

CITY OF NEVADA, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

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

Brian L. Leonard..... Mayor

Lance Christie Mayor Pro Tem/Council Member

Jayne Novak Council Member

Blake Hertzberg Council Member

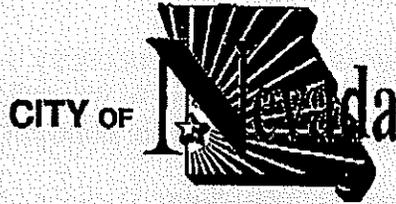
Ryan Watts Council Member

ADMINISTRATION

JD Kehrman City Manager

Kristie Modlin..... Treasurer

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



110 SOUTH ASH
NEVADA, MISSOURI 64772

July 19, 2016

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, 2015. 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 is 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, 2015, 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 auditors' report. The auditors' 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 is supplied 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 of 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 are 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</u>	<u>Vernon County</u>	<u>MO Statewide</u>	<u>United States</u>
2015	5.2%	5.0%	5.0%	5.3%
2014	5.3%	5.6%	6.2%	6.2%
2013	5.5%	5.9%	6.7%	7.4%
2012	5.8%	5.9%	7.0%	8.1%
2011	7.1%	7.2%	8.5%	8.9%

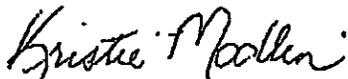
Long-Term Financial Planning

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 Leonard, 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, 2015, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nevada, Missouri, as of December 31, 2015, 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 3 through 10 and pages 59 through 63, 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. We have applied certain limited procedures to the other information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Louis J. Simon & Co., P.C.
Harrisonville, Missouri
July 8, 2016



CITY OF

110 SOUTH ASH • NEVADA, MISSOURI 64772

PHONE 417-448-2700 • FAX 417-448-2707

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, 2015. 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 increased \$1,248,095 or 3.9% during fiscal 2015 with an \$800,824 increase in governmental activities and a \$467,455 increase attributed to business-type activities.
- Unrestricted net position increased \$3,414,736 from \$1,000,658 to \$4,415,394. Unrestricted Governmental Activities net position increased from the prior year by \$2,657,823 and unrestricted Business-type Activities increased by \$837,913.
- Net governmental expenses of \$5,835,106 were \$800,824 less than the \$6,635,930 generated in taxes and other revenues for governmental programs. Street expenses of \$553,556 were offset by motor vehicles fees, motor fuel taxes, and capital contributions of \$492,276 resulting in net street expenses of \$61,280. Business-type expenses of \$4,733,600 were offset by user charges and capital contributions of \$4,502,937 resulting in net expenses of \$230,700. Net Business-type expenses were \$467,455 less than the \$698,155 generated in taxes and other revenues.

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):

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, 2015, the City's total assets were \$50,067,448. Table A provides a summary of the City's governmental and business-type net assets for fiscal 2015.

Table A
Combined Statement of Net Position

Assets	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets						
Cash, other assets and deferred outflows	\$ 5,109,905	\$ 6,555,208	\$ 2,680,511	\$ 3,601,971	\$ 7,790,416	\$ 10,157,179
Total capital assets	17,779,138	18,943,952	20,823,783	21,696,204	38,602,921	40,640,156
Total assets and deferred outflows	\$ 22,889,043	\$ 25,499,160	\$ 23,504,294	\$ 25,298,175	\$ 46,393,337	\$ 50,797,335
Liabilities						
Current, other liabilities and deferred inflows	\$ 1,262,682	\$ 839,117	\$ 1,126,579	\$ 1,322,316	\$ 2,389,261	\$ 2,161,433
Long-term debt outstanding	5,815,640	5,363,036	9,383,544	10,300,003	15,199,184	15,663,039
Total liabilities and deferred inflows	\$ 7,078,322	\$ 6,202,153	\$ 10,510,123	\$ 11,622,319	\$ 17,588,445	\$ 17,824,472
Net Assets						
Net investment in Capital Assets	\$ 13,172,792	\$ 14,473,554	\$ 11,595,184	\$ 11,459,133	\$ 24,767,976	\$ 25,932,687
Restricted:						
Capital projects & other	2,727,347	2,272,584	88,006	80,443	2,815,353	2,353,027
Debt service	75,745	75,746	145,160	132,576	220,905	208,322
Unrestricted	(165,163)	2,475,123	1,165,821	2,003,704	1,000,658	4,478,827
Total net position	\$ 15,810,721	\$ 19,297,007	\$ 12,994,171	\$ 13,675,856	\$ 28,804,892	\$ 32,972,863

Total net position for the City at December 31, 2015, was \$32,972,863 with \$13,675,856 attributable to business-type activities and \$19,927,007 attributable to governmental activities.

At the end of fiscal 2015, the City had \$40,640,156 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 an increase of \$2,037,235 from fiscal 2014 and is primarily due to the capitalization grant for drinking water construction in process.

The largest portion of the City's net assets represents the net investment in capital assets, 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.

Governmental Activities. Table B (see next page) presents fiscal 2014 and 2015 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).

Combined sales and occupancy taxes increased 1% compared to fiscal 2014 reflecting marginal retail growth compared to the 7.3% increase from fiscal 2013 to fiscal 2014. Sales and occupancy taxes are 44% of revenue in the governmental funds.

Property taxes for general purposes decreased 1.1% from \$1,034,488 in fiscal 2014 to \$931,109 in fiscal 2015. The decrease is due to receipt of a prior year pilot tax in fiscal 2014 and the 3M Chapter 100 cost of issuance revenue. Real estate assessed valuation increased 0.92% while personal property assessed valuation increased 4.6%. Property taxes are 15% of revenue in the governmental funds.

Business-type Activities: Water and Sewer charges for services increased 5.5% and operating expenses increased 2%. Increased revenues and a minimal increase in expenditures resulted in an operating gain of \$375,048.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 812,979	\$ 736,412	\$ 4,202,895	\$ 4,433,637	\$ 5,015,874	\$ 5,170,049
Operating Grants and Contributions	528,068	604,252	-	-	528,068	604,252
Capital Grants and Contributions	-	150,000	347,289	69,300	347,289	219,300
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	1,034,488	931,109	-	-	1,034,488	931,109
Property Taxes-specific purposes	209,976	212,716	-	-	209,976	212,716
Franchise Taxes	1,524,871	1,529,109	-	-	1,524,871	1,529,109
Sales Taxes	3,215,267	3,328,076	803,065	808,384	4,018,332	4,136,460
Investment Earnings	7,478	25,174	286,997	276,798	294,475	301,972
Miscellaneous	164,456	178,095	25,397	39,733	189,853	217,828
Total Revenues	7,497,583	7,694,943	5,665,643	5,627,852	13,163,226	13,322,795
Expenses						
Governmental Activities:						
General Government	1,456,828	1,500,491	-	-	1,456,828	1,500,491
Municipal Court	119,147	120,886	-	-	119,147	120,886
Public transportation	147,921	145,130	-	-	147,921	145,130
Public safety	2,599,645	2,622,044	-	-	2,599,645	2,622,044
Animal control	134,090	135,893	-	-	134,090	135,893
Planning and zoning	124,091	118,383	-	-	124,091	118,383
Culture and recreation	1,863,575	1,908,511	-	-	1,863,575	1,908,511
Street	961,758	553,556	-	-	961,758	553,556
Interest on Long-term Debt	246,677	220,876	-	-	246,677	220,876
Business-type Activities	-	-	4,620,301	4,733,637	4,620,301	4,733,637
Total Expenses	7,653,732	7,325,770	4,620,301	4,733,637	12,274,033	12,059,407
Change in net position before transfers	(156,149)	369,173	1,045,342	894,215	889,193	1,263,388
Transfers & Gain (Loss) on Disposal of Assets	439,057	431,651	(427,982)	(426,760)	11,075	4,891
Change in net assets	282,908	800,824	617,360	467,455	900,268	1,268,279
Net Position at beginning of year, as restated	15,527,813	18,496,183	12,397,842	13,208,401	27,925,655	31,704,584
Net Position at end of year	\$ 15,810,721	\$ 19,297,007	\$ 13,015,202	\$ 13,675,856	\$ 28,825,923	\$ 32,972,863

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 2015, the City of Nevada reported a combined fund balance of \$3,796,193 in the Governmental Funds, a decrease of \$350,111 from the prior year. Of the total combined fund balance, 14% is unassigned. This is the portion of fund balance which serves as a measure of current available financial resources.

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 however this is 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, franchise tax, and charges for services. The General Fund completed the year with a fund balance of \$731,002, decreasing by \$694,462 from the prior year. The decrease is due to the completion of construction projects. The fund balance is 74% unrestricted while the remaining 26% is non-spendable, restricted, or assigned.

Street Fund – The Street Fund is used to account for collection of the one-half cent Transportation Sales Tax, other motor vehicle related revenue items and to record the cost of maintaining and improving the streets of the City. The Street Fund completed the year with a fund balance of \$1,644,521 which is an increase of \$150,864 from the prior year.

Parks and Recreation Fund – The Parks and Recreation Fund is used to account for one-half cent sales tax, cigarette tax, user fees, and to record the cost of operating, maintaining, and improving park facilities. The fund balance is \$91,854 which is an improvement over the prior year fund balance of negative \$94,964. The operating deficit of \$78,516 was offset by a transfer from the General Fund.

Parks Construction Fund – The Parks Construction Fund is used to account for proceeds of the one-half cent Parks Sales Tax through December 31, 2014. The fund balance is \$275,299 and proceeds will be used complete remaining voter approved projects.

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 cost associated with water treatment and distribution and with sewerage treatment and collection. The net position of the Water & Sewer Fund is \$13,850,006 and increased \$445,049 during the year.

General Fund Budgetary Highlights

No amendments were made to the original budget. The General Fund budgeted expenditures were \$6,621,924 and actual expenditures were \$5,894,778. Actual expenditures were \$727,146

less than budgeted due to postponement of the public safety building demolition and construction of the parking lot.

Actual revenues were \$170,825 more than budgeted revenues primarily due to an insurance surplus distribution and grant reimbursements. Three major categories where budget varied from actual are as follows:

- Other revenues exceeded budget by \$106,935.
- Intergovernmental exceeded budget by \$99,792.
- Licenses and permits fell short by (\$28,658).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Nevada's investment in capital assets for governmental and business-type activities for fiscal 2015 is \$40,640,156 net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress and represents an increase of \$2,037,235 or 5.3% from fiscal 2014. Major capital assets funded this year are as follows:

- Public Safety Buildings - completed \$4,779,631
- Spring Street Sidewalk project - completed \$134,921
- Police and Fire equipment and vehicles \$167,552
- Street improvements \$490,997
- North and South interceptor replacement - in progress \$1,492,870
- Public Works equipment and vehicles \$407,661

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 2015. Table C below shows the City's outstanding debt by type:

	Governmental		Business-type		Total	
	2014	2015	2014	2015	2014	2015
General obligation bonds	\$ 56,692	\$ 52,478	\$ -	\$ -	\$ 56,692	\$ 52,478
Certificates of participation	4,900,000	4,735,000	-	-	4,900,000	4,735,000
Sewerage revenue bonds	-	-	9,410,000	10,229,800	9,410,000	10,229,800
Notes payable	66,750	39,653	-	-	66,750	39,653
Capital leases	551,973	613,218	187,014	375,204	738,987	988,422
Compensated absences	151,567	170,246	2,544	877	154,111	171,123
Total	\$ 5,726,982	\$ 5,610,595	\$ 9,599,558	\$ 10,605,881	\$ 15,326,540	\$ 16,216,476

The City's debt for governmental activities decreased 2% in fiscal 2015 from \$5,726,982 to \$5,610,595. The decrease was the result of making scheduled payments on existing debt offset by the addition of capital leases in the General Fund.

Debt for business-type activities increased \$1,006,323 or 10.5% due to the addition of sewer revenue bonds and capital leases.

Primary government debt increased \$889,936 or 5.8%.

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

2015 BUDGET AND TAX RATES

- The City's fiscal 2015 General Fund *budgeted* revenues decreased 2.9% from the fiscal 2014 budget while *budgeted* expenditures decreased 27%. *Actual* revenues in the general fund increased 0.4% compared to fiscal 2014 *actual* revenues. *Actual* expenditures decreased 31% compared to fiscal 2014 *actual* expenditures resulting from the completion of construction projects and position vacancies.
- The City has a one cent general sales tax, one-half cent parks sales tax, one-half cent transportation sales tax, one-half cent capital improvement sales tax, and a three cent occupancy tax. Tax revenues increased 1%.
- The City's property tax levies total \$0.8778 per \$100 of assessed valuation which is unchanged from the prior year's rate. The levy is comprised of two components: General Fund levy of \$0.6778 and Library levy 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.

**CITY OF NEVADA, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Pooled cash and investments	\$ 3,254,188	\$ 1,766,435	\$ 5,020,623
Cash and investments-restricted	81,492	997,015	1,078,507
Taxes receivable, net	471,106	66,588	537,694
Accounts receivable	104,210	482,778	586,988
Special assessments receivable	41,497	-	41,497
Bond discount, net of amortization	59,617	-	59,617
Inventories	30,280	50,073	80,353
Prepaid expenses	177,933	30,340	208,273
Net pension asset	1,544,126	114,461	1,658,587
Capital assets:			-
Land, improvements, and construction in progress	775,920	1,582,652	2,358,572
Contributed capital	-	69,300	69,300
Buildings	12,037,214	19,344,711	31,381,925
Plant, structure, and lines	-	11,163,516	11,163,516
Equipment and vehicles	5,193,016	3,173,661	8,366,677
Software	285,088	-	285,088
Infrastructure	10,241,944	-	10,241,944
Less: accumulated depreciation	(9,589,230)	(13,637,636)	(23,226,866)
Total capital assets	<u>18,943,952</u>	<u>21,696,204</u>	<u>40,640,156</u>
Total assets	<u>24,708,401</u>	<u>25,203,894</u>	<u>49,912,295</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	790,759	94,281	885,040
Total assets and deferred outflows of resources	<u>25,499,160</u>	<u>25,298,175</u>	<u>50,797,335</u>
LIABILITIES			
Accounts payable and accrued expenses	126,371	235,473	361,844
Salaries and benefits payable	107,145	10,257	117,402
Liabilities payable from restricted assets	9,743	205,168	214,911
Long-term liabilities:			-
Due within one year:			-
Bond premium, net of amortization	-	12,804	12,804
Bonds, capital leases, and contracts	381,393	650,324	1,031,717
Compensated absences	46,435	877	47,312
Accrued interest	23,867	200,313	224,180
Due in more than one year:			-
Bonds, capital leases, and contracts	5,058,956	9,954,680	15,013,636
Bond premium, net of amortization	-	153,648	153,648
Compensated absences	123,811	-	123,811
OPEB	180,269	-	180,269
Post closure costs	-	191,675	191,675
Total liabilities	<u>6,057,990</u>	<u>11,615,219</u>	<u>17,673,209</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	121,254	-	121,254
Pension	22,909	-	22,909
Land lease	-	7,100	7,100
Total deferred inflows of resources	<u>144,163</u>	<u>7,100</u>	<u>151,263</u>
NET POSITION			
Net investment in capital assets	14,473,554	11,459,133	25,932,687
Reserved for prepaid items	177,933	30,340	208,273
Reserved for inventories	30,280	50,073	80,353
Restricted for:			-
Parks and recreation	68,618	-	68,618
Library	370	-	370
Airport	15,695	-	15,695
Capital projects	233,794	-	233,794
Debt service	75,746	132,576	208,322
Street	1,599,020	-	1,599,020
Economic development	193,022	-	193,022
Police and court	17,315	-	17,315
Unrestricted	2,411,660	2,003,734	4,415,394
Total net position	<u>\$ 19,297,007</u>	<u>\$ 13,675,856</u>	<u>\$ 32,972,863</u>
Total liabilities, deferred inflows, and net position	<u>\$ 25,499,160</u>	<u>\$ 25,298,175</u>	<u>\$ 50,797,335</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenue			Capital Grants and		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government:							
General government activities:							
General government:	\$ 1,494,713	\$ 275,286	\$ 139,838	\$ -	\$ (1,079,599)	\$ -	\$ (1,079,599)
Public transportation	145,130	-	46,856	-	(98,274)	-	(98,274)
Public safety	2,622,044	10,403	75,282	-	(2,536,359)	-	(2,536,359)
Emergency management	5,778	-	-	-	(5,778)	-	(5,778)
Municipal court	120,886	105,467	-	-	(15,419)	-	(15,419)
Animal control	135,893	7,245	-	-	(128,648)	-	(128,648)
Planning and zoning	118,383	6,276	-	-	(112,105)	-	(112,105)
Culture and recreation	1,908,511	331,733	-	-	(1,576,778)	-	(1,576,778)
Street	553,556	-	342,276	150,000	(61,280)	-	(61,280)
Interest on long-term debt	220,876	-	-	-	(220,876)	-	(220,876)
Total governmental activities	7,325,170	736,412	604,252	150,000	(5,835,106)	-	(5,835,106)
Business-type activities:							
Water and sewer	4,733,600	4,433,637	-	69,300	-	(230,663)	(230,663)
Landfill	37	-	-	-	-	(37)	(37)
Total business-type activities	4,733,637	4,433,637	-	69,300	-	(230,700)	(230,700)
Total primary government	\$ 12,059,407	\$ 5,170,049	\$ 604,252	\$ 219,300	(5,835,106)	(230,700)	(6,065,806)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					931,109		931,109
Property taxes, levied for specific purposes					212,716		212,716
Franchise taxes and other taxes					1,529,109		1,529,109
Sales taxes					3,328,076	808,384	4,136,460
Investment earnings					25,174	276,798	301,972
Miscellaneous					176,906	39,733	216,639
Gain (loss) on disposal of assets					1,394	4,988	6,080
Transfers					431,446	(431,446)	-
Total general revenues and transfers					6,635,930	898,155	7,334,085
Change in net position					600,824	467,455	1,068,279
Net position - beginning - restated					18,496,163	13,208,401	31,704,564
Net position - ending					19,297,007	13,675,856	32,972,863

See accompanying notes.

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**CITY OF NEVADA, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks Fund</u>
ASSETS			
Pooled cash and investments	\$ 421,602	\$ 1,533,512	\$ 46,579
Cash and investments-restricted	81,492	-	-
Taxes receivable, net	326,833	66,588	72,543
Due from other funds	-	-	-
Special assessments receivable	-	-	-
Other receivables	65,333	27,150	8,564
Inventories	-	30,280	-
Prepays	<u>112,007</u>	<u>15,221</u>	<u>23,236</u>
 Total assets	 <u>\$ 1,007,267</u>	 <u>\$ 1,672,751</u>	 <u>\$ 150,922</u>
 LIABILITIES			
Accounts payable	\$ 84,370	\$ 21,642	\$ 16,708
Salaries and benefits payable	87,997	6,588	12,560
Due to other funds	-	-	29,800
Payable from restricted assets	<u>9,743</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>182,110</u>	 <u>28,230</u>	 <u>59,068</u>
 DEFERRED INFLOWS OF RESOURCES			
Advances of property taxes	<u>94,155</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Nonspendable:			
Prepays	112,007	15,221	23,236
Inventories	-	30,280	-
Restricted:			
Capital projects	-	-	-
Library	-	-	-
Parks and recreation	-	-	68,618
Airport	-	-	-
Debt service	75,746	-	-
Street	-	1,367,410	-
Economic development	-	-	-
Police and court	5,746	-	-
Assigned to,			
Capital projects	-	231,610	-
Unassigned	<u>537,503</u>	<u>-</u>	<u>-</u>
 Total fund balances (deficit)	 <u>731,002</u>	 <u>1,644,521</u>	 <u>91,854</u>
 Total liabilities, deferred inflows, and fund balances	 <u>\$ 1,007,267</u>	 <u>\$ 1,672,751</u>	 <u>\$ 150,922</u>

See accompanying notes.

Parks Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 275,299	\$ 977,196	\$ 3,254,188
-	-	81,492
-	5,142	471,106
-	29,800	29,800
-	41,497	41,497
-	3,163	104,210
-	-	30,280
-	27,469	177,933
<u>\$ 275,299</u>	<u>\$ 1,084,267</u>	<u>\$ 4,190,506</u>
\$ -	\$ 3,651	\$ 126,371
-	-	107,145
-	-	29,800
-	-	9,743
-	3,651	273,059
-	27,099	121,254
-	-	150,464
-	27,469	57,749
-	866,378	866,378
-	370	370
-	-	68,618
-	15,695	15,695
-	-	75,746
-	-	1,367,410
-	157,028	157,028
-	11,569	17,315
275,299	2,477	509,386
-	(27,469)	510,034
<u>275,299</u>	<u>1,053,517</u>	<u>3,796,193</u>
<u>\$ 275,299</u>	<u>\$ 1,084,267</u>	<u>\$ 4,190,506</u>

See accompanying notes.

**CITY OF NEVADA, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

Fund balances - total governmental funds	\$	3,796,193
 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.		
		18,943,952
 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:		
Net premiums and discounts		59,617
Net pension asset		1,544,126
		1,603,743
 Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		(23,867)
 Deferred pension inflows and outflows are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Inflows		(22,909)
Outflows		790,759
		767,850
 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		(5,440,349)
Compensated absences		(170,246)
OPEB		(180,269)
		(5,790,864)
 Net Position of Governmental Activities in the Statement of Net Position	 \$	 <u>19,297,007</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, 2015

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks Fund</u>
REVENUES			
Taxes	\$ 4,007,689	\$ 810,884	\$ 800,273
Licenses and permits	86,781	-	-
Intergovernmental	223,178	342,276	-
Charges for services	188,887	-	331,733
Fees and fines	123,170	-	-
Investment earnings	7,603	11,402	-
Other	132,255	3,428	6,024
	<u>4,769,563</u>	<u>1,167,990</u>	<u>1,138,030</u>
EXPENDITURES			
General government	1,325,269	-	-
Municipal court	120,886	-	-
Public transportation	145,130	-	-
Public safety	2,456,953	-	-
Emergency management	5,778	-	-
Animal control	135,893	-	-
Planning and zoning	118,383	-	-
Culture and recreation	-	-	1,125,831
Street	-	426,533	-
Capital outlay	1,151,334	691,350	75,221
Debt service:			
Principal	233,301	11,566	14,447
Interest and other charges	201,851	1,163	1,047
	<u>5,894,778</u>	<u>1,130,612</u>	<u>1,216,546</u>
Excess (deficiency) of revenues over expenditures	<u>(1,125,215)</u>	<u>37,378</u>	<u>(78,516)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from capital lease	155,585	-	-
Capital contributions	-	150,000	-
Sale of assets	205	1,189	-
Transfers in	563,389	20,049	265,657
Transfers out	(288,426)	(57,752)	(323)
	<u>430,753</u>	<u>113,486</u>	<u>265,334</u>
Net change in fund balances	(694,462)	150,864	186,818
Fund balances (deficit) - beginning	<u>1,425,464</u>	<u>1,493,657</u>	<u>(94,964)</u>
Fund balances (deficit) - ending	<u>\$ 731,002</u>	<u>\$ 1,644,521</u>	<u>\$ 91,854</u>

See accompanying notes.

<u>Parks Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 75,081	\$ 307,084	\$ 6,001,011
-	-	86,781
-	38,798	604,252
-	5,895	526,515
-	-	123,170
-	6,168	25,173
-	35,199	176,906
<u>75,081</u>	<u>393,144</u>	<u>7,543,808</u>
-	2,698	1,327,967
-	-	120,886
-	-	145,130
-	-	2,456,953
-	-	5,778
-	-	135,893
-	-	118,383
298	301,570	1,427,699
-	-	426,533
225	50,602	1,968,732
-	31,311	290,625
-	3,704	207,765
<u>523</u>	<u>389,885</u>	<u>8,632,344</u>
<u>74,558</u>	<u>3,259</u>	<u>(1,088,536)</u>
-	-	155,585
-	-	150,000
-	-	1,394
-	32,897	881,992
<u>(29,194)</u>	<u>(74,851)</u>	<u>(450,546)</u>
<u>(29,194)</u>	<u>(41,954)</u>	<u>738,425</u>
45,364	(38,695)	(350,111)
<u>229,935</u>	<u>1,092,212</u>	<u>4,146,304</u>
<u>\$ 275,299</u>	<u>\$ 1,053,517</u>	<u>\$ 3,796,193</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, 2015

Net change in fund balances - total governmental funds: \$ (350,111)

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	2,114,671
Depreciation expense	<u>(949,855)</u>
	1,164,816

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 Position reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments:

Other financing sources-proceeds from capital lease	(155,585)
Repayment of principal	<u>290,651</u>
	135,066

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:

OPEB	(25,133)
Accrued interest not reflected on governmental funds	(5,033)
Pension expense	(92,024)
Compensated absences	<u>(18,679)</u>
	<u>(140,869)</u>

Change in net assets of governmental activities \$ 800,824

**CITY OF NEVADA, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Water and Sewer	Landfill	Total
ASSETS:			
Current assets:			
Pooled cash and investments	\$ 1,742,214	\$ 24,221	\$ 1,766,435
Cash and investments-restricted	997,015	-	997,015
Receivables:			
Billed	225,876	404	226,280
Unbilled	256,498	-	256,498
Other receivables	66,588	-	66,588
Inventories	50,073	-	50,073
Prepaid expenses	30,340	-	30,340
Total current assets	<u>3,368,604</u>	<u>24,625</u>	<u>3,393,229</u>
Non-current assets:			
Net pension asset	114,461	-	114,461
Capital assets:			
Construction in progress	1,492,869	-	1,492,869
Contributed capital	69,300	-	69,300
Land and improvements	89,783	-	89,783
Improvements other than buildings	11,163,516	-	11,163,516
Buildings	19,344,711	-	19,344,711
Equipment and vehicles	3,173,681	-	3,173,661
Total capital assets at cost	35,333,840	-	35,333,840
Less accumulated depreciation	(13,637,636)	-	(13,637,636)
Capital assets, net	<u>21,696,204</u>	<u>-</u>	<u>21,696,204</u>
Total non-current assets	<u>21,810,665</u>	<u>-</u>	<u>21,810,665</u>
Total assets	<u>25,179,269</u>	<u>24,625</u>	<u>25,203,894</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	94,281	-	94,281
Total assets and deferred outflows of resources	<u>25,273,550</u>	<u>24,625</u>	<u>25,298,175</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	235,473	-	235,473
Salaries and benefits payable	10,257	-	10,257
Accrued interest payable	200,313	-	200,313
Customer deposits	205,168	-	205,168
Deferred revenue	-	-	-
Bond premium, net of amortization	12,804	-	12,804
Compensated absences	877	-	877
Capital lease obligation	95,324	-	95,324
Bonds, notes, and loans payable	555,000	-	555,000
Total current liabilities	<u>1,315,216</u>	<u>-</u>	<u>1,315,216</u>
Non-current liabilities:			
Bond premium, net of amortization	153,648	-	153,648
Capital lease obligation	279,880	-	279,880
Post closure costs	-	191,675	191,675
Bonds, notes, and loans payable	9,674,800	-	9,674,800
Total non-current liabilities	<u>10,108,328</u>	<u>191,675</u>	<u>10,300,003</u>
Total liabilities	<u>11,423,544</u>	<u>191,675</u>	<u>11,615,219</u>
DEFERRED INFLOWS OF RESOURCES			
Land lease	-	7,100	7,100
NET POSITION:			
Net investment in capital assets	11,459,133	-	11,459,133
Restricted for inventory and prepaid items	80,413	-	80,413
Restricted for debt service	132,576	-	132,576
Unrestricted	2,177,884	(174,150)	2,003,734
Total net position	<u>13,850,006</u>	<u>(174,150)</u>	<u>13,675,856</u>
Total liabilities, deferred inflows, and net position	<u>\$ 25,273,550</u>	<u>\$ 24,625</u>	<u>\$ 25,298,175</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, 2015

	<u>Water and Sewer</u>	<u>Landfill</u>	<u>Total</u>
REVENUES,			
Charges for services	\$ 4,433,637	\$ -	\$ 4,433,637
OPERATING EXPENSES:			
Personnel services	415,131	-	415,131
Contractual services	1,613,319	-	1,613,319
Materials and supplies	28,899	-	28,899
Maintenance and repairs	362,432	-	362,432
Insurance	56,747	-	56,747
Utilities	335,596	-	335,596
Depreciation and amortization	828,567	-	828,567
Administration	417,898	37	417,935
	<u>4,058,589</u>	<u>37</u>	<u>4,058,626</u>
Operating gain (loss)	<u>375,048</u>	<u>(37)</u>	<u>375,011</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	276,798	-	276,798
Miscellaneous income	17,290	22,443	39,733
Sales tax	808,384	-	808,384
Bond Issuance Costs	(59,122)	-	(59,122)
Interest expense	(456,668)	-	(456,668)
Payments in lieu of tax	(159,221)	-	(159,221)
Gain on disposal of assets	4,686	-	4,686
	<u>432,147</u>	<u>22,443</u>	<u>454,590</u>
Non-Operating gain	<u>432,147</u>	<u>22,443</u>	<u>454,590</u>
Net income before transfers and capital contributions	<u>807,195</u>	<u>22,406</u>	<u>829,601</u>
Capital contributions	<u>69,300</u>	<u>-</u>	<u>69,300</u>
Transfers in	34,847	-	34,847
Transfers out	(466,293)	-	(466,293)
	<u>(431,446)</u>	<u>-</u>	<u>(431,446)</u>
Increase in net position	<u>445,049</u>	<u>22,406</u>	<u>467,455</u>
Total net position - beginning	<u>13,404,957</u>	<u>(196,556)</u>	<u>13,208,401</u>
Total net position - ending	<u>\$ 13,850,006</u>	<u>\$ (174,150)</u>	<u>\$ 13,675,856</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI
STATEMENT OF CASH FLOWS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Water and Sewer	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from customers	\$ 4,477,395	\$ -	\$ 4,477,395
Payments to employees and fringe benefits	(564,308)	-	(564,308)
Payments for operations	(2,708,057)	(37)	(2,708,094)
Other receipts (payments)	<u>653,470</u>	<u>10,843</u>	<u>664,313</u>
Net cash provided by operating activities	<u>1,858,500</u>	<u>10,806</u>	<u>1,869,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES,			
Net transfers to other funds	<u>(431,446)</u>	<u>-</u>	<u>(431,446)</u>
Net cash used by noncapital financing activities	<u>(431,446)</u>	<u>-</u>	<u>(431,446)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions received	69,300	-	69,300
Proceeds from capital debt	1,612,938	-	1,612,938
Acquisition and construction of capital assets	(1,560,715)	-	(1,560,715)
Principal paid on capital debt and leases	(604,948)	-	(604,948)
Interest paid on capital debt and leases	<u>(467,568)</u>	<u>-</u>	<u>(467,568)</u>
Net cash used by capital and related financing activities	<u>(950,993)</u>	<u>-</u>	<u>(950,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,			
Investment income	<u>276,798</u>	<u>-</u>	<u>276,798</u>
Net cash provided by investing activities	<u>276,798</u>	<u>-</u>	<u>276,798</u>
Net increase in cash and cash equivalents	752,859	10,806	763,665
Cash and cash equivalents, beginning of year	<u>1,986,370</u>	<u>13,415</u>	<u>1,999,785</u>
Cash and cash equivalents, end of year	<u>\$ 2,739,229</u>	<u>\$ 24,221</u>	<u>\$ 2,763,450</u>
Reconciliation of operating income (loss) to net cash provided by operating activities,			
Operating income (loss)	<u>\$ 375,048</u>	<u>\$ (37)</u>	<u>\$ 375,011</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	828,567	-	828,567
Miscellaneous nonoperating income	-	22,443	22,443
Sales tax and miscellaneous nonoperating revenues	612,017	-	612,017
Changes in assets and liabilities:			
Receivables, net	43,758	(404)	43,354
Pensions	(147,589)	-	(147,589)
Deferred inflows	-	7,100	7,100
Inventories	11,526	-	11,526
Prepaid items	(3,933)	-	(3,933)
Accounts payable and accrued liabilities	99,320	-	99,320
Post closure costs	-	(18,296)	(18,296)
Meter deposits	41,453	-	41,453
Compensated absences	<u>(1,667)</u>	<u>-</u>	<u>(1,667)</u>
Total adjustments	<u>1,483,452</u>	<u>10,843</u>	<u>1,494,295</u>
Net cash provided by operating activities	<u>\$ 1,858,500</u>	<u>\$ 10,806</u>	<u>\$ 1,869,306</u>

See accompanying notes.

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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 Reported 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, and franchise 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 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, 2015, 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, 2015. Accounts receivable in the General Fund represents charges for the mowing of weeds and fire protection. 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, 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	Fees

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

2. DEPOSITS AND INVESTMENTS:

At December 31, 2015, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$1,982, \$2,013,848, and \$3,010,539, 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, 2015, the City's investments consisted of the following:

	<u>Amount</u>	<u>Value</u>	<u>Rating</u>
Money Market	<u>\$ 1,072,761</u>	<u>\$ 1,072,761</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, 2015, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	>5
Investment type Money market	\$ 1,072,761	\$ 1,072,761	\$ -	\$ -

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, 2015, the carrying value of deposits and investments are summarized as follows:

Investments, Money markets	<u>\$ 1,072,761</u>
Certificates of deposit	3,010,539
Cash on hand	1,982
Deposits	<u>2,013,848</u>
	<u>5,026,369</u>
Total	<u>\$ 6,099,130</u>

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

Government-wide statement of net assets:	
Pooled cash and investments	\$ 5,020,623
Restricted cash	<u>1,078,507</u>
Total	<u>\$ 6,099,130</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 \$3,300 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, 2015, consisted of the following:

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 732,429	\$ -	\$ -	\$ 732,429
Construction in progress	<u>3,785,577</u>	<u>43,491</u>	<u>3,785,577</u>	<u>43,491</u>
Total capital assets not being depreciated	<u>4,518,006</u>	<u>43,491</u>	<u>3,785,577</u>	<u>775,920</u>
Capital assets being depreciated:				
Buildings	7,257,583	4,779,631	-	12,037,214
Equipment and vehicles	4,895,009	298,007	-	5,193,016
Software	285,088	-	-	285,088
Infrastructure	<u>9,462,827</u>	<u>779,117</u>	<u>-</u>	<u>10,241,944</u>
Total capital assets being depreciated	<u>21,900,507</u>	<u>5,856,755</u>	<u>-</u>	<u>27,757,262</u>
Less accumulated depreciation:				
Buildings	3,024,369	252,572	-	3,276,941
Equipment	3,505,585	332,753	-	3,838,338
Software	275,466	3,648	-	279,114
Infrastructure	<u>1,833,955</u>	<u>360,882</u>	<u>-</u>	<u>2,194,837</u>
Total accumulated depreciation	<u>8,639,375</u>	<u>949,855</u>	<u>-</u>	<u>9,589,230</u>
Total capital assets being depreciated, net	<u>13,261,132</u>	<u>4,906,900</u>	<u>-</u>	<u>18,168,032</u>
Governmental activities capital assets, net	<u>\$ 17,779,138</u>	<u>\$ 4,950,391</u>	<u>\$ 3,785,577</u>	<u>\$ 18,943,952</u>

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

Government activities:	
General government	\$ 146,977
Police	82,746
Fire	101,421
Culture and recreation	265,831
Airport	202,132
Street	<u>150,748</u>
Total depreciation expense, governmental	<u>\$ 949,855</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended December 31, 2015, consisted of the following (Continued):

	<u>Balance</u> <u>1/1/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2015</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	241,931	1,250,938	-	1,492,869
Total capital assets not being depreciated	<u>331,714</u>	<u>1,250,938</u>	<u>-</u>	<u>1,582,652</u>
Capital assets being depreciated:				
Buildings	19,344,711	-	-	19,344,711
Equipment and vehicles	2,838,929	334,732	-	3,173,661
Plant, structure, & lines	11,102,676	130,140	-	11,232,816
Total capital assets being depreciated	<u>33,286,316</u>	<u>464,872</u>	<u>-</u>	<u>33,751,188</u>
Less accumulated depreciation,				
Water and sewer	12,796,266	841,370	-	13,637,636
Total accumulated depreciation	<u>12,796,266</u>	<u>841,370</u>	<u>-</u>	<u>13,637,636</u>
Total capital assets being depreciated, net	<u>20,490,050</u>	<u>(376,498)</u>	<u>-</u>	<u>20,113,552</u>
Business-type activities capital assets, net	<u>\$ 20,821,764</u>	<u>\$ 874,440</u>	<u>\$ -</u>	<u>\$ 21,696,204</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

General Information about the Pension Plan

Plan description: The City of Nevada's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Nevada participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

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

	2013 Valuation
Benefit Multiplier:	1.5%
Final Average Salary:	5 years
Member Contributions:	0%

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

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

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	49
Active employees	73
	<hr/>
	209
	<hr/>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Contributions: The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 10% General, 12.7% Police, and 7.5% Fire of annual covered payroll.

Net Pension Liability: The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2013.

Actuarial assumptions: The total pension liability in the February 28, 2013, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the February 28, 2013, valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.5%	5.5%
Fixed Income	25%	2.25%
Real Assets	20%	4.5%
Strategic Assets	6.5%	7.5%

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2014	\$ 14,741,334	\$ 17,359,564	\$ (2,618,230)
Changes for the year:			
Service Cost	287,548	-	287,548
Interest	1,047,094	-	1,047,094
Difference between expected and actual experience	(1,079)	-	(1,079)
Contributions - employer	-	292,173	(292,173)
Contributions - employee	-	18,290	(18,290)
Net investment income	-	329,923	(329,923)
Benefit payments, including refunds	(895,495)	(895,495)	-
Administrative expense	-	(17,988)	17,988
Other changes	-	(248,478)	248,478
Net changes	438,068	(521,575)	959,643
Balances at 6/30/2015	\$ 15,179,402	\$ 16,837,989	\$ (1,658,587)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 17,176,806	\$ 15,179,402	\$ 13,522,547
Plan Fiduciary Net Position	16,837,989	16,837,989	16,837,989
Net Position Liability/(Asset) (NPL)	\$ 338,817	\$ (1,658,587)	\$ (3,315,442)

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

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

For the year ended December 31, 2015, the employer recognized pension expense of \$544,838. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 74,874	\$ (86,551)
Differences in assumptions	-	-
Excess (deficit) investment returns	718,655	-
Contributions subsequent to the measurement date*	155,153	-
Total	\$ 948,682	\$ (86,551)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2016.

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

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 190,262
2017	190,262
2018	166,046
2019	164,654
2020	(4,246)
	<u>\$ 706,978</u>

Payable/Asset to the Pension Plan

At December 31, 2015, the City reported an asset of \$ 1,658,587 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

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, 2015, consisted of the following:

<u>Governmental Activities</u>					
	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>	<u>Amounts Due Within One Year</u>
Bonds payable	\$ 56,692	\$ -	\$ 4,214	\$ 52,478	\$ 4,374
Certificates of participation	4,900,000	-	165,000	4,735,000	210,000
Notes payable	66,750	-	27,097	39,653	27,835
Capital leases	<u>551,973</u>	<u>155,585</u>	<u>94,340</u>	<u>613,218</u>	<u>139,184</u>
	<u>5,575,415</u>	<u>155,585</u>	<u>290,651</u>	<u>5,440,349</u>	<u>381,393</u>
Other liabilities, Compensated absences *	<u>151,567</u>	<u>60,918</u>	<u>42,239</u>	<u>170,246</u>	<u>42,239</u>
	<u>\$ 5,726,982</u>	<u>\$ 216,503</u>	<u>\$ 332,890</u>	<u>\$ 5,610,595</u>	<u>\$ 423,632</u>
<u>Business-Type Activities</u>					
	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>	<u>Amounts Due Within One Year</u>
Revenue bonds	\$ 9,410,000	\$ -	\$ 545,000	\$ 8,865,000	\$ 555,000
2015 SRF Loan	-	1,364,800	-	1,364,800	-
Capital leases	<u>187,014</u>	<u>248,138</u>	<u>59,948</u>	<u>375,204</u>	<u>95,324</u>
	<u>9,597,014</u>	<u>1,612,938</u>	<u>604,948</u>	<u>10,605,004</u>	<u>650,324</u>
Other liabilities, Compensated absences	<u>2,544</u>	<u>877</u>	<u>2,544</u>	<u>877</u>	<u>877</u>
	<u>\$ 9,599,558</u>	<u>\$ 1,613,815</u>	<u>\$ 607,492</u>	<u>\$ 10,605,881</u>	<u>\$ 651,201</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, 2015, 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%	\$ 52,478
\$165,000, Series 2014 refunding certificates of participation, issued to refund Series 2011 certificates of participation, due in annual installments of \$7,013, through December 2033, with a balloon payment of 165,000 due in 2033; interest at 4.25%	165,000
\$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%	3,515,000
\$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 2.7%	<u>39,653</u>
Total governmental funds	<u><u>\$ 4,827,131</u></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%	<u>\$ 8,865,000</u>
\$2,722,000, Series 2015 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program), due in semi-annual installments through July 1, 2035; interest at 1.3%	<u>1,364,800</u>
Total proprietary fund	<u><u>\$ 10,229,800</u></u>

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

Years ending December 31,	Principal	Interest	NID Bonds
2016	\$ 4,374	\$ 2,079	\$ 6,453
2017	4,540	1,902	6,442
2018	4,719	1,723	6,442
2019	4,905	1,537	6,442
2020	5,099	1,343	6,442
2021-2025	28,841	3,493	32,334
	<u>\$ 52,478</u>	<u>\$ 12,077</u>	<u>\$ 64,555</u>
Years ending December 31,	Principal	Interest	Certificates of Participation
2016	\$ 210,000	\$ 186,379	\$ 396,379
2017	220,000	181,668	401,668
2018	225,000	176,481	401,481
2019	230,000	170,810	400,810
2020	240,000	164,281	404,281
2021-2025	1,310,000	695,195	2,005,195
2026-2030	1,605,000	403,651	2,008,651
2031-2033	695,000	56,388	751,388
	<u>\$ 4,735,000</u>	<u>\$ 2,034,853</u>	<u>\$ 6,769,853</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>
2016	\$ 27,835	\$ 730	\$ 28,565
2017	11,823	80	11,903
	<u>\$ 39,658</u>	<u>\$ 810</u>	<u>\$ 40,468</u>
			<u>Water/Sewer Revenue Bonds</u>
<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 555,000	\$ 389,526	\$ 944,526
2017	565,000	367,126	932,126
2018	570,000	344,426	914,426
2019	585,000	318,401	903,401
2020	595,000	291,579	886,579
2021-2025	3,180,000	1,047,784	4,227,784
2026-2029	<u>2,815,000</u>	<u>268,134</u>	<u>3,083,134</u>
	<u>\$ 8,865,000</u>	<u>\$ 3,026,976</u>	<u>\$ 11,891,976</u>

Construction for the 2015 SRF loan project has not yet been completed as of December 31, 2015. The final loan payback amortization will be established at project completion. No annual principal or interest payments are being shown in the notes.

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, 2015, the City was not in compliance with the depreciation and replacement account requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the sewer fund for the year ended December 31, 2015.

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>	
Deep South Freightliner tanker	\$ 119,000
Mowers	30,250
Fire pumper truck	395,955
John Deere excavator	42,478
John Deere utility tractor	23,000
2014 Caterpillar backhoe	85,801
2014 Caterpillar skid steer	31,870
2014 Phone system	84,082
John Deere backhoe	60,628
2015 police vehicles	155,585
2015 equipment	248,138
Jetter Vac	<u>85,000</u>
 Total assets acquired	 <u><u>\$ 1,361,787</u></u>

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2015, are as follows:

<u>Years Ending December 31,</u>	
2016	\$ 253,859
2017	223,531
2018	184,894
2019	184,273
2020	140,804
2021	<u>55,451</u>
	1,042,812
Less: amount representing interest	<u>54,390</u>
Present value of future minimum lease payments	<u><u>\$ 988,422</u></u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. RESTRICTED CASH:

Restricted cash and investments at December 31, 2015, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Municipal court	\$ 5,746	\$ -	\$ 5,746
Reserve for debt service	<u>75,746</u>	<u>997,015</u>	<u>1,072,761</u>
	<u>\$ 81,492</u>	<u>\$ 997,015</u>	<u>\$ 1,078,507</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, 2015, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Water & Sewer Fund</u>
Property	\$ 881,950	\$ 198,206	\$ -	\$ -
Railroad	49,159	14,510	-	-
Franchise	1,462,138	-	-	-
Cigarette	-	66,971	-	-
City Sales	1,614,442	-	-	-
Capital Improvement Sales	-	-	75,081	808,384
Park Sales	-	733,302	-	-
Transportation Sales	-	810,884	-	-
Occupancy	-	94,368	-	-
	<u>\$ 4,007,689</u>	<u>\$ 1,918,241</u>	<u>\$ 75,081</u>	<u>\$ 808,384</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, 2015, was as follows:

Real estate	\$	69,874,234
Personal property		<u>27,222,870</u>
		<u>\$ 97,097,104</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2015 was as follows:

General Fund	\$	0.6778
Library		<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, 2015, were as follows:

	<u>Receivable</u>	<u>Payable</u>
Special Revenue Funds:		
Special Projects	\$ 29,800	\$ -
Park	<u>-</u>	<u>29,800</u>
	<u>\$ 29,800</u>	<u>\$ 29,800</u>

CITY OF NEVADA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

11. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended December 31, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 563,389	\$ 288,426
Special Revenue Funds:		
Special Projects	-	41,173
Street	20,049	57,752
Tourism	-	33,678
Parks	265,657	323
Airport	32,897	-
Capital Projects Funds,		
Parks construction	-	29,194
Proprietary Fund,		
Water and sewer	<u>34,847</u>	<u>466,293</u>
	<u>\$ 916,839</u>	<u>\$ 916,839</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, 2015, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Federal:		
US Department of Justice:		
Stop Violence Against Women	\$ 28,491	\$ -
Public Safety Partnership and Community Policing	8,766	-
Bullet Proof Vest Grant	2,368	-
US Department of Transportation:		
Airport Fuel Facility	-	38,209
Highway Planning and Construction	84,521	-
Formula Grants for Other Than Urbanized	42,809	-
HVM Enforcement	6,822	-
DWI Enforcement	3,082	-
State:		
Department of Revenue:		
Motor Vehicle Fuel Tax	-	328,046
Motor Vehicle Fees	-	14,230
Taxi Grant	45,826	-
Other State Grants	-	589
	<u>\$ 222,685</u>	<u>\$ 381,074</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, 2015.

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 full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan 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 employees participating in the plan

16. COMMITMENTS:

The City had approximately \$1,014,667 of construction commitments at December 31, 2015.

17. 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	\$ 40,485,031
Total debt	(15,890,284)
Bond discounts	59,617
Unspent bond proceeds	<u>1,278,323</u>
Net investment in capital assets	<u>\$ 25,932,687</u>

CITY OF NEVADA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

18. PLEDGED REVENUES:

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay a debt issue totaling \$9,410,000. 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 \$11,891,976. Principal and interest paid for the current year is \$956,526.

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, 2015, amounted to \$4,735,000. The certificates were used for the construction of the new fire station and annexation of police, municipal court, and council chambers to City Hall. Principal and interest paid for the current year is \$355,106.

19. 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, 2015, is \$191,675.

20. 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.

21. 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, 2015, 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.

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

22. 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 2015, compensation under the amended agreement shall be \$1,586,948 annually, with an allowable reimbursement amount of \$167,200 annually for repairs and chemicals.

23. 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

23. 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	\$ 21,291
Amortization of unfunded actuarial accrued liability	<u>16,657</u>
Annual required contribution (ARC)	37,948
Interest on net OPEB obligation	5,940
Adjustment to annual required contribution	<u>(7,755)</u>
	<u>(1,815)</u>
Annual OPEB cost	36,133
Balance at December 31, 2014	155,136
Contributions made, Net employer contributions	<u>11,000</u>
Net OPEB obligation, December 31, 2015	\$ <u>180,269</u>

CITY OF NEVADA, MISSOURI

NOTES TO FINANCIAL STATEMENTS

23. 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, 2015, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 38,815	56.7%	\$ 132,003
2014	\$ 36,133	36.0%	\$ 155,136
2015	\$ 36,133	30.0%	\$ 180,269

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$265,421. 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 \$2,559,451, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 10.4%.

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

23. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued):

Actuarial Methods and Assumptions (continued)

The projected unit credit actuarial cost method is used in the July 1, 2013, 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 4.5% investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 7% for the first year and then declining by .25% 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.

24. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through July 8, 2016, the date which the financial statements were available to be issued.

25. PRIOR PERIOD ADJUSTMENT:

Change in accounting principle:

An adjustment was necessary to restate beginning net position for the LAGERS net pension liability. The adjustment is due to the City complying with Governmental Accounting Standards Board (GASB) Statement no. 68, *Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The following table represents the change in net position for governmental activities and business-type activities:

	Governmental	Business-type
Beginning Net Position	\$ 15,810,721	\$12,994,171
Net pension asset	<u>2,685,462</u>	<u>214,230</u>
Adjusted Net Position beginning	<u>\$ 18,496,183</u>	<u>\$13,208,401</u>

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**CITY OF NEVADA, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
2015**

<i>Fiscal year ending June 30,</i>	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 287,548
Interest on the Total Pension Liability	1,047,094
Benefit Changes	-
Difference between expected and actual experience	(1,079)
Assumption Changes	-
Benefit Payments	(895,495)
Refunds	-
Net Change in Total Pension Liability	<u>438,068</u>
Total Pension Liability beginning	<u>14,741,334</u>
Total Pension Liability ending	<u>\$ 15,179,402</u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 292,173
Contributions-employee	18,290
Pension Plan Net Investment income	329,923
Benefit Payments	(895,495)
Refunds	-
Pension Plan Administrative expense	(17,988)
Other	(248,478)
Net Change in Plan Fiduciary Net Position	<u>(521,575)</u>
Plan Fiduciary Net Position beginning	<u>17,359,564</u>
Plan Fiduciary Net Position ending	<u>\$ 16,837,989</u>
Employer Net Pension (Asset) Liability	<u>\$ (1,658,587)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	110.93%
Covered Employee Payroll	\$2,777,752
Employer's Net Pension (Asset) Liability as a percentage of covered employee payroll	-59.71%

Notes to schedule:

Only the 2015 year is being shown, as other years come available they will be included until 10 years of data is shown.

**CITY OF NEVADA, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513	\$ 319,293	\$ 382,355	\$ 234,320	\$ 261,723	\$ 265,323	\$ 285,851
Contributions in relation to the										
actuarially determined contribution	288,801	293,369	283,412	257,276	233,974	250,232	234,320	257,487	242,972	257,313
Contribution deficiency (excess)	\$ -	\$ 12,837	\$ 37,908	\$ 111,237	\$ 85,319	\$ 132,123	\$ -	\$ 4,236	\$ 22,351	\$ 28,538
Covered-employee payroll	\$ 2,777,752	\$ 2,840,370	\$ 2,727,544	\$ 2,623,147	\$ 2,668,555	\$ 3,231,437	\$ 3,484,344	\$ 3,298,763	\$ 2,903,348	\$ 3,626,339
Contributions as a percentage of covered-employee payroll	10.4%	10.33%	10.39%	9.8%	8.8%	7.74%	6.72%	7.81%	8.37%	7.1%

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,995,923	\$ 3,995,923	\$ 4,007,689	\$ 11,766
Licenses and permits	115,439	115,439	86,781	(28,658)
Intergovernmental	123,386	123,386	223,178	99,792
Charges for services	192,500	192,500	188,887	(3,613)
Fees and fines	142,300	142,300	123,170	(19,130)
Investment earnings	3,870	3,870	7,603	3,733
Other	25,320	25,320	132,255	106,935
	<u>4,598,738</u>	<u>4,598,738</u>	<u>4,769,563</u>	<u>170,825</u>
EXPENDITURES:				
Current:				
General government	1,318,592	1,318,592	1,325,269	(6,677)
Municipal court	131,881	131,881	120,886	10,995
Public transportation	133,812	133,812	145,130	(11,318)
Public safety	2,548,492	2,548,492	2,456,953	91,539
Emergency management	7,440	7,440	5,778	1,662
Animal control	134,028	134,028	135,893	(1,865)
Planning and zoning	124,924	124,924	118,383	6,541
Capital outlay	1,786,012	1,786,012	1,151,334	634,678
Debt service:				
Principal	233,827	233,827	233,301	526
Interest and other charges	202,916	202,916	201,851	1,065
	<u>6,621,924</u>	<u>6,621,924</u>	<u>5,894,778</u>	<u>727,146</u>
Excess (deficiency) of revenues over expenditures	<u>(2,023,186)</u>	<u>(2,023,186)</u>	<u>(1,125,216)</u>	<u>897,971</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term debt	1,580,070	1,580,070	-	(1,580,070)
Proceeds from capital leases	168,000	168,000	155,585	(12,415)
Proceeds from sale of capital assets	18,000	18,000	205	(17,795)
Transfers in	543,109	543,109	563,389	20,280
Transfers out	(285,764)	(285,764)	(288,426)	(2,662)
Total other financing sources and uses	<u>2,023,415</u>	<u>2,023,415</u>	<u>430,753</u>	<u>(1,592,662)</u>
Net change in fund balances	229	229	(694,462)	(694,691)
Fund balances - beginning	<u>1,425,464</u>	<u>1,425,464</u>	<u>1,425,464</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,425,693</u>	<u>\$ 1,425,693</u>	<u>\$ 731,002</u>	<u>\$ (694,691)</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 752,500	\$ 752,500	\$ 810,884	\$ 58,384
Intergovernmental	345,100	345,100	342,276	(2,824)
Investment earnings	4,000	4,000	11,402	7,402
Miscellaneous	11,000	11,000	3,428	(7,572)
	<u>1,112,600</u>	<u>1,112,600</u>	<u>1,167,990</u>	<u>55,390</u>
EXPENDITURES:				
Street	390,767	390,767	426,533	(35,766)
Capital outlay	758,504	758,504	691,350	67,154
Debt service:				
Principal	11,571	11,571	11,566	5
Interest and other charges	1,158	1,158	1,163	(5)
	<u>1,162,000</u>	<u>1,162,000</u>	<u>1,130,612</u>	<u>31,388</u>
Excess (deficiency) of revenues over expenditures	<u>(49,400)</u>	<u>(49,400)</u>	<u>37,378</u>	<u>86,778</u>
OTHER FINANCING SOURCES:				
Proceeds from sale of assets	3,000	3,000	1,189	(1,811)
Capital contributions	-	-	150,000	150,000
Proceeds from capital leases	89,670	89,670	-	(89,670)
Transfers in	7,900	7,900	20,049	12,149
Transfers out	(58,052)	(58,052)	(57,752)	(300)
Total other financing sources and uses	<u>42,518</u>	<u>42,518</u>	<u>113,486</u>	<u>70,368</u>
Net change in fund balances	<u>(6,882)</u>	<u>(6,882)</u>	<u>150,864</u>	<u>157,746</u>
Fund balances - beginning	<u>1,493,657</u>	<u>1,493,657</u>	<u>1,493,657</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,486,775</u>	<u>\$ 1,486,775</u>	<u>\$ 1,644,521</u>	<u>\$ 157,746</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 720,767	\$ 720,767	\$ 800,273	\$ 79,506
Charges for services	381,050	381,050	331,733	(49,317)
Miscellaneous	<u>500</u>	<u>500</u>	<u>6,024</u>	<u>5,524</u>
	1,102,317	1,102,317	1,138,030	35,713
EXPENDITURES:				
Current;				
Culture and recreation	1,361,231	1,361,231	1,125,831	235,400
Capital outlay	24,700	24,700	75,221	(50,521)
Debt service:				
Principal	14,458	14,458	14,447	11
Interest and other charges	<u>1,037</u>	<u>1,037</u>	<u>1,047</u>	<u>(10)</u>
	1,401,426	1,401,426	1,216,546	184,880
Accrual adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,401,426</u>	<u>1,401,426</u>	<u>1,216,546</u>	<u>184,880</u>
Deficiency of revenues over expenditures	<u>(299,109)</u>	<u>(299,109)</u>	<u>(78,516)</u>	<u>220,593</u>
OTHER FINANCING SOURCES:				
Proceeds from capital leases	15,000	15,000	-	(15,000)
Proceeds from sale of assets	2,500	2,500	-	(2,500)
Transfers in	281,609	298,609	265,657	(32,952)
Transfers out	<u>-</u>	<u>-</u>	<u>(323)</u>	<u>(323)</u>
Total other financing sources and uses	<u>299,109</u>	<u>316,109</u>	<u>265,334</u>	<u>(50,775)</u>
Net change in fund balances	-	17,000	186,818	169,818
Fund balances (deficit) - beginning	<u>(94,964)</u>	<u>(94,964)</u>	<u>(94,964)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (94,964)</u>	<u>\$ (77,964)</u>	<u>\$ 91,854</u>	<u>\$ 169,818</u>

CITY OF NEVADA, MISSOURI
BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Projects Fund	Library Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total Governmental Funds
ASSETS:								
Cash and Investments	\$ 785,569	\$ -	\$ 15,375	\$ 215	\$ 11,354	\$ 152,894	\$ 11,989	\$ 977,196
Cash and investments-restricted	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	5,142	-	5,142
Due from other funds	29,800	-	-	-	-	-	-	29,800
Special assessments receivable	-	-	-	-	-	-	41,487	41,487
Other receivables	-	-	3,161	-	-	2	-	3,163
Prepays	-	27,469	-	-	-	-	-	27,469
Total assets	\$ 815,369	\$ 27,469	\$ 18,536	\$ 215	\$ 11,354	\$ 157,838	\$ 53,486	\$ 1,084,267
LIABILITIES AND FUND BALANCES,								
Accounts payable	\$ -	\$ -	\$ 2,841	\$ -	\$ -	\$ 810	\$ -	\$ 3,651
Total liabilities	-	-	2,841	-	-	810	-	3,651
DEFERRED INFLOWS OF RESOURCES,								
Advances of property taxes	-	27,099	-	-	-	-	-	27,099
FUND BALANCES:								
Nonspendable,								
Prepays	-	27,469	-	-	-	-	-	27,469
Restricted:								
Capital projects	815,369	-	-	-	-	-	-	815,369
Library	-	370	-	-	-	-	51,009	370
Airport	-	-	15,695	-	-	-	-	15,695
Economic development	-	-	-	-	-	157,028	-	157,028
Police and court	-	-	-	215	11,354	-	-	11,569
Assigned to,								
Capital projects	-	-	-	-	-	-	2,477	2,477
Unassigned	-	(27,469)	-	-	-	-	-	(27,469)
Total fund balances	\$ 815,369	\$ 370	\$ 15,695	\$ 215	\$ 11,354	\$ 157,028	\$ 53,486	\$ 1,059,517
Total liabilities and fund balances	\$ 815,369	\$ 27,469	\$ 18,536	\$ 215	\$ 11,354	\$ 157,838	\$ 53,486	\$ 1,084,267

CITY OF NEVADA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Projects Fund	Library Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total-Other Governmental Funds
REVENUES:								
Taxes	\$ -	\$ 212,716	\$ -	\$ -	\$ -	\$ 94,388	\$ -	\$ 307,084
Intergovernmental	-	-	36,798	-	-	-	-	36,798
Charges for services	-	-	-	1,397	4,498	-	-	5,895
Investment earnings	6,155	-	-	-	-	-	13	6,168
Miscellaneous	1,000	-	14,849	-	-	19,350	-	35,199
Total revenues	7,155	212,716	53,647	1,397	4,498	113,738	13	393,144
EXPENDITURES:								
Current:								
General county administration	-	-	-	1,242	1,350	-	106	2,698
Culture and recreation	-	212,346	11,195	-	-	78,029	-	301,570
Capital outlay	-	-	43,324	-	-	7,278	-	50,602
Debt service:								
Principal	-	-	27,097	-	-	-	4,214	31,311
Interest and fiscal charges	-	-	1,465	-	-	-	2,239	3,704
Total expenditures	-	212,346	83,081	1,242	1,350	85,307	6,559	389,855
Excess (deficiency) of revenues over expenditures	7,155	370	(29,434)	155	3,148	28,431	(6,546)	3,289
OTHER FINANCING SOURCES (USES):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	32,897	-	-	-	-	32,897
Transfers out	(41,173)	-	-	-	-	(33,678)	-	(74,851)
Total other financing sources and uses	(41,173)	-	32,897	-	-	(33,678)	-	(41,954)
Net change in fund balances	(34,018)	370	3,463	155	3,148	(6,267)	(6,546)	(38,695)
Fund balances (deficit) - beginning	849,387	-	12,232	60	8,208	162,295	60,032	1,082,212
Fund balances (deficit) - ending	\$ 815,369	\$ 370	\$ 15,695	\$ 215	\$ 11,354	\$ 157,028	\$ 53,486	\$ 1,043,517

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
PARKS CONSTRUCTION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 113,233	\$ 113,233	\$ 75,081	\$ (38,152)
EXPENDITURES,				
Current:				
Culture and recreation	-	-	298	(298)
Capital outlay	229,981	229,981	225	229,756
	<u>229,981</u>	<u>229,981</u>	<u>523</u>	<u>229,458</u>
Excess (deficiency) of revenues over expenditures	<u>(116,748)</u>	<u>(116,748)</u>	<u>74,558</u>	<u>191,306</u>
OTHER FINANCING SOURCES,				
Transfers out	<u>(29,194)</u>	<u>(29,194)</u>	<u>(29,194)</u>	<u>-</u>
Net change in fund balances	(145,942)	(145,942)	45,364	191,306
Fund balances - beginning	<u>229,935</u>	<u>229,935</u>	<u>229,935</u>	<u>-</u>
Fund balances - ending	<u>\$ 83,993</u>	<u>\$ 83,993</u>	<u>\$ 275,299</u>	<u>\$ 191,306</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
SPECIAL PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 2,500	\$ 2,500	\$ 6,155	\$ 3,655
Miscellaneous	-	-	1,000	1,000
	<u>2,500</u>	<u>2,500</u>	<u>7,155</u>	<u>4,655</u>
OTHER FINANCING USES,				
Transfers out	<u>(39,600)</u>	<u>(39,600)</u>	<u>(41,173)</u>	<u>(1,573)</u>
Net change in fund balances	(37,100)	(37,100)	(34,018)	3,082
Fund balances - beginning	<u>849,387</u>	<u>849,387</u>	<u>849,387</u>	<u>-</u>
Fund balances - ending	<u>\$ 812,287</u>	<u>\$ 812,287</u>	<u>\$ 815,369</u>	<u>\$ 3,082</u>

**CITY OF NEVADA, MISSOURI
 BUDGETARY COMPARISON SCHEDULE --
 LIBRARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 215,466	\$ 215,466	\$ 212,716	\$ (2,750)
EXPENDITURES,				
Current,				
Culture and recreation	215,466	215,466	212,346	3,120
Excess (deficiency) of revenues over expenditures	-	-	370	370
Net change in fund balances	-	-	370	370
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 370	\$ 370

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
AIRPORT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Intergovernmental	\$ 360,800	\$ 360,800	\$ 38,798	\$ (322,002)
Miscellaneous	11,400	11,400	14,849	3,449
	<u>372,200</u>	<u>372,200</u>	<u>53,647</u>	<u>(318,553)</u>
EXPENDITURES:				
Culture and recreation	10,837	10,837	11,195	(358)
Capital outlay	400,000	400,000	43,324	356,676
Debt service:				
Principal	28,565	28,565	27,097	1,468
Interest and other charges	-	-	1,465	(1,465)
	<u>439,402</u>	<u>439,402</u>	<u>83,081</u>	<u>356,321</u>
Accrual adjustments	-	-	-	-
	<u>439,402</u>	<u>439,402</u>	<u>83,081</u>	<u>356,321</u>
Deficiency of revenues over expenditures	<u>(67,202)</u>	<u>(67,202)</u>	<u>(29,434)</u>	<u>37,768</u>
OTHER FINANCING SOURCES,				
Transfers in	68,565	68,565	32,897	(35,668)
Total other financing sources and uses	<u>68,565</u>	<u>68,565</u>	<u>32,897</u>	<u>(35,668)</u>
Net change in fund balances	1,363	1,363	3,463	2,100
Fund balances - beginning	<u>12,232</u>	<u>12,232</u>	<u>12,232</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,595</u>	<u>\$ 13,595</u>	<u>\$ 15,695</u>	<u>\$ 2,100</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
JUDICIAL EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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,				
Charges for services	\$ 2,300	\$ 2,300	\$ 1,397	\$ (903)
EXPENDITURES,				
Current,				
General government	1,300	1,300	1,242	58
Excess (deficiency) of revenues over expenditures	1,000	1,000	155	(845)
Fund balances - beginning	60	60	60	-
Fund balances - ending	\$ 1,060	\$ 1,060	\$ 215	\$ (845)

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
POST COMMISSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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,				
Charges for services	\$ 5,400	\$ 5,400	\$ 4,498	\$ (902)
EXPENDITURES,				
Current,				
General government	1,500	1,500	1,350	150
Excess (deficiency) of revenues over expenditures	3,900	3,900	3,148	(752)
Net change in fund balances	3,900	3,900	3,148	(752)
Fund balances - beginning	8,206	8,206	8,206	-
Fund balances - ending	\$ 12,106	\$ 12,106	\$ 11,354	\$ (752)

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
TOURISM FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 82,000	\$ 82,000	\$ 94,368	\$ 12,368
Contributions and donations	4,900	4,900	5,647	747
Investment earnings	-	-	-	-
Miscellaneous	17,300	17,300	13,703	(3,597)
	<u>104,200</u>	<u>104,200</u>	<u>113,718</u>	<u>9,518</u>
EXPENDITURES,				
Current:				
Culture and recreation	104,264	104,264	78,029	26,235
Capital outlay	3,000	3,000	7,278	(4,278)
	<u>107,264</u>	<u>107,264</u>	<u>85,307</u>	<u>21,957</u>
Excess (deficiency) of revenues over expenditures	<u>(3,064)</u>	<u>(3,064)</u>	<u>28,411</u>	<u>31,475</u>
OTHER FINANCING SOURCES,				
Transfers out	<u>(31,961)</u>	<u>(31,961)</u>	<u>(33,678)</u>	<u>(1,717)</u>
Net change in fund balances	(35,025)	(35,025)	(5,267)	29,758
Fund balances - beginning	<u>162,295</u>	<u>162,295</u>	<u>162,295</u>	<u>-</u>
Fund balances - ending	<u>\$ 127,270</u>	<u>\$ 127,270</u>	<u>\$ 157,028</u>	<u>\$ 29,758</u>

**CITY OF NEVADA, MISSOURI
BUDGETARY COMPARISON SCHEDULE --
NID - ASHLAND ESTATES SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 4,301	\$ 4,301	\$ 13	\$ (4,288)
EXPENDITURES,				
Current:				
General government	160	160	106	54
Debt service:				
Principal	4,214	4,214	4,214	-
Interest and other charges	2,239	2,239	2,239	-
	<u>6,613</u>	<u>6,613</u>	<u>6,559</u>	<u>54</u>
Excess (deficiency) of revenues over expenditures	<u>(2,312)</u>	<u>(2,312)</u>	<u>(6,546)</u>	<u>(4,234)</u>
Net change in fund balances	<u>(2,312)</u>	<u>(2,312)</u>	<u>(6,546)</u>	<u>(4,234)</u>
Fund balances - beginning	<u>60,032</u>	<u>60,032</u>	<u>60,032</u>	<u>-</u>
Fund balances - ending	<u>\$ 57,720</u>	<u>\$ 57,720</u>	<u>\$ 53,486</u>	<u>\$ (4,234)</u>

