868
Public safety	2,517,859	2,473,586	-	-	2,517,859	2,473,586
Animal control	118,962	125,625	-	-	118,962	125,625
Planning and zoning	116,957	119,203	-	-	116,957	119,203
Culture and recreations	1,754,514	1,898,149	-	-	1,754,514	1,898,149
Recycling	176,942	-	-	-	176,942	-
Street	568,173	986,447	-	-	568,173	986,447
Interest on Long-term Debt	220,344	258,950	-	-	220,344	258,950
Business-type Activities	-	-	4,018,604	4,397,757	4,018,604	4,397,757
Total Expenses	7,557,828	7,636,544	4,018,604	4,397,757	11,576,432	12,034,301
Change in net position before transfers	840,745	(562,246)	980,983	283,803	1,821,728	(278,443)
Transfers & Gain on Disposal of Assets	509,254	503,314	(509,254)	(492,239)	-	11,075
Change in net assets	1,349,999	(58,932)	471,729	(208,436)	1,821,728	(267,368)
Net Position at beginning of year, as restated	14,930,458	15,586,745	12,294,933	12,606,278	27,225,391	28,193,023
Net Position at end of year	\$ 16,280,457	\$ 15,527,813	\$ 12,766,662	\$ 12,397,842	\$ 29,047,119	\$ 27,925,655

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Overview: The City of Nevada uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unreserved fund balance may serve as a useful measure of a

government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section (Table B).

At the end of fiscal 2013, the City of Nevada reported a combined fund balance of \$7,742,784 in the Governmental Funds, a decrease of \$1,136,778 from the prior year. Of the total combined fund balance, 4.2% is considered unassigned fund balance. This is the portion of fund balance which serves as a measure of current available financial resources. This share of the fund balance is further divided into General Fund, Special Revenue Funds, and Capital Projects Funds.

The restricted fund balance represents resources not available for spending or those on which legal restriction have been placed. Assigned funds are not available for general use but this results from a less formal level of reasoning for the limitation than seen in restricted funds.

The General Fund, Street Fund, Parks Fund, and Parks Construction Fund are the City's four major governmental funds. The other major fund is the Water and Sewer Fund, a proprietary or "business-type" fund.

General Fund - The General Fund accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes, sales tax, and charges for services. The General Fund completed the year with a fund balance of \$4,919,198, decreasing by \$917,507 from 2012. The fund balance is 10.1% unrestricted while the remaining 89.9% is non-spendable, restricted, or assigned.

Street Fund – The Street Fund is used to account for collection of the ½ cent Transportation Sales Tax and other motor vehicle related revenue items and to record the costs of maintaining and improving the streets of the City. Revenue exceeded expenditures for this fund by \$235,500 for 2013 resulting in an ending fund balance of \$1,253,593.

Parks and Recreation Fund – The fund balance in the Parks and Recreation Fund increased from negative \$171,938 to negative \$153,844 during the year. The operating deficit of \$751,968 was offset by transfers in of \$751,968.

Parks Construction Fund – The Parks Construction Fund is used to account for proceeds of the one-half cent Parks Sales Tax. The fund balance decreased \$295,838 due to the construction of the golf course clubhouse.

Water and Sewer Fund – The Water and Sewer Fund is a proprietary fund used to account for the sale of water and sewerage treatment service and the costs associated with water treatment and distribution and to sewer treatment and collection. The net position of the Water & Sewer Fund decreased during fiscal 2013 from \$12,812,506 to \$12,596,936 due to an operating loss where expenses exceeded revenues.

General Fund Budgetary Highlights

The City Council approved several amendments to the 2013 budget of the General Fund. The amendments increased appropriations by \$433,454 which was a 9.4% increase over the original budget with actual expenditures ending \$249,331 under the final approved budget.

Actual revenues were short of final budgeted revenues by (\$200,118). The five major categories where budget varied from actual were as follows:

- Taxes fell short of budget by (\$182,970).
- Licenses and permits exceeded budget by \$19,618.
- Charges for services exceeded budget by \$16,654.
- Fees and fines fell short of budget by (\$69,943).
- Other revenue exceeded budget by \$25,395.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City of Nevada's investment in capital assets for governmental and business-type activities for 2013 is \$35,463,167, net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress and represents a decrease of \$679,215 or 1.9% from 2012. Major capital asset projects funded this year are as follows:

- Improvement to the Airport apron (\$1,029,187)
- Golf Course Clubhouse (\$380,134)
- Safe sidewalk enhancement from Hickory to Ash (\$175,107)
- Fire Station - construction in progress (\$149,085)
- City Hall Annex/Police and Court – in progress (\$134,117)
- Ford Crown Victoria cars (4) and equipment (\$77,918)
- Meadow Lane Sewer Extension (\$328,784)
- Jetter Vac Sewer Cleaner (\$85,000)

Additional information on the City's capital assets can be found in Note 4.

Debt Administration: The City of Nevada had various forms of debt during fiscal 2013. Table C below shows the City's outstanding debt by type for 2012 and 2013:

	Governmental		Business-type		Total	
	2012	2013	2012	2013	2012	2013
General Obligation Bonds	\$ 64,646	\$ 60,746	\$ -	\$ -	\$ 64,646	\$ 60,746
Certificates of Participation	6,235,000	5,805,000	-	-	6,235,000	5,805,000
Sewerage Revenue Bonds	-	-	10,480,000	9,950,000	10,480,000	9,950,000
Notes Payable	116,341	93,119	-	-	116,341	93,119
Capital Leases	439,406	337,310	82,897	152,298	522,303	489,608
Total	\$ 6,855,393	\$ 6,296,175	\$ 10,562,897	\$ 10,102,298	\$ 17,418,290	\$ 16,398,473

The City's debt for governmental activities decreased in fiscal 2013 from \$6,855,393 to \$6,296,175 or 8.2%. The decrease from 2012 was the result of making scheduled payments on existing debt offset by the issuance of \$160,000 in Certificates of Participation Bonds for the new Public Safety building.

Debt for business-type activities decreased in fiscal 2013 \$460,599 due to payments on all outstanding debt made in accordance with existing amortization schedules.

Total debt decreased a net of \$1,019,817.

Additional information on the City's long-term debt can be found in Note 6.

ECONOMIC FACTORS, 2013 BUDGET, AND TAX RATES

- The City's fiscal 2013 General Fund *budgeted* revenues decreased 6.6% from the fiscal 2012 budget. This is the result of projected decreases in sales tax, miscellaneous income, and grant awards. *Budgeted* expenditures decreased 2.5%. This is the result of decreased public transportation costs and debt service. *Actual* revenues in the general fund decreased by 5.3% compared to 2012 *actual* revenues. *Actual* expenditures decreased 3.9% compared to 2012 *actual* expenditures.
- The City has a 1 cent general sales tax as well as ½ cent sales tax for park, ½ cent for transportation, and ½ cent for capital improvement. Sales tax revenue increased 2.6% basically keeping pace with inflation.
- The City's 2013 property tax levies have been adopted by the City Council and approved by the State Auditor's Office. The levies total \$0.8778 per \$100 of assessed value which is unchanged from the 2012 rate. The levy is comprised of two components: General Fund levy of \$0.6778 and Library component of \$0.2000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Kristie Modlin, City Treasurer, City of Nevada, 110 South Ash, Nevada, Missouri 64772.

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BASIC FINANCIAL STATEMENTS

Basic Financial Statements are provided so that the users of the financial report may obtain an overview of the City's financial position prior to a presentation of comparable data on a detailed basis for individual funds.

**CITY OF NEVADA, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Pooled cash and investments	\$ 3,073,942	\$ 807,503	\$ 3,881,445
Cash and investments-restricted	4,199,542	984,270	5,183,812
Taxes receivable, net	502,514	66,757	569,271
Accounts receivable	102,960	529,065	632,025
Special assessments receivable	51,344	-	51,344
Bond discount, net of amortization	75,771	-	75,771
Inventories	61,702	105,177	166,879
Prepaid expenses	138,984	26,920	165,904
Capital assets:			
Land, improvements, and construction in progress	1,381,464	114,214	1,495,678
Buildings	6,785,476	19,344,711	26,130,187
Plant, structure, and lines	-	10,747,051	10,747,051
Equipment and vehicles	4,725,179	2,597,912	7,323,091
Software	285,088	-	285,088
Infrastructure	9,462,827	-	9,462,827
Less: accumulated depreciation	<u>(8,006,231)</u>	<u>(11,974,524)</u>	<u>(19,980,755)</u>
Total capital assets	<u>14,633,803</u>	<u>20,829,364</u>	<u>35,463,167</u>
Total assets	<u>22,840,562</u>	<u>23,349,056</u>	<u>46,189,618</u>
LIABILITIES			
Accounts payable and accrued expenses	184,504	92,853	277,357
Salaries and benefits payable	82,243	11,252	93,495
Liabilities payable from restricted assets	18,367	98,406	116,773
Long-term liabilities:			
Due within one year:			
Bond premium, net of amortization	-	12,804	12,804
Bonds, capital leases, and contracts	712,226	583,731	1,295,957
Compensated absences	31,336	2,291	33,627
Accrued interest	33,000	222,013	255,013
Due in more than one year:			
Bonds, capital leases, and contracts	5,583,949	9,518,567	15,102,516
Bond Premium, net of amortization	-	179,256	179,256
Compensated absences, OPEB, and LAGERS obligation	564,034	20,070	584,104
Postclosure costs	-	209,971	209,971
Total liabilities	<u>7,209,659</u>	<u>10,951,214</u>	<u>18,160,873</u>
DEFERRED INFLOWS			
Property taxes	<u>103,090</u>	-	<u>103,090</u>
NET POSITION			
Net investment in capital assets	12,470,846	11,097,705	23,568,551
Reserved for prepaid items	138,984	26,920	165,904
Reserved for inventories	61,702	105,177	166,879
Restricted for:			
Parks and recreation	201,203	-	201,203
Airport	12,610	-	12,610
Capital projects	857,852	-	857,852
Debt service	75,630	148,382	224,012
Street	1,177,131	-	1,177,131
Economic development	204,407	-	204,407
Police and court	4,304	-	4,304
Unrestricted	<u>323,144</u>	<u>1,019,658</u>	<u>1,342,802</u>
Total net position	<u>\$ 15,527,813</u>	<u>\$ 12,397,842</u>	<u>\$ 27,925,655</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs Primary government:	Charges for			Program Revenue		Capital Grants and		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Services	Operating Grants and Contributions	Contributions	Governmental		Primary Government Business-type		Total	
					Activities	Activities	Activities	Activities		
Governmental activities:										
General government	\$ 1,502,921	\$ 289,396	\$ 2,378	\$ -	\$ (1,211,147)	\$ -	\$ -	\$ (1,211,147)		
Public transportation	151,868	-	44,482	-	(107,386)	-	-	(107,386)		
Public safety	2,468,360	15,792	105,722	-	(2,346,846)	-	-	(2,346,846)		
Emergency management	5,226	-	-	-	(5,226)	-	-	(5,226)		
Municipal court	119,795	138,070	-	-	18,275	-	-	18,275		
Animal control	125,625	8,395	-	-	(117,230)	-	-	(117,230)		
Planning and zoning	119,203	5,876	-	-	(113,327)	-	-	(113,327)		
Culture and recreation	1,898,149	321,331	9,384	-	(1,567,434)	-	-	(1,567,434)		
Street	986,447	-	344,990	-	(641,457)	-	-	(641,457)		
Interest on long-term debt	258,950	-	-	-	(258,950)	-	-	(258,950)		
Total governmental activities	7,636,544	778,860	506,956	-	(6,350,728)	-	-	(6,350,728)		
Business-type activities:										
Water and sewer	4,396,737	3,576,883	-	10,325	-	-	(809,529)	(809,529)		
Landfill	1,020	-	-	-	-	-	(1,020)	(1,020)		
Total business-type activities	4,397,757	3,576,883	-	10,325	-	-	(810,549)	(810,549)		
Total primary government	\$ 12,034,301	\$ 4,355,743	\$ 506,956	\$ 10,325	\$ (6,350,728)	\$ -	\$ (810,549)	\$ (7,161,277)		
General revenues:										
Taxes:										
Property taxes, levied for general purposes					920,675			920,675		
Property taxes, levied for specific purposes					202,547			202,547		
Franchise taxes and other taxes					1,514,237			1,514,237		
Sales taxes					3,004,039			3,752,887		
Investment earnings					20,423		748,848	326,229		
Miscellaneous					131,878		39,698	171,576		
Special item - gain (loss) on disposal of assets					(5,317)		11,075	5,758		
Transfers					503,314		(503,314)	-		
Total general revenues, special items, and transfers					6,291,796		602,113	6,893,909		
Change in net assets					(58,932)		(208,436)	(267,368)		
Net assets - beginning - restated					15,586,745		12,606,278	28,193,023		
Net assets - ending					\$ 15,527,813		\$ 12,397,842	\$ 27,925,655		

**CITY OF NEVADA, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General Fund	Street	Parks
ASSETS			
Pooled cash and investments	\$ 342,135	\$ 1,087,088	\$ 425
Cash and investments-restricted	4,199,542	-	-
Taxes receivable, net	349,082	80,442	6,233
Due from other funds	148,547	-	-
Special assessments receivable	-	-	-
Other receivables	65,376	27,160	6,391
Inventories	-	61,702	-
Prepays	84,127	14,760	16,609
Total assets	\$ 5,188,809	\$ 1,271,152	\$ 29,658
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 104,234	\$ 11,992	\$ 25,502
Salaries and benefits payable	67,408	5,567	9,268
Due to other funds	-	-	148,547
Payable from restricted assets	18,367	-	-
Deferred revenue	79,602	-	-
Other liabilities	-	-	185
Total liabilities	269,611	17,559	183,502
Fund balances:			
Nonspendable:			
Prepays	84,127	14,760	16,609
Inventories	-	61,702	-
Restricted:			
Capital projects	4,057,447	-	-
Parks and recreation	-	-	-
Airport	-	-	-
Debt service	75,630	-	-
Street	-	1,177,131	-
Economic development	62,046	-	-
Police and court	4,304	-	-
Assigned to:			
General government	138,230	-	-
Capital projects	-	-	-
Unassigned	497,414	-	(170,453)
Total fund balances (deficit)	4,919,198	1,253,593	(153,844)
Total liabilities and fund balances	\$ 5,188,809	\$ 1,271,152	\$ 29,658

See accompanying notes.

<u>Parks Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 599,137	\$ 1,045,157	\$ 3,073,942
-	-	4,199,542
66,757	-	502,514
-	-	148,547
-	51,344	51,344
-	4,033	102,960
-	-	61,702
-	<u>23,488</u>	<u>138,984</u>
<u>\$ 665,894</u>	<u>\$ 1,124,022</u>	<u>\$ 8,279,535</u>
\$ 41,546	\$ 1,045	\$ 184,319
-	-	82,243
-	-	148,547
-	-	18,367
-	23,488	103,090
-	-	<u>185</u>
<u>41,546</u>	<u>24,533</u>	<u>536,751</u>
-	-	115,496
-	-	61,702
-	834,824	4,892,271
201,203	-	201,203
-	12,610	12,610
-	-	75,630
-	-	1,177,131
-	142,361	204,407
-	-	4,304
-	-	138,230
423,145	109,694	532,839
-	-	<u>326,961</u>
<u>624,348</u>	<u>1,099,489</u>	<u>7,742,784</u>
<u>\$ 665,894</u>	<u>\$ 1,124,022</u>	<u>\$ 8,279,535</u>

See accompanying notes.

**CITY OF NEVADA, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Fund balances - total governmental funds	\$	7,742,784
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		14,633,803
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. This amount represents the net of discounts and premiums on long-term obligations.		75,771
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(33,000)
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide statements:		
Bonds and capital leases		(6,296,175)
Compensated absences, OPEB, and LAGERS obligation		<u>(595,370)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>15,527,813</u>

See accompanying notes.

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CITY OF NEVADA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>	<u>Street</u>	<u>Parks</u>
REVENUES			
Taxes	\$ 3,780,136	\$ 751,348	\$ 80,221
Licenses and permits	107,618	-	-
Intergovernmental	151,204	344,990	-
Charges for services	182,354	-	321,331
Fees and fines	167,557	-	-
Investment earnings	6,991	7,336	-
Other	101,590	7,720	10,364
	<u>4,497,450</u>	<u>1,111,394</u>	<u>411,916</u>
Total revenues			
EXPENDITURES			
General government	1,292,714	-	-
Municipal court	119,795	-	-
Public transportation	151,868	-	-
Public safety	2,346,897	-	-
Emergency management	5,226	-	-
Animal control	125,625	-	-
Planning and zoning	119,203	-	-
Culture and recreation	-	-	1,123,975
Street	-	429,535	-
Capital outlay	446,016	407,404	25,207
Debt service:			
Principal	52,020	37,070	13,007
Interest and other charges	201,616	1,885	1,695
	<u>4,860,980</u>	<u>875,894</u>	<u>1,163,884</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(363,530)</u>	<u>235,500</u>	<u>(751,968)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of long-term debt	160,000	-	-
Payments to refunding escrow agent	(160,000)	-	-
Transfers in	568,899	568	770,062
Transfers out	(620,063)	(63,166)	-
	<u>(51,164)</u>	<u>(62,598)</u>	<u>770,062</u>
Total other financing sources and uses			
Net change in fund balances	(414,694)	172,902	18,094
Fund balances (deficit) - beginning - restated	<u>5,333,892</u>	<u>1,080,691</u>	<u>(171,938)</u>
Fund balances (deficit) - ending	<u>\$ 4,919,198</u>	<u>\$ 1,253,593</u>	<u>\$ (153,844)</u>

See accompanying notes.

<u>Parks Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 748,850	\$ 280,943	\$ 5,641,498
-	-	107,618
-	856	497,050
-	-	503,685
-	-	167,557
237	5,859	20,423
-	22,110	141,784
<u>749,087</u>	<u>309,768</u>	<u>7,079,615</u>
-	155	1,292,869
-	-	119,795
-	-	151,868
-	-	2,346,897
-	-	5,226
-	-	125,625
-	-	119,203
-	238,689	1,362,664
-	-	429,535
396,176	20,086	1,294,889
430,000	27,122	559,219
41,780	7,896	254,872
<u>867,956</u>	<u>293,948</u>	<u>8,062,662</u>
<u>(118,869)</u>	<u>15,820</u>	<u>(983,047)</u>
-	-	160,000
-	-	(160,000)
-	28,565	1,368,094
<u>(176,969)</u>	<u>(4,582)</u>	<u>(864,780)</u>
<u>(176,969)</u>	<u>23,983</u>	<u>503,314</u>
(295,838)	39,803	(479,733)
<u>920,186</u>	<u>1,059,686</u>	<u>8,222,517</u>
<u>\$ 624,348</u>	<u>\$ 1,099,489</u>	<u>\$ 7,742,784</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds: \$ (479,733)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period:

Capital outlay	788,547
Loss on disposal of assets	(5,317)
Depreciation expense	<u>(863,671)</u>
	(80,441)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments:

Other financing sources-issuance of debt	(160,000)
Repayment of principal	<u>719,218</u>
	559,218

Governmental funds report premiums and discounts as other financing sources. In contrast, those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities. This is the net amount of premiums, discounts, and amortization,

Amortization of premiums/discounts	<u>(8,078)</u>
	(8,078)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on governmental funds	4,000
Compensated absences	<u>(53,898)</u>
	<u>(49,898)</u>

Change in net assets of governmental activities \$ (58,932)

See accompanying notes.

**CITY OF NEVADA, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Water and Sewer	Landfill	Total
ASSETS:			
Current assets:			
Pooled cash and investments	\$ 796,626	\$ 10,877	\$ 807,503
Cash and investments-restricted	984,270	-	984,270
Receivables:			
Billed	243,017	-	243,017
Unbilled	286,048	-	286,048
Other receivables	66,757	-	66,757
Inventories	105,177	-	105,177
Prepaid expenses	26,920	-	26,920
Total current assets	<u>2,508,815</u>	<u>10,877</u>	<u>2,519,692</u>
Non-current assets,			
Capital assets:			
Construction in progress	24,431	-	24,431
Land and improvements	89,783	-	89,783
Improvements other than buildings	10,747,051	-	10,747,051
Buildings	19,344,711	-	19,344,711
Equipment and vehicles	2,597,912	-	2,597,912
Total capital assets at cost	32,803,888	-	32,803,888
Less accumulated depreciation	(11,974,524)	-	(11,974,524)
Capital assets, net	<u>20,829,364</u>	<u>-</u>	<u>20,829,364</u>
	<u>23,338,179</u>	<u>10,877</u>	<u>23,349,056</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	92,853	-	92,853
Salaries and benefits payable	11,252	-	11,252
Accrued interest payable	222,013	-	222,013
Customer deposits	98,406	-	98,406
Bond premium, net of amortization	12,804	-	12,804
Compensated absences	2,291	-	2,291
Capital lease obligation	43,731	-	43,731
Bonds, notes, and loans payable	540,000	-	540,000
Total current liabilities	<u>1,023,350</u>	<u>-</u>	<u>1,023,350</u>
Non-current liabilities:			
Compensated absences	20,070	-	20,070
Bond premium, net of amortization	179,256	-	179,256
Capital lease obligation	108,567	-	108,567
Postclosure costs	-	209,971	209,971
Bonds, notes, and loans payable	9,410,000	-	9,410,000
Total non-current liabilities	<u>9,717,893</u>	<u>209,971</u>	<u>9,927,864</u>
	<u>10,741,243</u>	<u>209,971</u>	<u>10,951,214</u>
NET POSITION:			
Net investment in capital assets	11,097,705	-	11,097,705
Restricted for inventory and prepaid items	132,097	-	132,097
Restricted for debt service	148,382	-	148,382
Unrestricted	1,218,752	(199,094)	1,019,658
	<u>\$ 12,596,936</u>	<u>\$ (199,094)</u>	<u>\$ 12,397,842</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION --
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Water and Sewer</u>	<u>Landfill</u>	<u>Total</u>
REVENUES,			
Charges for services	\$ 3,576,883	\$ -	\$ 3,576,883
	<u>3,576,883</u>	<u>-</u>	<u>3,576,883</u>
OPERATING EXPENSES:			
Personnel services	320,128	-	320,128
Contractual services	1,537,046	983	1,538,029
Materials and supplies	32,405	-	32,405
Maintenance and repairs	340,816	-	340,816
Insurance	53,649	-	53,649
Utilities	322,177	-	322,177
Depreciation and amortization	782,286	-	782,286
Administration	351,344	37	351,381
	<u>3,739,851</u>	<u>1,020</u>	<u>3,740,871</u>
Operating loss	<u>(162,968)</u>	<u>(1,020)</u>	<u>(163,988)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	305,806	-	305,806
Miscellaneous income	41,869	8,154	50,023
Sales tax	748,848	-	748,848
Interest expense	(493,030)	-	(493,030)
Payments in lieu of tax	(163,856)	-	(163,856)
Gain on disposal of assets	11,075	-	11,075
	<u>450,712</u>	<u>8,154</u>	<u>458,866</u>
Net income before transfers	<u>287,744</u>	<u>7,134</u>	<u>294,878</u>
Transfers in	63	-	63
Transfers out	(503,377)	-	(503,377)
	<u>(503,314)</u>	<u>-</u>	<u>(503,314)</u>
Increase (decrease) in net position	<u>(215,570)</u>	<u>7,134</u>	<u>(208,436)</u>
Total net position - beginning - restated	<u>12,812,506</u>	<u>(206,228)</u>	<u>12,606,278</u>
Total net position - ending	<u>\$ 12,596,936</u>	<u>\$ (199,094)</u>	<u>\$ 12,397,842</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
STATEMENT OF CASH FLOWS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Water and Sewer</u>	<u>Landfill</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from customers	\$ 3,511,207	\$ 50	\$ 3,511,257
Payments to employees and fringe benefits	(329,577)	-	(329,577)
Payments for operations	(2,589,134)	-	(2,589,134)
Other receipts (payments)	<u>643,352</u>	<u>7,134</u>	<u>650,486</u>
Net cash provided by operating activities	<u>1,235,848</u>	<u>7,184</u>	<u>1,243,032</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Net transfers to other funds	(503,314)	-	(503,314)
Interfund loan	<u>68,528</u>	<u>-</u>	<u>68,528</u>
Net cash used by noncapital financing activities	<u>(434,786)</u>	<u>-</u>	<u>(434,786)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	85,000	-	85,000
Acquisition and construction of capital assets	(129,790)	-	(129,790)
Principal paid on capital debt and leases	(545,599)	(7,849)	(553,448)
Interest paid on capital debt and leases	<u>(504,017)</u>	<u>-</u>	<u>(504,017)</u>
Net cash used by capital and related financing activities	<u>(1,094,406)</u>	<u>(7,849)</u>	<u>(1,102,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,			
Investment income	<u>305,806</u>	<u>-</u>	<u>305,806</u>
Net cash provided by investing activities	<u>305,806</u>	<u>-</u>	<u>305,806</u>
Net increase (decrease) in cash and cash equivalents	12,462	(665)	11,797
Cash and cash equivalents, beginning of year	<u>1,768,434</u>	<u>11,542</u>	<u>1,779,976</u>
Cash and cash equivalents, end of year	<u>\$ 1,780,896</u>	<u>\$ 10,877</u>	<u>\$ 1,791,773</u>
Reconciliation of operating income (loss) to net cash provided by operating activities,			
Operating income (loss)	<u>\$ (162,968)</u>	<u>\$ (1,020)</u>	<u>\$ (163,988)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	782,286	-	782,286
Miscellaneous nonoperating income	-	8,154	8,154
Sales tax and miscellaneous nonoperating revenues	626,861	-	626,861
Proceeds from sale of assets	11,075	-	11,075
Changes in assets and liabilities:			
Receivables, net	(65,676)	50	(65,626)
Inventories	33,407	-	33,407
Prepaid items	(198)	-	(198)
Accounts payable and accrued liabilities	19,645	-	19,645
Bond premium	(12,804)	-	(12,804)
Meter deposits	5,416	-	5,416
Compensated absences	<u>(1,196)</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>1,398,816</u>	<u>8,204</u>	<u>1,407,020</u>
Net cash provided by operating activities	<u>\$ 1,235,848</u>	<u>\$ 7,184</u>	<u>\$ 1,243,032</u>

See accompanying notes.

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NOTES TO FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of the accounting policies followed and information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Reporting Entity: The City of Nevada, Missouri, located in Vernon County, Missouri, is a municipal corporation incorporated under the Home Rule provision of the Constitution of the State of Missouri. Nevada is a charter city and operates under a Council/Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants. The City Manager is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. With regard to FASB pronouncements issued after November 30, 1989, for its proprietary fund activities, the City has elected not to adopt any of those pronouncements. The City has also refrained from implementing FASB pronouncements issued after November 30, 1989.

Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component units. For *governmental activities*, which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Government-Wide and Fund Financial Statements (Continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 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. Non-major funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Report as Assets and Liabilities*, in the current year. The adoption of this statement changed the recognition of bond issue costs. See Note 25 for additional information.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Franchise taxes, licenses, and interest 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. Charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

The government reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as police and fire protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel, and general administration of the City.

Revenue sources include taxes, which include property taxes, sales taxes, franchise taxes, and cigarette taxes. Other revenues include other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Street Fund accounts for the operation and maintenance of streets, curbs, etc.

The Park Fund accounts for taxes collected and expended for operations and improvements to the City's parks, pool, and golf course.

The Parks Construction Fund accounts for sales taxes collected for the construction of specified capital projects for the Park.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City's proprietary funds are as follows:

Water and Sewer Fund accounts for the provision of water and sewer services 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, operations, maintenance, financing, billing, collection, and related debt service.

Landfill Fund accounts for activities of the landfill.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Net Position - Government-Wide Statements: Net Position is displayed in three components:

- (1) Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted: All Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Equity: In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and the City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets: The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to be adopted for all governmental funds. The City prepares its budgets on the modified accrual basis of accounting for its governmental funds and the accrual basis for its proprietary funds. The City Council has amended the budget at various times during the year and has performed the following procedures in establishing the City's budget:

- (1) Prior to November 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 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 January 1, the budget is legally enacted through the passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. This constitutes the City's legal level of budgetary control.
- (5) Appropriations lapse at year-end, but may be reappropriated in the following fiscal year.

Pooled Cash, Investments, and Restricted Assets: State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At December 31, 2013, the City's cash was deposited in demand accounts, certificates of deposit, Federal Home Loan Bank Notes, Federal National Mortgage Notes, Federal Home Loan Mortgage Corporation Notes, and U.S. Treasury Obligations. Investments with maturities of less than one year are stated at cost, which approximates fair value. All investments are stated at cost, which approximates fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

Certain proceeds of federal grants are classified as restricted assets on the balance sheet because their use is limited by applicable grant agreements. Assets are also restricted for court bonds, debt service reserve requirements, and refunding customer meter deposits.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable: Accounts receivable for water and sewer services are accounted for in the Water and Sewer Funds and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through December 31, 2013. Accounts receivable in the General Fund represents charges for the mowing of weeds, fire protection, and court fines and fees. All accounts receivable are stated net of allowances.

Interfund Receivables and Payables: Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables.

Interfund Transactions: During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Inventory: Inventory, which consists principally of maintenance supplies, gasoline, and oil, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Capital Assets (Continued):

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

Buildings	40 years
Plant, structure, and lines	50-60 years
Infrastructure	50 years
Equipment and vehicles	3-10 years

GASB Statement 34 requires the reporting and depreciation of the new infrastructure expenditures effective with the beginning of the implementation year.

Compensated Absences: Accumulated vacation and sick leave, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-Term Obligations: Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years relating to amounts previously encumbered, such amounts are, if material, reappropriated in the year expended.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Program Revenues: In the Statement of Activities, revenues that are derived directly from each activity or from parties other than the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses, permits, fees, and grants
Municipal court	Fines
Public transportation	Grants
Public safety	Fees, fines, and grants
Animal control	Licenses
Planning and zoning	Fees
Culture and recreation	Fees and grants
Street	Grants

2. DEPOSITS AND INVESTMENTS:

At December 31, 2013, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$1,942, \$1,740,775, and \$2,205,078, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At December 31, 2013, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money Market	<u>\$ 5,117,462</u>	<u>\$ 5,117,462</u>	NA

Interest Rate Risk

Interest rate risk is the risk that changes interest rates that will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the City's name.

At December 31, 2013, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Investment type, Money market	\$ 5,117,462	\$ 5,117,462	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

The City's general credit risk policy is to apply to prudent person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probability safety of their capital, as well as the probable income to be derived.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

At December 31, 2013, the carrying value of deposits and investments are summarized as follows:

Investments, Money markets	\$ 5,117,462
Certificates of deposit	2,205,078
Cash on hand	1,942
Deposits	<u>1,740,775</u>
	<u>3,947,795</u>
Total	<u>\$ 9,065,257</u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Pooled cash and investments	\$ 3,881,445
Restricted cash	<u>5,183,812</u>
Total	<u>\$ 9,065,257</u>

3. ACCOUNTS RECEIVABLE:

As a result of providing water and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$243,017 for the Water & Sewer fund.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2013, consisted of the following:

	<u>Balance</u> <u>1/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 732,429	\$ -	\$ -	\$ 732,429
Construction in progress	<u>1,273,873</u>	<u>638,658</u>	<u>1,263,496</u>	<u>649,035</u>
Total capital assets not being depreciated	<u>2,006,302</u>	<u>638,658</u>	<u>1,263,496</u>	<u>1,381,464</u>
Capital assets being depreciated:				
Buildings	6,752,263	33,213	-	6,785,476
Equipment and vehicles	4,639,588	96,591	11,000	4,725,179
Software	285,088	-	-	285,088
Infrastructure	<u>8,179,247</u>	<u>1,283,580</u>	-	<u>9,462,827</u>
Total capital assets being depreciated	<u>19,856,186</u>	<u>1,413,384</u>	<u>11,000</u>	<u>21,258,570</u>
Less accumulated depreciation:				
Buildings	2,667,311	190,647	-	2,857,958
Equipment	3,082,640	322,211	5,683	3,399,168
Software	266,389	4,959	-	271,348
Infrastructure	<u>1,131,903</u>	<u>345,854</u>	-	<u>1,477,757</u>
Total accumulated depreciation	<u>7,148,243</u>	<u>863,671</u>	<u>5,683</u>	<u>8,006,231</u>
Total capital assets being depreciated, net	<u>12,707,943</u>	<u>549,713</u>	<u>5,317</u>	<u>13,252,339</u>
Governmental activities capital assets, net	<u>\$14,714,245</u>	<u>\$ 1,188,371</u>	<u>\$ 1,268,813</u>	<u>\$14,633,803</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended December 31, 2013, consisted of the following (Continued):

	<u>Balance</u> <u>1/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2013</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	<u>340,193</u>	<u>24,431</u>	<u>340,193</u>	<u>24,431</u>
Total capital assets not being depreciated	<u>429,976</u>	<u>24,431</u>	<u>340,193</u>	<u>114,214</u>
Capital assets being depreciated:				
Buildings	19,344,711	-	-	19,344,711
Equipment and vehicles	2,512,898	85,014	-	2,597,912
Plant, structure, & lines	<u>10,386,512</u>	<u>360,539</u>	-	<u>10,747,051</u>
Total capital assets being depreciated	<u>32,244,121</u>	<u>445,553</u>	-	<u>32,689,674</u>
Less accumulated depreciation,				
Water and sewer	<u>11,192,238</u>	<u>782,286</u>	-	<u>11,974,524</u>
Total accumulated depreciation	<u>11,192,238</u>	<u>782,286</u>	-	<u>11,974,524</u>
 Total capital assets being depreciated, net	 <u>21,051,883</u>	 <u>(336,733)</u>	 <u>-</u>	 <u>20,715,150</u>
 Business-type activities capital assets, net	 <u>\$21,481,859</u>	 <u>\$ (312,302)</u>	 <u>\$ 340,193</u>	 <u>\$20,829,364</u>

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

Government activities:	
General government	\$ 158,035
Police	23,564
Fire	82,826
Culture and recreation	265,853
Airport	193,885
Street	<u>139,508</u>
 Total depreciation expense, governmental	 <u>\$ 863,671</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

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

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

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

Funding Status: The City of Nevada's full-time employees do not contribute to the pension plan. The political subdivision is required by state statute to contribute to an actuarially determined rate; the current rate is 10.5% (general), 11.3% (police), and 8.6% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Annual Pension Cost (APC) and Net Pension Obligation (NPO):

Annual required contribution	\$ 311,636
Interest on net pension obligation	15,722
Adjustment to annual required contribution	<u>(11,964)</u>
Annual pension cost	315,394
Actual contributions	<u>267,384</u>
Increase (decrease) in NPO	48,010
NPO beginning of year	<u>216,852</u>
NPO end of year	<u>\$ 264,862</u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 30 years for the General division, 30 years for the Police division, and 30 years for the Fire division. The amortization period as of February 29, 2012, was 30 years for the General division, 30 years for the Police division, and 15 years for the Fire division.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 322,389	74%	\$ 151,556
2012	\$ 309,827	79%	\$ 216,852
2013	\$ 315,394	85%	\$ 264,862

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT:

Changes in long-term debt of the City for the year ended December 31, 2013, consisted of the following:

Governmental Activities					
	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013	Amounts Due Within One Year
Bonds payable	\$ 64,646	\$ -	\$ 3,900	\$ 60,746	\$ 4,054
Certificates of participation	6,235,000	160,000	590,000	5,805,000	610,000
Notes payable	116,341	-	23,222	93,119	26,369
Capital leases	<u>439,406</u>	<u>-</u>	<u>102,096</u>	<u>337,310</u>	<u>71,803</u>
	<u>6,855,393</u>	<u>160,000</u>	<u>719,218</u>	<u>6,296,175</u>	<u>712,226</u>
Other liabilities, Compensated absences *	<u>209,432</u>	<u>62,736</u>	<u>34,083</u>	<u>238,085</u>	<u>31,336</u>
	<u>\$ 7,064,825</u>	<u>\$ 222,736</u>	<u>\$ 753,301</u>	<u>\$ 6,534,260</u>	<u>\$ 743,562</u>

Business-Type Activities					
	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013	Amounts Due Within One Year
Revenue bonds	\$ 10,480,000	\$ -	\$ 530,000	\$ 9,950,000	\$ 540,000
Capital leases	<u>82,897</u>	<u>85,000</u>	<u>15,599</u>	<u>152,298</u>	<u>43,731</u>
	<u>10,562,897</u>	<u>85,000</u>	<u>545,599</u>	<u>10,102,298</u>	<u>583,731</u>
Other liabilities, Compensated absences	<u>23,557</u>	<u>1,682</u>	<u>2,878</u>	<u>22,361</u>	<u>2,291</u>
	<u>\$ 10,586,454</u>	<u>\$ 86,682</u>	<u>\$ 548,477</u>	<u>\$ 10,124,659</u>	<u>\$ 586,022</u>

* Amounts are primarily liquidated through the general fund

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences has been calculated using the vesting method, which leaves amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. 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.

Total City debt at December 31, 2013, consisted of the following:

Governmental funds:

\$96,940, Series 2005A neighborhood improvement district bond, issued for road and curb improvements, due in annual installments of \$6,442, through March 1, 2025; interest at 3.95%	\$ 60,746
\$2,550,000, Series 2009 certificates of participation, issued for construction and improvement to the Community Center, due in annual installments of \$395,000 to \$460,000, through June 2015; interest at 2.23% to 3.75%	905,000
\$4,150,000, Series 2011 certificates of participation, issued for construction of a Public Safety Building, due in annual installments of \$145,000 to \$295,000, through December 2031; interest at 1.1% to 5%	3,845,000
\$895,000, Series 2012 certificates of participation, issued for construction of a Public Safety Building and payments of 2011 certificates of participation, due in annual installments of \$40,000 to \$75,000, through December 2031; interest at 2% to 4%	895,000
\$160,000, Series 2013 refunding certificates of participation, issued to refund Series 2011 certificates of participation, due in annual installments of \$8,800 to \$8,922, through December 2032; interest at 5.5%	160,000
\$250,000, Star Loan with MODOT, issued for airport runway improvements, due in monthly installments of \$2,380, through May 2017; interest at 2.700%	<u>93,119</u>
Total governmental funds	<u>\$ 5,958,865</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Proprietary fund:

\$12,000,000, Series 2007B Waterworks and Sewerage System Revenue Bonds
(State Revolving Fund Program), due in annual installments of \$500,000 to
\$715,000, through January 1, 2029; interest at 4% to 5% \$ 9,950,000

Aggregate annual principal and interest payments applicable to long-term debt are:

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>NID Bonds</u>
2014	\$ 4,054	\$ 2,400	\$ 6,454
2015	4,214	2,239	6,453
2016	4,374	2,079	6,453
2017	4,540	1,902	6,442
2018	4,719	1,723	6,442
2019-2023	26,541	5,669	32,210
2024-2027	<u>12,304</u>	<u>704</u>	<u>13,008</u>
	<u>\$ 60,746</u>	<u>\$ 16,716</u>	<u>\$ 77,462</u>

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Certificates of Participation</u>
2014	\$ 610,000	\$ 211,266	\$ 821,266
2015	625,000	191,621	816,621
2016	210,000	179,366	389,366
2017	220,000	174,656	394,656
2018	225,000	169,468	394,468
2019-2023	1,230,000	745,382	1,975,382
2024-2028	1,470,000	501,605	1,971,605
2029-2032	<u>1,215,000</u>	<u>138,151</u>	<u>1,353,151</u>
	<u>\$ 5,805,000</u>	<u>\$ 2,311,515</u>	<u>\$ 8,116,515</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>
2014	\$ 26,369	\$ 2,196	\$ 28,565
2015	27,092	1,473	28,565
2016	27,835	730	28,565
2017	<u>11,823</u>	<u>80</u>	<u>11,903</u>
	<u>\$ 93,119</u>	<u>\$ 4,479</u>	<u>\$ 97,598</u>

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Sales Tax Revenue Bonds</u>
2014	\$ 540,000	\$ 433,226	\$ 973,226
2015	545,000	411,526	956,526
2016	555,000	389,526	944,526
2017	565,000	367,126	932,126
2018	570,000	344,426	914,426
2019-2023	3,045,000	1,327,520	4,372,520
2024-2028	3,415,000	582,290	3,997,290
2029	<u>715,000</u>	<u>16,088</u>	<u>731,088</u>
	<u>\$ 9,950,000</u>	<u>\$ 3,871,728</u>	<u>\$ 13,821,728</u>

Bond Reserve Accounts:

Under the Series 2007B Combined Waterworks/Sewerage System Revenue Bonds (State Revolving Fund Program), the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited monthly into a depreciation and replacement account until a balance of \$461,030 is reached. In addition, the City will make a monthly reserve deposit until a balance of \$356,000 is met.

At December 31, 2013, the City was not in compliance with these requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the sewer fund for the year ended December 31, 2013.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASES:

The City has entered into lease agreements for financing capital equipment. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>		
Golf finishing mower	\$	12,320
Toro Greenmaster mower		22,462
Fire pumper truck		395,955
John Deere excavator		42,478
John Deere utility tractor		23,000
John Deere backhoe		60,628
Jetter Vac		<u>85,000</u>
 Total assets acquired	 \$	 <u><u>641,843</u></u>

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2013, are as follows:

<u>Years Ending December 31,</u>		
2014	\$	132,830
2015		123,039
2016		123,040
2017		93,319
2018		<u>65,782</u>
		538,010
Less: amount representing interest		<u>48,402</u>
Present value of future minimum lease payments	\$	<u><u>489,608</u></u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. RESTRICTED CASH:

Restricted cash and investments at December 31, 2013, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Revolving fund	\$ 62,046	\$ -	\$ 62,046
Municipal court	4,304	-	4,304
Capital projects	4,057,447	1,761	4,059,208
Reserve for debt service	<u>75,745</u>	<u>982,509</u>	<u>1,058,254</u>
	<u>\$ 4,199,542</u>	<u>\$ 984,270</u>	<u>\$ 5,183,812</u>

9. LEGAL MATTERS:

There are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel believe that the potential claims against the City not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the City.

10. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2013, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>
Property	\$ 803,763	\$ 189,637	\$ -
Railroad	43,739	12,910	-
Franchise	1,434,016	-	-
Cigarette	-	80,221	-
City Sales	1,498,618	-	-
Park Sales	-	-	748,850
Transportation Sales	-	751,348	-
NID Sales	-	5,223	-
Occupancy	-	<u>73,173</u>	-
	<u>\$ 3,780,136</u>	<u>\$ 1,112,512</u>	<u>\$ 748,850</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

10. TAX REVENUES (Continued):

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2013, was as follows:

Real estate	\$ 68,915,995
Personal property	<u>24,602,607</u>
	<u>\$ 93,518,602</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2013 was as follows:

General Fund	\$ 0.6778
Debt Service Funds	<u>0.2000</u>
	<u>\$ 0.8778</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

11. INTERFUND TRANSACTIONS:

Interfund receivable and payable balances at December 31, 2013, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 148,547	\$ -
Special Revenue Funds, Park	<u>-</u>	<u>148,547</u>
	<u>\$ 148,547</u>	<u>\$ 148,547</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

11. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended December 31, 2013, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 568,899	\$ 620,063
Special Revenue Funds:		
Special Projects	-	2,906
Street	568	63,166
Tourism	-	1,676
Parks	770,062	-
Airport	28,565	-
Capital Projects Funds,		
Parks construction	-	176,969
Proprietary Fund,		
Water and sewer	<u>63</u>	<u>503,377</u>
	<u>\$ 1,368,157</u>	<u>\$ 1,368,157</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

12. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended December 31, 2013, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Federal:		
US Department of Justice:		
Edward Byrne Memorial Justice Assistance	\$ 8,497	\$ -
Enforcing Underage Drinking Laws	4,918	-
Public Safety Partnership and Community Policing	68,174	-
Bullet Proof Vest Grant	746	-
US Department of Transportation:		
Airport Improvement Program	-	-
Highway Planning and Construction	-	-
Formula Grants for Other Than Urbanized	44,482	-
Veteran on the Job Training	3,581	-
Workforce Development	5,621	-
HMV Enforcement	1,298	-
DWI Enforcement	5,237	-
State:		
Department of Revenue:		
Motor Vehicle Fuel Tax	-	305,525
Motor Vehicle Fees	-	39,465
Other State Grants	-	856
Local:		
3M Grant	1,750	-
Finis Moss Grant	6,900	-
	<u>\$ 151,204</u>	<u>\$ 345,846</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

13. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

14. SELF-INSURANCE:

The City is a member of the MPR (formerly MARCIT), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in property, casualty, general liability, and workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations. In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment. Management of the City is not aware of any deficit situation in MPR which would require an accrual of a liability as of December 31, 2013.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

15. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$16,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City does not make a contribution for either full-time or part-time employees participating in the plan

16. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended December 31, 2013, in violation of Missouri state statutes and the City's budgetary process, the City had a fund balance deficit in the following funds:

Special Revenue Funds,	
Park	<u>\$ 153,844</u>

17. COMMITMENTS:

The City had approximately \$0 of construction commitments at December 31, 2013.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

18. NET POSITION:

Net position is comprised of three categories: Net investment in capital assets; the restricted component of net position; and the unrestricted component of net position. The first category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as well as any unspent related debt proceeds. The restricted component of net position consists of restricted assets, (usually cash) that must be spent for specific purposes. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The City issued debt to finance the construction of infrastructure in the Water and Sewer Fund. The unspent bond proceeds are reported in the restricted component of net position.

Capital assets, net	\$ 35,463,167
Total debt	(16,398,473)
Premiums/discounts	(116,289)
Unspent bond proceeds	<u>4,620,146</u>
Net investment in capital assets	<u>\$ 23,568,551</u>

19. PLEDGED REVENUES:

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay a debt issue totaling \$10,000,000. The Series 2007B bonds were issued in the amount of \$12,000,000. Proceeds from the bonds were used to fund the infrastructure for the water and sewer system. The bonds are payable from the water and sewer fund. Net revenues are payable through 2029. The total interest and principal remaining to be paid on the bonds is \$13,821,728. Principal and interest paid for the current year is \$984,626

The City has pledged a portion of its sales tax to repay its certificates of participation. The outstanding principal on these certificates as of December 31, 2013, amounted to \$5,805,000. The certificates were used for building improvement and the construction of the community center.

20. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS:

The City officially closed the public landfill on October 2, 1993. State and Federal laws and regulations required the City to 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 estimated liability for post closure care costs, which consisted of the estimated cost of all equipment, facilities, and services required to close, monitor, and maintain the landfill for this thirty year period was \$1,283,200, which was recorded as a liability in the Landfill Fund. The remaining liability at December 31, 2013, is \$209,971.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

21. CONTINGENCIES:

Substantially all of the City's water and sewer utilities are subject to federal and state regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the City expect such compliance to have, any material effect upon the financial condition of the City. Management of the City believes that its current practices and procedures for the control and disposition of such wastes comply with all applicable federal and state requirements.

22. FEDERAL AND STATE GRANTS:

The City participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2013, a significant amount of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based upon oversight by the governmental units will not have a material effect on any of the governmental funds or the overall financial position of the City.

23. WATER AND WASTEWATER SERVICE CONTRACT:

On December 28, 2010, the City entered into a contract with Alliance Water Resources, Inc. to perform certain operation and maintenance services at the City's water and wastewater plants. For 2013, compensation under the amended agreement shall be \$1,354,123 annually, with an allowable reimbursement amount of \$161,200 annually for repairs and chemicals.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

24. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical and dental coverage. Participants include retirees of the City.

The City requires the retirees to pay the carrier-charged premium. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45). The City has chosen to prospectively implement GASB Statement 45.

Retirees and their dependents have the same benefits as active employees. The retiree may continue coverage until death. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or 36 months after the death of the retiree dies under Cobra law.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

24. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Normal cost	\$ 20,031
Amortization of unfunded actuarial accrued liability	<u>20,161</u>
Annual required contribution (ARC)	40,192
Interest on net OPEB obligation	5,759
Adjustment to annual required contribution	<u>(7,136)</u>
	<u>(1,377)</u>
Annual OPEB cost	38,815
Balance at December 31, 2012	115,188
Contributions made, Net employer contributions	<u>22,000</u>
Net OPEB obligation, December 31, 2013	<u>\$ 132,003</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

24. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

The retirees annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended December 31, 2013, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 37,658	29.2%	\$ 95,133
2012	\$ 39,055	48.6%	\$ 115,188
2013	\$ 38,815	56.7%	\$ 132,003

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$302,452. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,802,360, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 10.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

24. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

Actuarial Methods and Assumptions (continued)

The projected unit credit actuarial cost method is used in the July 1, 2011 actuarial valuation. At this valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the initial plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 5% investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5% for the first year and then declining by .5% per year until 5% is reached. The 5% growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

25. PRIOR PERIOD ADJUSTMENT

Change in accounting principle - For the year ended December 31, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in an adjustment to the beginning net position for business-type activities and governmental activities on the statement of activities for 2013 of \$160,384 and \$90,389, respectively. The adjustment is required to remove bond costs no longer required to be capitalized in accordance with GASB 65.

Change in accounting method - An adjustment was necessary to properly record accounts receivable for property taxes. The adjustment resulted in a decrease to the beginning net position for governmental activities on the statement of activities for 2013 of \$657,045. The statement of revenues, expenditures, and changes in fund balance also reflects changes to the beginning fund balance. The general and library funds beginning fund balances were adjusted by \$502,813 and \$154,232, respectively.

Change in assets - It was noted during the audit that expenses from 2011 were expensed on the government-wide statements instead of being recorded as construction in progress. These assets were completed and put in service during 2013. It was also noted that expenses in 2012 were capitalized as construction in progress in the government-wide statements instead of being expensed. The net adjustment resulted in an increase to the beginning net position balance for governmental activities on the statement of activities for 2013 in the amount of \$53,723.

26. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through June 13, 2013, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

OTHER THAN MD&A

CITY OF NEVADA, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

1. MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>
2/28/2011	\$ 4,411,854	\$ 5,486,256	\$ 1,074,402
2/29/2012	\$ 4,898,539	\$ 5,352,986	\$ 454,447
2/28/2013	\$ 5,143,902	\$ 5,177,986	\$ 34,084

<u>Actuarial Valuation Date</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percent of Covered Payroll</u>
2/28/2011	80%	\$ 2,522,641	43%
2/29/2012	92%	\$ 2,557,338	18%
2/28/2013	99%	\$ 2,563,389	1%

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

2. BUDGETARY DATA:

The City's prepares its budget on the accrual basis of accounting.

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,963,106	\$ 3,963,106	\$ 3,780,136	\$ (182,970)
Licenses and permits	88,000	88,000	107,618	19,618
Intergovernmental	127,560	165,067	151,204	(13,863)
Charges for services	165,700	165,700	182,354	16,654
Fees and fines	237,500	237,500	167,557	(69,943)
Investment earnings	2,000	2,000	6,991	4,991
Other	18,995	76,195	101,590	25,395
	<u>4,602,861</u>	<u>4,697,568</u>	<u>4,497,450</u>	<u>(200,118)</u>
EXPENDITURES:				
Current:				
General government	1,397,786	1,409,015	1,292,714	116,301
Municipal court	132,497	132,497	119,795	12,702
Public transportation	191,000	191,000	151,868	39,132
Public safety	2,387,833	2,387,833	2,346,897	40,936
Emergency management	9,130	9,130	5,226	3,904
Animal control	131,632	131,632	125,625	6,007
Planning and zoning	129,917	129,917	119,203	10,714
Capital outlay	81,650	496,449	446,016	50,433
Debt service:				
Principal	65,784	65,784	52,020	13,764
Interest and other charges	149,828	157,054	201,616	(44,562)
	<u>4,676,857</u>	<u>5,110,311</u>	<u>4,860,980</u>	<u>249,331</u>
Excess (deficiency) of revenues over expenditures	<u>(73,996)</u>	<u>(412,743)</u>	<u>(363,530)</u>	<u>49,213</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term debt	149,628	160,000	160,000	-
Payments to refunding escrow agent	(160,000)	(160,000)	(160,000)	-
Proceeds from sale of capital assets	500	500	-	(500)
Transfers in	503,377	566,543	568,899	2,356
Transfers out	(620,063)	(620,063)	(620,063)	-
Total other financing sources and uses	<u>(126,558)</u>	<u>(53,020)</u>	<u>(51,164)</u>	<u>1,856</u>
Net change in fund balances	(200,554)	(465,763)	(414,694)	51,069
Fund balances - beginning - restated	<u>5,333,892</u>	<u>5,333,892</u>	<u>5,333,892</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,133,338</u>	<u>\$ 4,868,129</u>	<u>\$ 4,919,198</u>	<u>\$ 51,069</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
STREET
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 740,500	\$ 740,500	\$ 751,348	\$ 10,848
Intergovernmental	333,000	333,000	344,990	11,990
Investment earnings	500	500	7,336	6,836
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>7,720</u>	<u>4,720</u>
	<u>1,077,000</u>	<u>1,077,000</u>	<u>1,111,394</u>	<u>34,394</u>
EXPENDITURES:				
Street	304,936	450,836	429,535	21,301
Capital outlay	602,860	602,860	407,404	195,456
Debt service:				
Principal	38,387	38,387	37,070	1,317
Interest and other charges	<u>-</u>	<u>-</u>	<u>1,885</u>	<u>(1,885)</u>
	<u>946,183</u>	<u>1,092,083</u>	<u>875,894</u>	<u>216,189</u>
Excess (deficiency) of revenues over expenditures	<u>130,817</u>	<u>(15,083)</u>	<u>235,500</u>	<u>250,583</u>
OTHER FINANCING SOURCES:				
Proceeds from sale of assets	200	200	-	(200)
Transfers in	-	-	568	568
Transfers out	<u>-</u>	<u>(63,166)</u>	<u>(63,166)</u>	<u>-</u>
Total other financing sources and uses	<u>200</u>	<u>(62,966)</u>	<u>(62,598)</u>	<u>368</u>
Net change in fund balances	131,017	(78,049)	172,902	250,951
Fund balances - beginning	<u>1,080,691</u>	<u>1,080,691</u>	<u>1,080,691</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,211,708</u>	<u>\$ 1,002,642</u>	<u>\$ 1,253,593</u>	<u>\$ 250,951</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARKS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 76,300	\$ 76,300	\$ 80,221	\$ 3,921
Charges for services	372,362	372,362	321,331	(51,031)
Miscellaneous	<u>7,496</u>	<u>7,496</u>	<u>10,364</u>	<u>2,868</u>
	<u>456,158</u>	<u>456,158</u>	<u>411,916</u>	<u>(44,242)</u>
EXPENDITURES:				
Culture and recreation	1,203,956	1,206,701	1,123,975	82,726
Capital outlay	59,219	32,051	25,207	6,844
Debt service:				
Principal	14,877	14,877	13,007	1,870
Interest and other charges	<u>-</u>	<u>-</u>	<u>1,695</u>	<u>(1,695)</u>
	<u>1,278,052</u>	<u>1,253,629</u>	<u>1,163,884</u>	<u>89,745</u>
Excess (deficiency) of revenues over expenditures	<u>(821,894)</u>	<u>(797,471)</u>	<u>(751,968)</u>	<u>45,503</u>
OTHER FINANCING SOURCES:				
Proceeds from sale of assets	1,700	1,700	-	(1,700)
Transfers in	<u>820,194</u>	<u>820,194</u>	<u>770,062</u>	<u>(50,132)</u>
Total other financing sources and uses	<u>821,894</u>	<u>821,894</u>	<u>770,062</u>	<u>(51,832)</u>
Net change in fund balances	-	24,423	18,094	(6,329)
Fund balances (deficit) - beginning - restated	<u>(171,938)</u>	<u>(171,938)</u>	<u>(171,938)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (171,938)</u>	<u>\$ (147,515)</u>	<u>\$ (153,844)</u>	<u>\$ (6,329)</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARKS CONSTRUCTION
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 738,000	\$ 738,000	\$ 748,850	\$ 10,850
Intergovernmental	-	-	-	-
Investment earnings	1,000	1,000	237	(763)
Miscellaneous	-	-	-	-
	<u>739,000</u>	<u>739,000</u>	<u>749,087</u>	<u>10,087</u>
EXPENDITURES:				
Capital outlay	521,800	521,800	396,176	125,624
Debt service:				
Principal	430,000	430,000	430,000	-
Interest and other charges	41,780	41,780	41,780	-
	<u>993,580</u>	<u>993,580</u>	<u>867,956</u>	<u>125,624</u>
Excess (deficiency) of revenues over expenditures	<u>(254,580)</u>	<u>(254,580)</u>	<u>(118,869)</u>	<u>135,711</u>
OTHER FINANCING SOURCES,				
Transfers out	<u>(175,160)</u>	<u>(175,160)</u>	<u>(176,969)</u>	<u>(1,809)</u>
Net change in fund balances	(429,740)	(429,740)	(295,838)	133,902
Fund balances - beginning	<u>920,186</u>	<u>920,186</u>	<u>920,186</u>	<u>-</u>
Fund balances - ending	<u>\$ 490,446</u>	<u>\$ 490,446</u>	<u>\$ 624,348</u>	<u>\$ 133,902</u>

Other Information

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CITY OF NEVADA, MISSOURI
 BALANCE SHEET --
 OTHER GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	Special Projects	Library	Airport	Tourism	NID-Ashland Estates Sewer	Total Governmental Funds
ASSETS:						
Cash and investments	\$ 854,907	\$ -	\$ 12,910	\$ 162,101	\$ 15,239	\$ 1,045,157
Special assessments receivable	-	-	-	-	51,344	51,344
Other receivables	-	-	225	3,808	-	4,033
Prepaid expenses	-	23,488	-	-	-	23,488
Total assets	\$ 854,907	\$ 23,488	\$ 13,135	\$ 165,909	\$ 66,583	\$ 1,124,022
LIABILITIES AND FUND BALANCES:						
Accounts payable	\$ -	\$ -	\$ 525	\$ 520	\$ -	\$ 1,045
Deferred revenue	-	23,488	-	-	-	23,488
Total liabilities	-	23,488	525	520	-	24,533
Fund balances:						
Restricted:						
Capital projects	772,476	-	-	-	62,348	834,824
Airport	-	-	12,610	-	-	12,610
Economic development	-	-	-	142,361	-	142,361
Assigned to,						
Capital projects	82,431	-	-	23,028	4,235	109,694
Total fund balances	854,907	-	12,610	165,389	66,583	1,099,489
Total liabilities and fund balances	\$ 854,907	\$ 23,488	\$ 13,135	\$ 165,909	\$ 66,583	\$ 1,124,022

CITY OF NEVADA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Projects	Library	Airport	Tourism	NID-Ashland Estates Sewer	Total-Other Governmental Funds
REVENUES:						
Taxes	\$ -	\$ 202,547	\$ -	\$ 73,173	\$ 5,223	\$ 280,943
Intergovernmental	-	-	856	-	-	856
Investment earnings	5,822	-	-	37	-	5,859
Miscellaneous	-	-	9,803	12,307	-	22,110
Total revenues	5,822	202,547	10,659	85,517	5,223	309,768
EXPENDITURES:						
General county administration	-	-	-	-	155	155
Culture and recreation	-	185,615	7,223	45,851	-	238,689
Capital outlay	-	-	2,552	17,534	-	20,086
Debt service:						
Principal	-	-	23,222	-	3,900	27,122
Interest and fiscal charges	-	-	5,343	-	2,553	7,896
Total expenditures	-	185,615	38,340	63,385	6,608	293,948
Excess (deficiency) of revenues over expenditures	5,822	16,932	(27,681)	22,132	(1,385)	15,820
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	28,565	-	-	28,565
Transfers out	(2,906)	-	-	(1,676)	-	(4,582)
Total other financing sources and uses	(2,906)	-	28,565	(1,676)	-	23,983
Net change in fund balances	2,916	16,932	884	20,456	(1,385)	39,803
Fund balances (deficit) - beginning - restated	851,991	(16,932)	11,726	144,933	67,968	1,059,686
Fund balances (deficit) - ending	\$ 854,907	\$ -	\$ 12,610	\$ 165,389	\$ 66,583	\$ 1,099,489

**CITY OF NEVADA, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 SPECIAL PROJECTS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Investment earnings	\$ 7,800	\$ 7,800	\$ 5,822	\$ (1,978)
OTHER FINANCING USES,				
Transfers out	(53,536)	(53,536)	(2,906)	50,630
Net change in fund balances	(45,736)	(45,736)	2,916	48,652
Fund balances - beginning	851,991	851,991	851,991	-
Fund balances - ending	\$ 806,255	\$ 806,255	\$ 854,907	\$ 48,652

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Taxes	\$ 207,900	\$ 207,900	\$ 202,547	\$ (5,353)
EXPENDITURES,				
Culture and recreation	207,900	207,900	185,615	22,285
Excess (deficiency) of revenues over expenditures	-	-	16,932	16,932
Net change in fund balances	-	-	16,932	16,932
Fund balances - beginning	(16,932)	(16,932)	(16,932)	-
Fund balances - ending	\$ (16,932)	\$ (16,932)	\$ -	\$ 16,932

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
AIRPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 600	\$ 165,382	\$ 856	\$ (164,526)
Charges for services	-	-	-	-
Miscellaneous	<u>13,100</u>	<u>13,100</u>	<u>9,803</u>	<u>(3,297)</u>
	<u>13,700</u>	<u>178,482</u>	<u>10,659</u>	<u>(167,823)</u>
EXPENDITURES:				
Culture and recreation	13,520	13,520	7,223	6,297
Capital outlay	-	-	2,552	(2,552)
Debt service:				
Principal	28,565	28,565	23,222	5,343
Interest and other charges	-	-	5,343	(5,343)
	<u>42,085</u>	<u>42,085</u>	<u>38,340</u>	<u>3,745</u>
Excess (deficiency) of revenues over expenditures	<u>(28,385)</u>	<u>136,397</u>	<u>(27,681)</u>	<u>(164,078)</u>
OTHER FINANCING SOURCES,				
Transfers in	<u>57,130</u>	<u>57,130</u>	<u>28,565</u>	<u>(28,565)</u>
Net change in fund balances	28,745	193,527	884	(192,643)
Fund balances (deficit) - beginning	<u>11,726</u>	<u>11,726</u>	<u>11,726</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 40,471</u>	<u>\$ 205,253</u>	<u>\$ 12,610</u>	<u>\$ (192,643)</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
TOURISM
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 75,000	\$ 75,000	\$ 73,173	\$ (1,827)
Investment earnings	400	400	37	(363)
Miscellaneous	-	12,306	12,307	1
	<u>75,400</u>	<u>87,706</u>	<u>85,517</u>	<u>(2,189)</u>
EXPENDITURES:				
Culture and recreation	23,210	46,960	45,851	1,109
Capital outlay	21,200	21,200	17,534	3,666
	<u>44,410</u>	<u>68,160</u>	<u>63,385</u>	<u>4,775</u>
Excess (deficiency) of revenues over expenditures	<u>30,990</u>	<u>19,546</u>	<u>22,132</u>	<u>2,586</u>
OTHER FINANCING SOURCES,				
Transfers out	-	-	(1,676)	(1,676)
Net change in fund balances	30,990	19,546	20,456	910
Fund balances - beginning	<u>144,933</u>	<u>144,933</u>	<u>144,933</u>	<u>-</u>
Fund balances - ending	<u>\$ 175,923</u>	<u>\$ 164,479</u>	<u>\$ 165,389</u>	<u>\$ 910</u>

**CITY OF NEVADA, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 NID-ASHLAND ESTATES SEWER
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Taxes	\$ 4,000	\$ 4,000	\$ 5,223	\$ 1,223
EXPENDITURES:				
General government	600	600	155	445
Debt service:				
Principal	6,453	6,453	3,900	2,553
Interest and other charges	-	-	2,553	(2,553)
	<u>7,053</u>	<u>7,053</u>	<u>6,608</u>	<u>445</u>
Net change in fund balances	(3,053)	(3,053)	(1,385)	1,668
Fund balances - beginning	<u>67,968</u>	<u>67,968</u>	<u>67,968</u>	<u>-</u>
Fund balances - ending	<u>\$ 64,915</u>	<u>\$ 64,915</u>	<u>\$ 66,583</u>	<u>\$ 1,668</u>