

**CITY OF NEVADA, MISSOURI**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

CITY OF NEVADA, MISSOURI

TABLE OF CONTENTS

INTRODUCTORY SECTION

PRINCIPAL OFFICIALS ..... iii  
ORGANIZATION CHART..... iv  
LETTER OF TRANSMITTAL..... v

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT ..... 1  
MANAGEMENT DISCUSSION AND ANALYSIS (Required Supplemental Information) ..... 4

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position..... 12  
Statement of Activities ..... 13

Governmental Fund Financial Statements:

Balance Sheet..... 14  
Reconciliation of the Governmental Funds Balance Sheet to the Statement  
of Net Position..... 16  
Statement of Revenues, Expenditures, and Changes in Fund Balance ..... 18  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities ..... 20

Proprietary Fund Financial Statements:

Statement of Net Position..... 21  
Statement of Revenues, Expenses, and Changes in Net Position ..... 22  
Statement of Cash Flows ..... 23

Notes to the Basic Financial Statements ..... 25

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A:

Missouri Local Government Employees Retirement System

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios ..... 59  
Schedule of Contributions ..... 60

Budgetary Comparison Schedules – Actual and Budget – Major Funds:

General Fund ..... 62  
Street..... 63  
Parks ..... 64

CITY OF NEVADA, MISSOURI

TABLE OF CONTENTS

OTHER INFORMATION:

Combining Statements of Non-major Governmental Funds:

Combining Balance Sheet ..... 65

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance ..... 66

Budgetary Comparison Schedules –

Actual and Budget - Major Funds – Parks Construction ..... 67

Actual and Budget -- Non-Major Governmental Funds..... 68

**CITY OF NEVADA, MISSOURI**

**Principal Officials**

**MAYOR/CITY COUNCIL**

Brian L. Leonard..... Mayor

Ryan Watts..... Mayor Pro Tem/Council Member

Jayne Novak ..... Council Member

Blake Hertzberg ..... Council Member

Carol Clyde-Gallagher..... Council Member

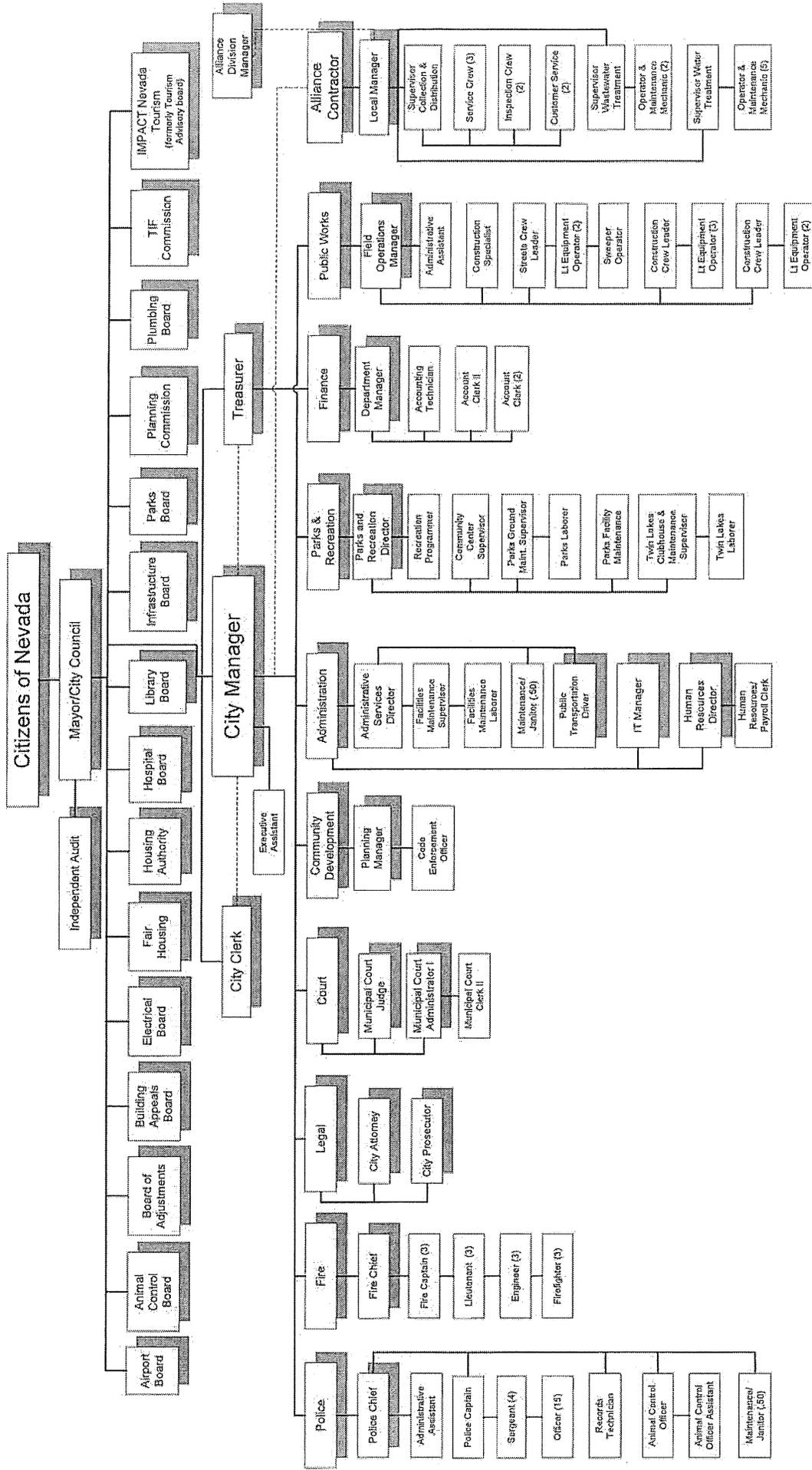
**ADMINISTRATION**

JD Kehrman ..... City Manager

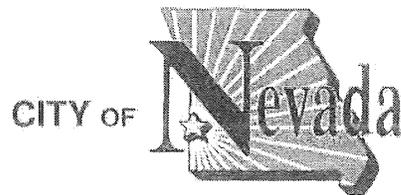
Kristie Modlin..... City Treasurer

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

# City of Nevada 2016 Organizational Chart



(THIS PAGE LEFT INTENTIONALLY BLANK)



110 SOUTH ASH  
NEVADA, MISSOURI 64772

July 11, 2017

**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, 2016. 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, 2016, 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.

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.

<b>UNEMPLOYMENT RATES</b>				
<u>Year</u>	<u>Nevada</u>	<u>Vernon County</u>	<u>MO Statewide</u>	<u>United States</u>
2016	4.8%	4.8%	4.5%	4.9%
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%

### **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**

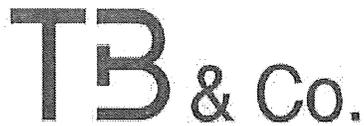
The preparation of this report was made possible by the hard work of the staff of the City of Nevada Finance Department. The contribution made by each staff member is sincerely appreciated. Special thanks are extended to the City's Independent Certified Public Accountants for their assistance and for 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

(THIS PAGE LEFT INTENTIONALLY BLANK)



---

TROUTT, BEEMAN & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2016, 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, 2016, 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 4 through 11 and pages 59 through 64, 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming 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.

*Troutt, Beeman & Co., P.C.*

Harrisonville, Missouri

June 23, 2017

(THIS PAGE LEFT INTENTIONALLY BLANK)



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, 2016. 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 \$990,905 or 3% during fiscal 2016 with an increase of \$346,715 in governmental activities and an increase of \$644,190 in business-type activities.
- Unrestricted net position increased \$625,306 from \$4,415,394 to \$5,040,700. Unrestricted Governmental Activities net position decreased from the prior year by \$53,828 and unrestricted Business-type Activities increased by \$679,134.
- Net governmental expenses of \$6,245,021 were \$346,715 less than the \$6,591,736 generated in taxes and other revenues for governmental programs. Street expenses of \$590,871 were offset by motor vehicles fees, motor fuel taxes and capital contributions of \$354,819 resulting in net street expenses of \$236,052. Business-type expenses of \$4,445,678 were offset by user charges and capital contributions of \$4,384,992 resulting in net expenses of \$60,686. Net Business-type expenses were \$644,190 less than the \$704,876 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, 2016, 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 2016.

Table A  
Combined Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
<b>Assets</b>						
Current and other assets						
Cash, other assets and deferred outflows	\$ 6,555,208	\$ 6,929,849	\$ 3,601,971	\$ 4,073,739	\$ 10,157,179	\$ 11,003,588
Total capital assets	18,943,952	19,304,520	21,696,204	22,457,441	40,640,156	41,761,961
Total assets and deferred outflows	\$ 25,499,160	\$ 26,234,369	\$ 25,298,175	\$ 26,531,180	\$ 50,797,335	\$ 52,765,549
<b>Liabilities</b>						
Current, other liabilities and deferred inflow						
Current, other liabilities and deferred inflow	\$ 795,257	\$ 1,292,461	\$ 1,366,176	\$ 1,231,346	\$ 2,161,433	\$ 2,523,807
Long-term liabilities	5,406,896	5,298,186	10,256,143	10,979,788	15,663,039	16,277,974
Total liabilities and deferred inflows	\$ 6,202,153	\$ 6,590,647	\$ 11,622,319	\$ 12,211,134	\$ 17,824,472	\$ 18,801,781
<b>Net Assets</b>						
Net Investment in Capital Assets						
Net Investment in Capital Assets	\$ 14,473,554	\$ 13,934,639	\$ 11,459,133	\$ 11,347,318	\$ 25,932,687	\$ 25,281,957
Restricted:						
Capital projects & other	2,272,584	3,275,503	80,443	169,818	2,353,027	3,445,321
Debt service	75,746	75,748	132,576	120,042	208,322	195,790
Unrestricted	2,475,123	2,357,832	2,003,704	2,682,868	4,478,827	5,040,700
Total net position	\$ 19,297,007	\$ 19,643,722	\$ 13,675,856	\$ 14,320,046	\$ 32,972,863	\$ 33,963,768

Total net position for the City at December 31, 2016, was \$33,963,768 with \$14,320,046 attributable to business-type activities and \$19,643,722 attributable to governmental activities.

At the end of fiscal 2016, the City had \$41,761,961 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 \$1,121,805 from fiscal 2015 and is primarily due to the capitalization grant for sewer interceptor construction in progress.

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 2015 and 2016 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 2015 reflecting marginal retail growth compared to the 4% increase from fiscal 2014 to fiscal 2015. Sales taxes are the largest general revenue source at 51% of revenue in the governmental funds.

Franchise and other taxes declined 8% from fiscal 2015 due to a warmer winter season and reduced telephone and cigarette sales. Franchise taxes are 21% of general revenue.

Property taxes and taxes paid in lieu of property taxes increased 10% in fiscal 2016. The increase is due to receipt of taxes paid under protest and a levy increase from .6778 to .6949 per \$100 of assessed valuation. Real estate assessed valuation increased 1% while personal property assessed valuation decreased 2.5%. Property taxes are 16% of revenue in the governmental funds.

**Business-type Activities:** Water and Sewer charges for services decreased 1% and operating expenses decreased 6%. Water rates were increased 3% and sewer rates were increased 1% to cover the cost of capital improvements. Although increased rates were implemented, a large manufacturer transferred out of the United States and another industry reduced their water and sewer requirements.

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

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2015	2016
	2015	2016	2015	2016	2015	2016
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Services	\$ 736,412	\$ 654,940	\$ 4,433,637	\$ 4,371,164	\$ 5,170,049	\$ 5,026,104
Operating Grants and Contributions	604,252	489,611	-	-	604,252	489,611
Capital Grants and Contributions	150,000	-	69,300	13,828	219,300	13,828
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	931,109	811,830	-	-	931,109	811,830
Property Taxes-specific purposes	212,716	233,790	-	-	212,716	233,790
Franchise Taxes	1,529,109	1,407,166	-	-	1,529,109	1,407,166
Sales Taxes	3,328,076	3,346,976	808,384	811,808	4,136,460	4,158,784
Paid in lieu of tax	-	215,476	-	-	-	215,476
Investment Earnings	25,174	16,743	276,798	264,778	301,972	281,521
Miscellaneous	178,095	68,320	39,733	57,541	217,828	125,861
<b>Total Revenues</b>	<b>7,694,943</b>	<b>7,244,852</b>	<b>5,627,852</b>	<b>5,519,119</b>	<b>13,322,795</b>	<b>12,763,971</b>
<b>Expenses</b>						
Governmental Activities:						
General Government	1,500,491	1,465,813	-	-	1,500,491	1,465,813
Municipal Court	120,886	120,981	-	-	120,886	120,981
Public transportation	145,130	45,158	-	-	145,130	45,158
Public safety	2,622,044	2,902,280	-	-	2,622,044	2,902,280
Animal control	135,893	130,657	-	-	135,893	130,657
Planning and zoning	118,383	118,063	-	-	118,383	118,063
Culture and recreation	1,908,511	1,805,101	-	-	1,908,511	1,805,101
Street	553,556	590,871	-	-	553,556	590,871
Interest on Long-term Debt	220,876	210,648	-	-	220,876	210,648
Business-type Activities	-	-	4,733,637	4,445,678	4,733,637	4,445,678
<b>Total Expenses</b>	<b>7,325,770</b>	<b>7,389,572</b>	<b>4,733,637</b>	<b>4,445,678</b>	<b>12,059,407</b>	<b>11,835,250</b>
<b>Change in net position before transfers</b>	<b>369,173</b>	<b>(144,720)</b>	<b>894,215</b>	<b>1,073,441</b>	<b>1,263,388</b>	<b>928,721</b>
<b>Transfers &amp; Gain (Loss) on Disposal of Assets</b>	<b>431,651</b>	<b>491,435</b>	<b>(426,760)</b>	<b>(429,251)</b>	<b>4,891</b>	<b>62,184</b>
<b>Change in net assets</b>	<b>800,824</b>	<b>346,715</b>	<b>467,455</b>	<b>644,190</b>	<b>1,268,279</b>	<b>990,905</b>
Net Position at beginning of year, as restated	18,496,183	19,297,007	13,208,401	13,675,856	31,704,584	32,972,863
<b>Net Position at end of year</b>	<b>\$ 19,297,007</b>	<b>\$ 19,643,722</b>	<b>\$ 13,675,856</b>	<b>\$ 14,320,046</b>	<b>\$ 32,972,863</b>	<b>\$ 33,963,768</b>

## 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 2016, the City of Nevada reported a combined fund balance of \$4,078,874 in the Governmental Funds, an increase of \$282,681 from the prior year. Of the total combined fund balance, \$716,730 or 18% is unassigned. This is the portion of fund balance which serves as a measure of current available financial resources.

The non-spendable and restricted fund balance of \$2,899,284 represents resources not available for spending or those on which legal restriction have been placed. Assigned funds of \$462,860 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 \$950,987, an increase of \$219,985 from the prior year. The increase is due to reduced costs for labor, public transportation and telephone and internet services. The fund balance is 79% unrestricted while the remaining 21% 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 \$1,473,103 which is a decrease of \$171,418 from the prior year. Street improvements and equipment replacements totaled \$892,430 compared to a cost of \$691,350 in fiscal 2015.

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 \$290,159 compared to the prior year fund balance of \$91,854. Revenues are 4% greater compared to fiscal 2015 and expenditures are 2% less than fiscal 2015.

Parks Construction Fund – The Parks Construction Fund is used to account for proceeds of the one-half cent Parks Sales Tax through December 31, 2015. 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 costs associated these services. The net position of the Water & Sewer Fund is \$14,320,046 and increased \$644,190 compared to the prior year. The net position is 20% unrestricted and 80% restricted for net investment in capital assets, inventory, prepaid items and debt service.

## General Fund Budgetary Highlights

No amendments were made to the original budget. The General Fund budgeted expenditures were \$5,418,049 and actual expenditures were \$5,021,609. Actual expenditures were \$396,440 less than budgeted due to position vacancies reduced expenditures for public transportation and administrative services.

Actual revenues were \$192,605 less than budgeted revenues. Three major categories where budget significantly varied from actual are as follows:

- Taxes (franchise) fell short by \$135,755
- Charges for services fell short by \$70,183
- Fee and fines fell short by 33,116.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City of Nevada's investment in capital assets for governmental and business-type activities for fiscal 2016 is \$41,761,961 net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress and represents an increase of \$1,121,805 or 3% from fiscal 2015. Major capital assets funded this year are as follows:

- Municipal Court software conversion \$35,519
- Neal Center roof replacement \$48,960
- Police and Fire vehicles \$216,200
- Street repairs and improvements \$559,403
- Parks vehicles and equipment \$109,490
- Public Works equipment and vehicles \$584,029
- Water and Sewer main improvements \$1,357,478

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 2016. Table C below shows the City's outstanding debt by type:

Table C  
Outstanding Debt

	Governmental		Business-type		Total	
	2015	2016	2015	2016	2015	2016
General obligation bonds	\$ 52,478	\$ 48,104	\$ -	\$ -	\$ 52,478	\$ 48,104
Certificates of participation	4,735,000	4,525,000	-	-	4,735,000	4,525,000
Sewerage revenue bonds	-	-	8,865,000	8,310,000	8,865,000	8,310,000
2015 SRF Loan	-	-	1,364,800	2,582,380	1,364,800	2,582,380
Notes payable	39,653	11,818	-	-	39,653	11,818
Capital leases	613,218	840,554	375,204	431,596	988,422	1,272,150
Compensated absences	170,246	163,318	877	1,241	171,123	164,559
<b>Total</b>	<b>\$ 5,610,595</b>	<b>\$ 5,588,794</b>	<b>10,605,881</b>	<b>11,325,217</b>	<b>\$ 16,216,476</b>	<b>\$ 16,914,011</b>

The City's debt and other liabilities for governmental activities decreased 0.3% in fiscal 2016 from \$5,610,595 to 5,588,794. There are \$352,729 additions to debt and \$367,602 debt retirements.

Debt for business-type activities increased \$718,972 or 7% due to completion of the sewer interceptor project and capital leases.

Primary government debt increased \$704,099 or 4%.

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

## **2016 BUDGET AND TAX RATES**

- The City's fiscal 2016 General Fund *budgeted* revenues were 2% more than fiscal 2015 budget while *budgeted* expenditures were 18% less than fiscal 2015. *Actual* revenues in the general fund decreased 5% compared to fiscal 2015 *actual* revenues. *Actual* expenditures decreased 15% compared to fiscal 2015.
- 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 revenue increased 1%.
- The City's property tax levies increased from \$0.8778 to \$0.8949 per \$100 of assessed valuation. The levy is comprised of two components: General Revenue levy of \$0.6949 and Library levy of \$0.2000. The Parks and Recreation levy was rolled back to zero in favor of a permanent parks sales tax beginning fiscal 2015.

## **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, 2016

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Pooled cash and investments	\$ 3,611,888	\$ 2,078,300	\$ 5,690,188
Cash and investments-restricted	82,576	1,070,650	1,153,226
Taxes receivable, net	488,969	73,101	562,070
Accounts receivable	100,061	487,314	587,375
Special assessments receivable	37,412	-	37,412
Bond discount, net of amortization	55,891	-	55,891
Inventories	42,513	137,892	180,405
Prepaid expenses	178,789	31,926	210,715
Net pension asset	467,184	17,720	484,904
Capital assets:			
Land, improvements, and construction in progress	777,914	133,475	911,389
Buildings	12,083,952	19,409,251	31,493,203
Plant, structure, and lines	-	13,900,489	13,900,489
Equipment and vehicles	5,077,254	3,378,841	8,456,095
Software	314,836	-	314,836
Infrastructure	10,846,570	-	10,846,570
Less: accumulated depreciation	<u>(9,796,006)</u>	<u>(14,364,615)</u>	<u>(24,160,621)</u>
Total capital assets	<u>19,304,520</u>	<u>22,457,441</u>	<u>41,761,961</u>
Total assets	<u>24,369,803</u>	<u>26,354,344</u>	<u>50,724,147</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	<u>1,864,566</u>	<u>176,836</u>	<u>2,041,402</u>
Total assets and deferred outflows of resources	<u>26,234,369</u>	<u>26,531,180</u>	<u>52,765,549</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	188,063	110,177	298,240
Salaries and benefits payable	116,102	8,132	124,234
Liabilities payable from restricted assets	16,295	236,190	252,485
Due to other governments	-	7,439	7,439
Long-term liabilities:			
Due within one year:			
Bond premium, net of amortization	-	12,804	12,804
Bonds, capital leases, and contracts	448,361	667,448	1,115,809
Compensated absences	40,118	1,241	41,359
Accrued interest	26,398	182,978	209,376
Due in more than one year:			
Bonds, capital leases, and contracts	4,977,115	10,656,528	15,633,643
Bond premium, net of amortization	-	140,844	140,844
Compensated absences	123,200	-	123,200
OPEB	197,871	-	197,871
Post closure costs	-	182,416	182,416
Total liabilities	<u>6,133,523</u>	<u>12,206,197</u>	<u>18,339,720</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	142,874	-	142,874
Pension	<u>314,250</u>	<u>4,937</u>	<u>319,187</u>
Total deferred inflows of resources	<u>457,124</u>	<u>4,937</u>	<u>462,061</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,934,639	11,347,318	25,281,957
Reserved for prepaid items	178,789	31,926	210,715
Reserved for inventories	42,513	137,892	180,405
Restricted for:			
Parks and recreation	268,660	-	268,660
Library	-	-	-
Airport	15,879	-	15,879
Capital projects	1,143,382	-	1,143,382
Debt service	75,748	120,042	195,790
Street	1,415,438	-	1,415,438
Economic development	189,020	-	189,020
Police and court	21,822	-	21,822
Unrestricted	<u>2,357,832</u>	<u>2,682,868</u>	<u>5,040,700</u>
Total net position	<u>\$ 19,643,722</u>	<u>\$ 14,320,046</u>	<u>\$ 33,963,768</u>
Total liabilities, deferred inflows, and net position	<u>\$ 26,234,369</u>	<u>\$ 26,531,180</u>	<u>\$ 52,765,549</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities	Total
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 1,462,100	\$ 236,058	19,414	\$ -	\$ (1,206,628)	\$ (1,206,628)
Public transportation	45,158	-	23,413	-	(21,745)	(21,745)
Public safety	2,902,280	11,415	91,965	-	(2,798,900)	(2,798,900)
Emergency management	3,713	-	-	-	(3,713)	(3,713)
Municipal court	120,981	90,571	-	-	(30,410)	(30,410)
Animal control	130,657	3,541	-	-	(127,116)	(127,116)
Planning and zoning	118,063	4,316	-	-	(113,747)	(113,747)
Culture and recreation	1,805,101	309,039	-	-	(1,496,062)	(1,496,062)
Street	590,871	-	354,819	-	(236,052)	(236,052)
Interest on long-term debt	210,648	-	-	-	(210,648)	(210,648)
<b>Total governmental activities</b>	<b>7,389,572</b>	<b>654,940</b>	<b>489,611</b>	<b>-</b>	<b>(6,245,021)</b>	<b>(6,245,021)</b>
<b>Business-type activities:</b>						
Water and sewer	4,445,678	4,371,164	-	13,828	(60,686)	(60,686)
Landfill	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>4,445,678</b>	<b>4,371,164</b>	<b>-</b>	<b>13,828</b>	<b>(60,686)</b>	<b>(60,686)</b>
<b>Total primary government</b>	<b>\$ 11,835,250</b>	<b>\$ 5,026,104</b>	<b>\$ 489,611</b>	<b>\$ 13,828</b>	<b>(6,245,021)</b>	<b>(6,305,707)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					811,830	811,830
Property taxes, levied for specific purposes					233,790	233,790
Franchise taxes and other taxes					1,407,166	1,407,166
Sales taxes					3,346,976	4,168,784
Paid in lieu of tax					215,476	215,476
Investment earnings					16,743	16,743
Miscellaneous					68,320	68,320
Gain (loss) on disposal of assets					32,190	32,190
Transfers					29,894	29,894
Total general revenues and transfers					459,245	459,245
Change in net position					704,876	704,876
Net position - beginning					644,190	644,190
Net position - ending					13,675,856	32,972,863
					\$ 14,320,046	\$ 33,963,768

See accompanying notes.

CITY OF NEVADA, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks Fund</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 679,542	\$ 1,394,486	\$ 235,460
Cash and investments-restricted	82,576	-	-
Taxes receivable, net	331,128	73,101	78,240
Due from other funds	-	-	-
Special assessments receivable	-	-	-
Other receivables	63,661	28,253	7,297
Inventories	-	42,513	-
Prepays	<u>109,280</u>	<u>15,152</u>	<u>21,499</u>
Total assets	<u>\$ 1,266,187</u>	<u>\$ 1,553,505</u>	<u>\$ 342,496</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 92,112	\$ 71,865	\$ 20,188
Salaries and benefits payable	95,827	8,537	11,738
Due to other funds	-	-	20,011
Payable from restricted assets	15,895	-	-
Other liabilities	<u>-</u>	<u>-</u>	<u>400</u>
Total liabilities	<u>203,834</u>	<u>80,402</u>	<u>52,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advances of property taxes	<u>111,366</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepays	109,280	15,152	21,499
Inventories	-	42,513	-
Restricted:			
Capital projects	-	-	-
Parks and recreation	-	-	268,129
Airport	-	-	-
Debt service	75,748	-	-
Street	-	1,060,710	-
Economic development	-	-	-
Police and court	6,828	-	-
Assigned to,			
Capital projects	10,893	354,728	531
Unassigned	<u>748,238</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>950,987</u>	<u>1,473,103</u>	<u>290,159</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,266,187</u>	<u>\$ 1,553,505</u>	<u>\$ 342,496</u>

See accompanying notes.

Parks Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 275,299	\$ 1,027,101	\$ 3,611,888
-	-	82,576
-	6,500	488,969
-	20,011	20,011
-	37,412	37,412
-	850	100,061
-	-	42,513
-	32,858	178,789
<u>\$ 275,299</u>	<u>\$ 1,124,732</u>	<u>\$ 4,562,219</u>
-	-	-
-	3,898	188,063
-	-	116,102
-	-	20,011
-	-	15,895
-	-	400
-	3,898	340,471
-	-	-
-	31,508	142,874
-	-	-
-	32,858	178,789
-	-	42,513
225,299	853,900	1,079,199
-	-	268,129
-	15,879	15,879
-	-	75,748
-	-	1,060,710
-	156,495	156,495
-	14,994	21,822
50,000	46,708	462,860
-	(31,508)	716,730
<u>275,299</u>	<u>1,089,326</u>	<u>4,078,874</u>
<u>\$ 275,299</u>	<u>\$ 1,124,732</u>	<u>\$ 4,562,219</u>

See accompanying notes.

**CITY OF NEVADA, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

Fund balances - total governmental funds \$ 4,078,874

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. 19,304,520

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	55,891
Net pension asset	467,184
	523,075

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (26,398)

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	(314,250)
Outflows	1,864,566
	1,550,316

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	(5,425,476)
Compensated absences	(163,318)
OPEB	(197,871)
	(5,786,665)

Net Position of Governmental Activities in the Statement of Net Position \$ 19,643,722

See accompanying notes.

(THIS PAGE LEFT INTENTIONALLY BLANK)

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks Fund</u>
<b>REVENUES</b>			
Taxes	\$ 3,781,867	\$ 814,307	\$ 872,756
Licenses and permits	104,057	-	-
Intergovernmental	128,487	354,819	5,625
Charges for services	132,217	-	309,039
Fees and fines	104,884	-	-
Investment earnings	2,276	9,367	293
Paid in lieu of tax	215,476	-	-
Other	48,707	454	1,079
	<u>4,517,971</u>	<u>1,178,947</u>	<u>1,188,792</u>
Total revenues			
<b>EXPENDITURES</b>			
General government	1,219,517	-	-
Municipal court	120,981	-	-
Public transportation	45,158	-	-
Public safety	2,506,436	-	-
Emergency management	3,713	-	-
Animal control	130,657	-	-
Planning and zoning	118,063	-	-
Culture and recreation	-	-	1,060,715
Street	-	423,443	-
Capital outlay	369,066	892,430	110,046
Debt service:			
Principal	308,434	11,835	14,828
Interest and other charges	199,584	894	1,104
	<u>5,021,609</u>	<u>1,328,602</u>	<u>1,186,693</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(503,638)</u>	<u>(149,655)</u>	<u>2,099</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from capital lease	244,443	-	108,286
Sale of assets	36,687	21,867	25,820
Transfers in	541,855	15,056	62,100
Transfers out	(99,362)	(58,686)	-
	<u>723,623</u>	<u>(21,763)</u>	<u>196,206</u>
Total other financing sources and uses			
Net change in fund balances	219,985	(171,418)	198,305
Fund balances - beginning	<u>731,002</u>	<u>1,644,521</u>	<u>91,854</u>
Fund balances - ending	<u>\$ 950,987</u>	<u>\$ 1,473,103</u>	<u>\$ 290,159</u>

See accompanying notes.

Parks Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 330,832	\$ 5,799,762
-	-	104,057
-	680	489,611
-	4,743	445,999
-	-	104,884
-	4,807	16,743
-	-	215,476
-	18,080	68,320
-	359,142	7,244,852
-	1,495	1,221,012
-	-	120,981
-	-	45,158
-	-	2,506,436
-	-	3,713
-	-	130,657
-	-	118,063
-	283,751	1,344,466
-	-	423,443
-	1,351	1,372,893
-	32,209	367,306
-	2,809	204,391
-	321,615	7,858,519
-	37,527	(613,667)
-	-	352,729
-	-	84,374
-	28,565	647,576
-	(30,283)	(188,331)
-	(1,718)	896,348
-	35,809	282,681
275,299	1,053,517	3,796,193
<u>\$ 275,299</u>	<u>\$ 1,089,326</u>	<u>\$ 4,078,874</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, 2016**

Net change in fund balances - total governmental funds: \$ 282,681

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	1,372,893
Assets capitalized not in capital outlay	70,353
Loss on disposal of assets	(52,184)
Depreciation expense	(1,030,198)
	360,864

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	(352,729)
Repayment of principal	367,306
	14,577

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	(3,726)
	(3,726)

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	(17,602)
Accrued interest not reflected on governmental funds	(2,531)
Pension expense	(294,476)
Compensated absences	6,928
	(307,681)

Change in net assets of governmental activities \$ 346,715

See accompanying notes.

**CITY OF NEVADA, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	<b>Water and Sewer</b>	<b>Landfill</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Pooled cash and investments	\$ 2,053,125	\$ 25,175	\$ 2,078,300
Cash and investments-restricted	1,070,650	-	1,070,650
Receivables:			
Billed	220,537	50	220,587
Unbilled	266,727	-	266,727
Other receivables	73,101	-	73,101
Inventories	137,892	-	137,892
Prepaid expenses	<u>31,926</u>	-	<u>31,926</u>
Total current assets	<u>3,853,958</u>	<u>25,225</u>	<u>3,879,183</u>
Non-current assets:			
Net pension asset	17,720	-	17,720
Capital assets:			
Construction in progress	43,692	-	43,692
Land and improvements	89,783	-	89,783
Improvements other than buildings	13,900,489	-	13,900,489
Buildings	19,409,251	-	19,409,251
Equipment and vehicles	<u>3,378,841</u>	-	<u>3,378,841</u>
Total capital assets at cost	36,822,056	-	36,822,056
Less accumulated depreciation	<u>(14,364,615)</u>	-	<u>(14,364,615)</u>
Capital assets, net	<u>22,457,441</u>	-	<u>22,457,441</u>
Total non-current assets	<u>22,475,161</u>	-	<u>22,475,161</u>
Total assets	<u>26,329,119</u>	<u>25,225</u>	<u>26,354,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	<u>176,836</u>	-	<u>176,836</u>
Total assets and deferred outflows of resources	<u>26,505,955</u>	<u>25,225</u>	<u>26,531,180</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	110,177	-	110,177
Salaries and benefits payable	8,132	-	8,132
Accrued interest payable	182,978	-	182,978
Due to other governments	7,439	-	7,439
Customer deposits	236,190	-	236,190
Other payables	-	-	-
Deferred revenue	-	-	-
Bond premium, net of amortization	12,804	-	12,804
Compensated absences	1,241	-	1,241
Capital lease obligation	102,448	-	102,448
Bonds, notes, and loans payable	<u>565,000</u>	-	<u>565,000</u>
Total current liabilities	1,226,409	-	1,226,409
Non-current liabilities:			
Bond premium, net of amortization	140,844	-	140,844
Capital lease obligation	329,148	-	329,148
Post closure costs	-	182,416	182,416
Bonds, notes, and loans payable	<u>10,327,380</u>	-	<u>10,327,380</u>
Total non-current liabilities	<u>10,797,372</u>	<u>182,416</u>	<u>10,979,788</u>
Total liabilities	<u>12,023,781</u>	<u>182,416</u>	<u>12,206,197</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	<u>4,937</u>	-	<u>4,937</u>
<b>NET POSITION:</b>			
Net investment in capital assets	11,347,318	-	11,347,318
Restricted for inventory and prepaid items	169,818	-	169,818
Restricted for debt service	120,042	-	120,042
Unrestricted	<u>2,840,059</u>	<u>(157,191)</u>	<u>2,682,868</u>
Total net position	<u>14,477,237</u>	<u>(157,191)</u>	<u>14,320,046</u>
 Total liabilities, deferred inflows, and net position	 <u>\$ 26,505,955</u>	 <u>\$ 25,225</u>	 <u>\$ 26,531,180</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, 2016

	<u>Water and Sewer</u>	<u>Landfill</u>	<u>Total</u>
<b>REVENUES,</b>			
Charges for services	\$ 4,371,164	\$ -	\$ 4,371,164
<b>OPERATING EXPENSES:</b>			
Personnel services	384,645	-	384,645
Contractual services	1,672,460	-	1,672,460
Materials and supplies	35,223	-	35,223
Maintenance and repairs	177,245	-	177,245
Insurance	67,264	-	67,264
Utilities	311,683	-	311,683
Depreciation and amortization	867,182	-	867,182
Administration	123,536	-	123,536
	<u>3,639,238</u>	<u>-</u>	<u>3,639,238</u>
Operating gain (loss)	<u>731,926</u>	<u>-</u>	<u>731,926</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	264,778	-	264,778
Miscellaneous income	40,582	16,959	57,541
Sales tax	811,808	-	811,808
Inventory from contractors	93,306	-	93,306
Interest expense	(452,574)	-	(452,574)
Franchise tax	(272,202)	-	(272,202)
Payments in lieu of tax	(174,970)	-	(174,970)
Gain on disposal of assets	29,994	-	29,994
	<u>340,722</u>	<u>16,959</u>	<u>357,681</u>
Non-Operating gain	<u>340,722</u>	<u>16,959</u>	<u>357,681</u>
Net income before transfers and capital contributions	<u>1,072,648</u>	<u>16,959</u>	<u>1,089,607</u>
Capital contributions	<u>13,828</u>	<u>-</u>	<u>13,828</u>
Transfers in	11,541	-	11,541
Transfers out	(470,786)	-	(470,786)
	<u>(459,245)</u>	<u>-</u>	<u>(459,245)</u>
Increase in net position	<u>627,231</u>	<u>16,959</u>	<u>644,190</u>
Total net position - beginning	<u>13,850,006</u>	<u>(174,150)</u>	<u>13,675,856</u>
Total net position - ending	<u>\$ 14,477,237</u>	<u>\$ (157,191)</u>	<u>\$ 14,320,046</u>

See accompanying notes.

CITY OF NEVADA, MISSOURI  
STATEMENT OF CASH FLOWS -- PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from customers	\$ 4,359,761	\$ -	\$ 4,359,761
Payments to employees and fringe benefits	(395,655)	-	(395,655)
Payments for operations	(2,594,673)	-	(2,594,673)
Other receipts (payments)	<u>565,727</u>	<u>954</u>	<u>566,681</u>
Net cash provided by operating activities	<u>1,935,160</u>	<u>954</u>	<u>1,936,114</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES,			
Net transfers to other funds	<u>(459,245)</u>	<u>-</u>	<u>(459,245)</u>
Net cash used by noncapital financing activities	<u>(459,245)</u>	<u>-</u>	<u>(459,245)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions received	13,828	-	13,828
Proceeds from capital debt	1,439,087	-	1,439,087
Proceeds from sale of capital assets	23,435	-	23,435
Acquisition and construction of capital assets	(1,642,473)	-	(1,642,473)
Principal paid on capital debt and leases	(720,115)	-	(720,115)
Interest paid on capital debt and leases	<u>(469,909)</u>	<u>-</u>	<u>(469,909)</u>
Net cash used by capital and related financing activities	<u>(1,356,147)</u>	<u>-</u>	<u>(1,356,147)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,			
Investment income	<u>264,778</u>	<u>-</u>	<u>264,778</u>
Net cash provided by investing activities	<u>264,778</u>	<u>-</u>	<u>264,778</u>
Net increase in cash and cash equivalents	384,546	954	385,500
Cash and cash equivalents, beginning of year	<u>2,739,229</u>	<u>24,221</u>	<u>2,763,450</u>
Cash and cash equivalents, end of year	<u>\$ 3,123,775</u>	<u>\$ 25,175</u>	<u>\$ 3,148,950</u>
Reconciliation of operating income (loss) to net cash provided by operating activities,			
Operating income (loss)	\$ 731,926	\$ -	\$ 731,926
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	867,182	-	867,182
Miscellaneous nonoperating income	-	16,959	16,959
Sales tax and miscellaneous nonoperating revenues	529,768	-	529,768
Changes in assets and liabilities:			
Receivables, net	(11,403)	354	(11,049)
Pensions	(9,249)	-	(9,249)
Deferred inflows	-	(7,100)	(7,100)
Inventories	(87,819)	-	(87,819)
Prepaid items	(1,586)	-	(1,586)
Accounts payable and accrued liabilities	(119,982)	-	(119,982)
Post closure costs	-	(9,259)	(9,259)
Meter deposits	35,959	-	35,959
Compensated absences	<u>364</u>	<u>-</u>	<u>364</u>
Total adjustments	<u>1,203,234</u>	<u>954</u>	<u>1,204,188</u>
Net cash provided by operating activities	<u>\$ 1,935,160</u>	<u>\$ 954</u>	<u>\$ 1,936,114</u>

See accompanying notes.

(THIS PAGE LEFT INTENTIONALLY BLANK)

## 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. *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. 77, *Tax Abatement Disclosures*, in the current year. See Note 24 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 Parks 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: 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.

*Nonspendable* – This classification reflects the amounts of resources that cannot be spent. Examples of nonspendable resources are inventory and prepaids.

*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, 2016, 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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as outflow of resources, or expense/expenditure, until then.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources, until then.

## 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, 2016. 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. Short-term amounts owed between funds are classified as Due to/from other funds.

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.

Prepaid Items: Prepaid items consist of expenditures paid in the current year but will be used in the follow year(s).

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, 2016, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$1,967, \$1,160,312, and \$4,534,739, 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, 2016, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money Market	\$ 1,146,396	\$ 1,146,396	NA

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates 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, 2016, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Investment type, Money market	<u>\$ 1,146,396</u>	<u>\$ 1,146,396</u>	<u>\$ -</u>	<u>\$ -</u>

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 the 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, 2016, the carrying value of deposits and investments are summarized as follows:

Investments, Money markets		\$ <u>1,146,396</u>
Certificates of deposit		4,534,739
Cash on hand		1,967
Deposits		<u>1,160,312</u>
		<u>5,697,018</u>
Total		<u>\$ 6,843,414</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		\$ 5,690,188
Restricted cash		<u>1,153,226</u>
Total		<u>\$ 6,843,414</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 \$18,151 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, 2016, consisted of the following:

	Balance <u>1/1/2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 732,429	\$ -	\$ -	\$ 732,429
Construction in progress	43,491	1,994	-	45,485
Total capital assets not being depreciated	<u>775,920</u>	<u>1,994</u>	<u>-</u>	<u>777,914</u>
Capital assets being depreciated:				
Buildings	12,037,214	48,960	2,222	12,083,952
Equipment and vehicles	5,193,016	757,622	873,384	5,077,254
Software	285,088	29,748	-	314,836
Infrastructure	10,241,944	604,626	-	10,846,570
Total capital assets being depreciated	<u>27,757,262</u>	<u>1,440,956</u>	<u>875,606</u>	<u>28,322,612</u>
Less accumulated depreciation:				
Buildings	3,276,941	284,284	-	3,561,225
Equipment and vehicles	3,838,338	346,587	823,422	3,361,503
Software	279,114	7,119	-	286,233
Infrastructure	2,194,837	392,208	-	2,587,045
Total accumulated depreciation	<u>9,589,230</u>	<u>1,030,198</u>	<u>823,422</u>	<u>9,796,006</u>
Total capital assets being depreciated, net	<u>18,168,032</u>	<u>410,758</u>	<u>52,184</u>	<u>18,526,606</u>
Governmental activities capital assets, net	<u>\$ 18,943,952</u>	<u>\$ 412,752</u>	<u>\$ 52,184</u>	<u>\$ 19,304,520</u>

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

Government activities:	
General government	\$ 141,078
Police	119,806
Fire	119,925
Culture and recreation	255,638
Airport	202,425
Street	<u>191,326</u>
Total depreciation expense, governmental	<u>\$ 1,030,198</u>

**CITY OF NEVADA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended December 31, 2016, consisted of the following (Continued):

	<u>Balance</u> <u>1/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	<u>1,492,869</u>	<u>13,830</u>	<u>1,463,007</u>	<u>43,692</u>
Total capital assets not being depreciated	<u>1,582,652</u>	<u>13,830</u>	<u>1,463,007</u>	<u>133,475</u>
Capital assets being depreciated:				
Buildings	19,344,711	64,540	-	19,409,251
Equipment and vehicles	3,173,661	359,437	154,257	3,378,841
Plant, structure, & lines	<u>11,232,816</u>	<u>2,667,673</u>	<u>-</u>	<u>13,900,489</u>
Total capital assets being depreciated	<u>33,751,188</u>	<u>3,091,650</u>	<u>154,257</u>	<u>36,688,581</u>
Less accumulated depreciation,				
Water and sewer	<u>13,637,636</u>	<u>879,986</u>	<u>153,007</u>	<u>14,364,615</u>
Total accumulated depreciation	<u>13,637,636</u>	<u>879,986</u>	<u>153,007</u>	<u>14,364,615</u>
Total capital assets being depreciated, net	<u>20,113,552</u>	<u>2,211,664</u>	<u>1,250</u>	<u>22,323,966</u>
Business-type activities capital assets, net	<u>\$ 21,696,204</u>	<u>\$ 2,225,494</u>	<u>\$ 1,464,257</u>	<u>\$ 22,457,441</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](http://www.molagers.org).

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

	<u>2016 Valuation</u>
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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	50
Active employees	68
	207

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 10.4% General, 11.4% Police, and 6.1% Fire of annual covered payroll.

Net Pension Liability: The employer's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

Actuarial assumptions: The total pension liability in the February 29, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%

Mortality rates were based on the PR-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year 2006.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	51.75%	4.81%
Fixed Income	26.75%	0.67%
Real Assets	21.50%	3.42%

**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 6/30/2015	\$ 15,179,402	\$ 16,837,989	\$ (1,658,587)
Changes for the year:			
Service Cost	283,533	-	283,533
Interest	1,078,667	-	1,078,667
Difference between expected and actual experience	(324,977)	-	(324,977)
Changes in assumptions	446,730	-	446,730
Contributions - employer	-	291,950	(291,950)
Contributions - employee	-	-	-
Net investment income	-	(46,138)	46,138
Benefit payments, including refunds	(896,720)	(896,720)	-
Administrative expense	-	(16,314)	16,314
Other changes	-	(74,381)	74,381
Net changes	587,233	(741,603)	1,328,836
Balances at 6/30/2016	\$ 15,766,635	\$ 16,096,386	\$ (329,751)

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)	\$ 17,953,029	\$ 15,766,635	\$ 13,973,446
Plan Fiduciary Net Position	16,096,386	16,096,386	16,096,386
Net Position Liability/(Asset) (NPL)	\$ 1,856,643	\$ (329,751)	\$ (2,122,940)

**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, 2016, the employer recognized pension expense of \$740,796. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 41,844	\$ (319,187)
Differences in assumptions	331,621	-
Excess (deficit) investment returns	1,532,690	-
Contributions subsequent to the measurement date*	135,247	-
Total	<u>\$ 2,041,402</u>	<u>\$ (319,187)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2017.

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>
2017	\$ 483,886
2018	459,670
2019	422,367
2020	223,561
2021	(2,516)
	<u>\$ 1,586,968</u>

**Payable/Asset to the Pension Plan**

At December 31, 2016, the City reported an asset of \$ 484,904 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

**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, 2016, consisted of the following:

Governmental Activities					
	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Bonds payable	\$ 52,478	\$ -	\$ 4,374	\$ 48,104	\$ 4,540
Certificates of participation	4,735,000	-	210,000	4,525,000	220,000
Notes payable	39,653	-	27,835	11,818	11,818
Capital leases	<u>613,218</u>	<u>352,729</u>	<u>125,393</u>	<u>840,554</u>	<u>212,003</u>
	<u>5,440,349</u>	<u>352,729</u>	<u>367,602</u>	<u>5,425,476</u>	<u>448,361</u>
Other liabilities, Compensated absences *	<u>170,246</u>	<u>35,311</u>	<u>42,239</u>	<u>163,318</u>	<u>40,118</u>
	<u>\$ 5,610,595</u>	<u>\$ 388,040</u>	<u>\$ 409,841</u>	<u>\$ 5,588,794</u>	<u>\$ 488,479</u>
Business-Type Activities					
	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Revenue bonds	\$ 8,865,000	\$ -	\$ 555,000	\$ 8,310,000	\$ 565,000
2015 SRF Loan	1,364,800	1,273,580	56,000	2,582,380	-
Capital leases	<u>375,204</u>	<u>165,507</u>	<u>109,115</u>	<u>431,596</u>	<u>102,448</u>
	<u>10,605,004</u>	<u>1,439,087</u>	<u>720,115</u>	<u>11,323,976</u>	<u>667,448</u>
Other liabilities, Compensated absences	<u>877</u>	<u>1,241</u>	<u>877</u>	<u>1,241</u>	<u>1,241</u>
	<u>\$ 10,605,881</u>	<u>\$ 1,440,328</u>	<u>\$ 720,992</u>	<u>\$ 11,325,217</u>	<u>\$ 668,689</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, 2016, 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%	\$ 48,104
\$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%	3,345,000
\$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%	855,000
\$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%	11,818
Total governmental funds	<u>\$ 4,584,922</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>\$ 8,310,000</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>2,582,380</u>
Total proprietary fund	<u><u>\$ 10,892,380</u></u>

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

Years ending December 31,	Principal	Interest	NID Bonds
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	5,300	1,142	6,442
2022-2025	23,541	2,351	25,892
	<u>\$ 48,104</u>	<u>\$ 9,998</u>	<u>\$ 58,102</u>
Years ending December 31,	Principal	Interest	Certificates of Participation
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	245,000	156,886	401,886
2022-2026	1,360,000	646,860	2,006,860
2027-2031	1,680,000	328,663	2,008,663
2032-2033	325,000	22,825	347,825
	<u>\$ 4,525,000</u>	<u>\$ 1,848,474</u>	<u>\$ 6,373,474</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>
2017	\$ <u>11,818</u>	\$ <u>80</u>	\$ <u>11,898</u>
<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Water/Sewer Revenue Bonds</u>
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	610,000	266,799	876,799
2022-2026	3,255,000	898,429	4,153,429
2027-2029	<u>2,130,000</u>	<u>150,690</u>	<u>2,280,690</u>
	<u>\$ 8,310,000</u>	<u>\$ 2,637,450</u>	<u>\$ 10,947,450</u>

The 2015 SRF loan project has not yet been completed as of December 31, 2016. 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, 2016, the City was in compliance with the requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the sewer fund for the year ended December 31, 2016.

**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:

Asset	
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 public works equipment	248,138
2016 parks mower	14,375
Court software	35,225
5 police vehicles	165,550
Fire pickup truck	43,668
Parks vehicle	43,602
John Deere fairway mower	50,309
Dump truck, loader, crawler	165,508
Total assets acquired	\$ 1,795,024

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2016, are as follows:

Years Ending December 31,	
2017	\$ 337,796
2018	299,158
2019	298,537
2020	241,761
2021	156,407
	1,333,659
Less: amount representing interest	61,509
Present value of future minimum lease payments	\$ 1,272,150

**CITY OF NEVADA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

8. RESTRICTED CASH:

Restricted cash and investments at December 31, 2016, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Total</u>
Municipal court	\$ 6,828	\$ -	\$ 6,828
Reserve for debt service	<u>75,748</u>	<u>1,070,650</u>	<u>1,146,398</u>
	<u>\$ 82,576</u>	<u>\$ 1,070,650</u>	<u>\$ 1,153,226</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, 2016, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Water &amp; Sewer Fund</u>
Property	\$ 763,150	\$ 220,122	\$ -
Railroad	48,680	14,011	-
Franchise	1,346,217	-	-
Cigarette	-	60,949	-
City Sales	1,623,820	-	-
Capital Improvement Sales	-	-	811,808
Park Sales	-	811,807	-
Transportation Sales	-	811,807	-
Occupancy	<u>-</u>	<u>99,200</u>	<u>-</u>
	<u>\$ 3,781,867</u>	<u>\$ 2,017,896</u>	<u>\$ 811,808</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, 2016, was as follows:

Real estate	\$	70,419,887
Personal property		<u>26,536,401</u>
	\$	<u>96,956,288</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2016 was as follows:

General Fund	\$	0.6949
Library		<u>0.2000</u>
	\$	<u>0.8949</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, 2016, were as follows:

	<u>Receivable</u>	<u>Payable</u>
Special Revenue Funds:		
Special Projects	\$ 20,011	\$ -
Park	<u>-</u>	<u>20,011</u>
	<u>\$ 20,011</u>	<u>\$ 20,011</u>

**CITY OF NEVADA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

11. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended December 31, 2016, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 541,855	\$ 99,362
Special Revenue Funds:		
Street	15,056	58,686
Tourism	-	30,283
Parks	62,100	-
Airport	28,565	-
Proprietary Fund, Water and sewer	<u>11,541</u>	<u>470,786</u>
	<u>\$ 659,117</u>	<u>\$ 659,117</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, 2016, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Federal:		
US Department of Justice:		
Stop Violence Against Women	\$ 34,422	\$ -
Bullet Proof Vest Grant	2,315	-
US Department of Transportation:		
HMV Enforcement	3,846	-
DWI Enforcement	3,604	-
US Department of Homeland Security,		
Law Enforcement Terrorism Prevention Activities	15,435	-
Missouri Law Enforcement	38,101	-
State:		
Department of Revenue:		
Motor Vehicle Fuel Tax	-	332,798
Motor Vehicle Fees	-	22,021
Taxi Grant	28,093	-
Other State Grants	<u>2,671</u>	<u>6,305</u>
	<u>\$ 128,487</u>	<u>\$ 361,124</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, 2016.

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 \$7,438 of construction commitments at December 31, 2016.

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	\$ 41,761,961
Total debt	(16,903,396)
Bond discounts	55,891
Unspent bond proceeds	<u>367,501</u>
Net investment in capital assets	<u>\$ 25,281,957</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 \$10,947,450. Principal and interest paid for the current year is \$944,526.

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, 2016, amounted to \$4,525,000. 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 \$396,379.

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, 2016, is \$182,416.

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, 2016, 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. In January 2016 the agreement was amended and extended 5 years, compensation under the amended agreement shall be \$1,631,706 annually, with an allowable reimbursement amount of \$166,000 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	\$ 15,820
Amortization of unfunded actuarial accrued liability	<u>11,574</u>
Annual required contribution (ARC)	27,394
Interest on net OPEB obligation	7,780
Adjustment to annual required contribution	<u>(10,572)</u>
	<u>(2,792)</u>
Annual OPEB cost	24,602
Balance at December 31, 2015	180,269
Contributions made, Net employer contributions	<u>7,000</u>
Net OPEB obligation, December 31, 2016	<u><u>\$ 197,871</u></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, 2016, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 36,133	36.0%	\$ 155,136
2015	\$ 35,815	30.0%	\$ 180,269
2016	\$ 24,602	28.1%	\$ 197,871

*Funded Status and Funding Progress*

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$184,431. 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 \$2,744,561, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 6.7%.

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, 2015, 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% grading down to an ultimate rate of 5% over six years. 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. TAX ABATEMENTS:

The City enters into property tax abatement agreements pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri, as amended to purchase, construct, extend, equip and improve certain projects and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporation for manufacturing, commercial, research and development, office industry, warehousing and industrial development purposes upon such terms and conditions as the City shall deem advisable.

For the year ended December 31, 2016, the City had agreements for abated property taxes totaling \$49,561 under this program. A 100% tax abatement was provided for a company to purchase equipment. Under the agreement the company has agreed to pay 25% in PILOT taxes which amounted to \$12,556 for the year ended December 31, 2016. The net effect is a property tax abatement of \$37,005.

25. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through June 23, 2017 the date which the financial statements were available to be issued.

(THIS PAGE LEFT INTENTIONALLY BLANK)

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

**Schedule of Changes in Net Pension (Asset) Liability and Related Ratios  
Last 2 Fiscal Years**

*Fiscal year ending June 30,*

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 283,533	\$ 287,548
Interest on the Total Pension Liability	1,078,667	1,047,094
Benefit Changes	-	-
Difference between expected and actual experience	(324,977)	(1,079)
Assumption Changes	446,730	-
Benefit Payments	(896,720)	(895,495)
Refunds	-	-
<b>Net Change in Total Pension Liability</b>	<u>587,233</u>	<u>438,068</u>
<b>Total Pension Liability beginning</b>	<u>15,179,402</u>	<u>14,741,334</u>
<b>Total Pension Liability ending</b>	<u>\$ 15,766,635</u>	<u>\$ 15,179,402</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 291,950	\$ 292,173
Contributions-employee	-	18,290
Pension Plan Net Investment income	(46,138)	329,923
Benefit Payments	(896,720)	(895,495)
Refunds	-	-
Pension Plan Administrative expense	(16,314)	(17,988)
Other	(74,381)	(248,478)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(741,603)</u>	<u>(521,575)</u>
<b>Plan Fiduciary Net Position beginning</b>	<u>16,837,989</u>	<u>17,359,564</u>
<b>Plan Fiduciary Net Position ending</b>	<u>\$ 16,096,386</u>	<u>\$ 16,837,989</u>
 <b>Employer Net Pension (Asset) Liability</b>	 <u>\$ (329,751)</u>	 <u>\$ (1,658,587)</u>
 <b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	 102.09%	 110.93%
 <b>Covered Employee Payroll</b>	 \$2,739,663	 \$2,777,752
<b>Employer's Net Pension (Asset) Liability as a percentage of covered employee payroll</b>	 -12.04%	 -59.71%

**Notes to schedule:**

Only the 2015 and 2016 years are 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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 271,957	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513	\$ 319,293	\$ 382,355	\$ 234,320	\$ 261,723	\$ 265,323
Contributions in relation to the actuarially determined contribution	271,957	288,801	293,369	283,412	257,276	233,974	250,232	234,320	257,487	242,972
Contribution deficiency (excess)	\$ -	\$ -	\$ 12,837	\$ 37,908	\$ 111,237	\$ 85,319	\$ 132,123	\$ -	\$ 4,236	\$ 22,351
Covered-employee payroll	\$ 2,739,663	\$ 2,777,752	\$ 2,840,370	\$ 2,727,544	\$ 2,623,147	\$ 2,658,555	\$ 3,231,437	\$ 3,484,344	\$ 3,298,763	\$ 2,903,348
Contributions as a percentage of covered-employee payroll	9.9%	10.4%	10.33%	10.39%	9.8%	8.8%	7.74%	6.72%	7.81%	8.37%

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

SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS:

Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	-	\$ 279,171	\$279,171	0%	\$3,304,542	8.45%
7/1/2011	-	\$ 302,452	\$302,452	0%	\$2,802,360	10.79%
7/1/2013	-	\$ 265,421	\$265,421	0%	\$2,559,451	10.37%
7/1/2015	-	\$ 184,431	\$184,431	0%	\$2,744,561	6.72%

Note: Changes in the 2015 valuation assumptions:

1. Retirement, Turnover and Disability assumptions were updated to reflect the latest statistics from LAGERS and local pension plans as applicable.
2. The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2015 Full Generational Improvement. Disabled life mortality was updated in a similar fashion.
3. Per capita retiree costs, trend rates and retiree contribution premiums were updated as part of the ongoing valuation analysis. Projected per capita retiree costs based on MPR and industry data, and retiree plan premiums, both increased less than expected.
4. The assumed proportion of future participating retirees with a covered spouse was lowered from 30% to 25%.
5. Considering MPR experience and experience of other plans in the region with similar cost sharing features, the assumed proportion of future employees electing retiree insurance coverage was lowered from 35% (retirement ages < 55), 45% (retirement ages 55 to 59) and 55% (retirement ages 60 to 64) to 30%, 40% and 50%, respectively.

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		
<b>REVENUES:</b>				
Taxes	\$ 3,917,622	\$ 3,917,622	\$ 3,781,867	\$ (135,755)
Licenses and permits	95,600	95,600	104,057	8,457
Intergovernmental	114,758	114,758	128,487	13,729
Charges for services	202,400	202,400	132,217	(70,183)
Fees and fines	138,000	138,000	104,884	(33,116)
Investment earnings	8,000	8,000	2,276	(5,724)
Paid in lieu of tax	208,676	208,676	215,476	6,800
Other	25,520	25,520	48,707	23,187
	<u>4,710,576</u>	<u>4,710,576</u>	<u>4,517,971</u>	<u>(192,605)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,398,580	1,398,580	1,219,517	179,063
Municipal court	130,555	130,555	120,981	9,574
Public transportation	195,672	195,672	45,158	150,514
Public safety	2,586,848	2,586,848	2,506,436	80,412
Emergency management	6,250	6,250	3,713	2,537
Animal control	137,839	137,839	130,657	7,182
Planning and zoning	123,902	123,902	118,063	5,839
Capital outlay	330,675	330,675	369,066	(38,391)
Debt service:				
Principal	305,624	305,624	308,434	(2,810)
Interest and other charges	202,104	202,104	199,584	2,520
	<u>5,418,049</u>	<u>5,418,049</u>	<u>5,021,609</u>	<u>396,440</u>
Excess (deficiency) of revenues over expenditures	<u>(707,473)</u>	<u>(707,473)</u>	<u>(503,638)</u>	<u>203,835</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from capital leases	251,600	251,600	244,443	(7,157)
Proceeds from sale of capital assets	18,000	18,000	36,687	18,687
Transfers in	542,755	542,755	541,855	(900)
Transfers out	<u>(96,906)</u>	<u>(96,906)</u>	<u>(99,362)</u>	<u>(2,456)</u>
Total other financing sources and uses	<u>715,449</u>	<u>715,449</u>	<u>723,623</u>	<u>8,174</u>
Net change in fund balances	7,976	7,976	219,985	212,009
Fund balances - beginning	<u>731,002</u>	<u>731,002</u>	<u>731,002</u>	<u>-</u>
Fund balances - ending	<u>\$ 738,978</u>	<u>\$ 738,978</u>	<u>\$ 950,987</u>	<u>\$ 212,009</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 810,500	\$ 810,500	\$ 814,307	\$ 3,807
Intergovernmental	351,090	351,090	354,819	3,729
Investment earnings	4,000	4,000	9,367	5,367
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>454</u>	<u>(546)</u>
	<u>1,166,590</u>	<u>1,166,590</u>	<u>1,178,947</u>	<u>12,357</u>
<b>EXPENDITURES:</b>				
Street	376,350	376,350	423,443	(47,093)
Capital outlay	963,670	963,670	892,430	71,240
Debt service:				
Principal	13,881	13,881	11,835	2,046
Interest and other charges	<u>1,183</u>	<u>1,183</u>	<u>894</u>	<u>289</u>
	<u>1,355,084</u>	<u>1,355,084</u>	<u>1,328,602</u>	<u>26,482</u>
Excess (deficiency) of revenues over expenditures	<u>(188,494)</u>	<u>(188,494)</u>	<u>(149,655)</u>	<u>38,839</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	3,000	3,000	21,867	18,867
Transfers in	12,600	12,600	15,056	2,456
Transfers out	<u>(58,686)</u>	<u>(58,686)</u>	<u>(58,686)</u>	<u>-</u>
Total other financing sources and uses	<u>(43,086)</u>	<u>(43,086)</u>	<u>(21,763)</u>	<u>21,323</u>
Net change in fund balances	(231,580)	(231,580)	(171,418)	60,162
Fund balances - beginning	<u>1,644,521</u>	<u>1,644,521</u>	<u>1,644,521</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,412,941</u>	<u>\$ 1,412,941</u>	<u>\$ 1,473,103</u>	<u>\$ 60,162</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 876,200	\$ 876,200	\$ 872,756	\$ (3,444)
Intergovernmental	-	-	5,625	5,625
Charges for services	333,750	333,750	309,039	(24,711)
Investment earnings	-	-	293	293
Miscellaneous	913	913	1,079	166
	<u>1,210,863</u>	<u>1,210,863</u>	<u>1,188,792</u>	<u>(22,071)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	1,218,572	1,218,572	1,060,715	157,857
Capital outlay	147,350	147,350	110,046	37,304
Debt service:				
Principal	34,478	34,478	14,828	19,650
Interest and other charges	1,730	1,730	1,104	626
	<u>1,402,130</u>	<u>1,402,130</u>	<u>1,186,693</u>	<u>215,437</u>
Excess (deficiency) of revenues over expenditures	<u>(191,267)</u>	<u>(191,267)</u>	<u>2,099</u>	<u>193,366</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from capital leases	125,000	125,000	108,286	(16,714)
Proceeds from sale of assets	2,500	2,500	25,820	23,320
Transfers in	63,800	63,800	62,100	(1,700)
Total other financing sources and uses	<u>191,300</u>	<u>191,300</u>	<u>196,206</u>	<u>4,906</u>
Net change in fund balances	33	33	198,305	198,272
Fund balances - beginning	<u>91,854</u>	<u>91,854</u>	<u>91,854</u>	<u>-</u>
Fund balances - ending	<u>\$ 91,887</u>	<u>\$ 91,887</u>	<u>\$ 290,159</u>	<u>\$ 198,272</u>

CITY OF NEVADA, MISSOURI  
 BALANCE SHEET --  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2016

	Special Projects Fund	Library Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total Governmental Funds
<b>ASSETS:</b>								
Cash and investments	\$ 800,874	\$ -	\$ 15,563	\$ 147	\$ 14,847	\$ 185,884	\$ 9,786	\$ 1,027,101
Taxes receivable, net	-	-	-	-	-	6,500	-	6,500
Due from other funds	20,011	-	-	-	-	-	-	20,011
Special assessments receivable	-	-	-	-	-	-	37,412	37,412
Other receivables	-	-	860	-	-	-	-	860
Prepays	-	32,075	783	-	-	-	-	32,858
<b>Total assets</b>	<b>\$ 820,885</b>	<b>\$ 32,075</b>	<b>\$ 17,196</b>	<b>\$ 147</b>	<b>\$ 14,847</b>	<b>\$ 192,384</b>	<b>\$ 47,198</b>	<b>\$ 1,124,732</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
Accounts payable	\$ -	\$ -	\$ 534	\$ -	\$ -	\$ 3,364	\$ -	\$ 3,898
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>-</b>	<b>-</b>	<b>3,364</b>	<b>-</b>	<b>3,898</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Advances of property taxes	-	31,508	-	-	-	-	-	31,508
<b>FUND BALANCES:</b>								
Nonspendable, Prepays	-	32,075	783	-	-	-	-	32,858
Restricted:								
Capital projects	809,180	-	-	-	-	-	44,720	853,900
Airport	-	-	15,879	-	-	-	-	15,879
Economic development	-	-	-	-	-	156,495	-	156,495
Police and court	-	-	-	147	14,847	-	-	14,994
Assigned to, Capital projects	11,705	-	-	-	-	32,525	2,478	46,708
Unassigned	-	(31,508)	-	-	-	-	-	(31,508)
<b>Total fund balances</b>	<b>\$ 820,885</b>	<b>\$ 567</b>	<b>\$ 16,662</b>	<b>\$ 147</b>	<b>\$ 14,847</b>	<b>\$ 189,020</b>	<b>\$ 47,198</b>	<b>\$ 1,089,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 820,885</b>	<b>\$ 32,075</b>	<b>\$ 17,196</b>	<b>\$ 147</b>	<b>\$ 14,847</b>	<b>\$ 192,384</b>	<b>\$ 47,198</b>	<b>\$ 1,124,732</b>

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
<b>REVENUES:</b>								
Taxes	-	231,290	-	-	-	99,200	342	330,832
Intergovernmental	-	-	680	-	-	-	-	680
Charges for services	-	-	-	1,249	3,494	-	-	4,743
Investment earnings	4,516	-	-	-	-	291	-	4,807
Miscellaneous	1,000	-	10,940	-	-	6,140	-	18,080
Total revenues	<u>5,516</u>	<u>231,290</u>	<u>11,620</u>	<u>1,249</u>	<u>3,494</u>	<u>105,631</u>	<u>342</u>	<u>359,142</u>
<b>EXPENDITURES:</b>								
Current:								
General county administration	-	-	-	1,317	1	-	177	1,495
Culture and recreation	-	231,093	10,653	-	-	42,005	-	283,751
Capital outlay	-	-	-	-	-	1,351	-	1,351
Debt service:								
Principal	-	-	27,835	-	-	-	4,374	32,209
Interest and fiscal charges	-	-	730	-	-	-	2,079	2,809
Total expenditures	<u>-</u>	<u>231,093</u>	<u>39,218</u>	<u>1,317</u>	<u>1</u>	<u>43,356</u>	<u>6,630</u>	<u>321,615</u>
Excess (deficiency) of revenues over expenditures	<u>5,516</u>	<u>197</u>	<u>(27,598)</u>	<u>(68)</u>	<u>3,493</u>	<u>62,275</u>	<u>(6,288)</u>	<u>37,527</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	-	28,565	-	-	-	-	28,565
Transfers out	-	-	-	-	-	(30,283)	-	(30,283)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>28,565</u>	<u>-</u>	<u>-</u>	<u>(30,283)</u>	<u>-</u>	<u>(1,718)</u>
Net change in fund balances	<u>5,516</u>	<u>197</u>	<u>967</u>	<u>(68)</u>	<u>3,493</u>	<u>31,992</u>	<u>(6,288)</u>	<u>35,809</u>
Fund balances - beginning	<u>815,369</u>	<u>370</u>	<u>15,695</u>	<u>215</u>	<u>11,354</u>	<u>157,028</u>	<u>53,486</u>	<u>1,053,517</u>
Fund balances - ending	<u>\$ 820,885</u>	<u>\$ 567</u>	<u>\$ 16,662</u>	<u>\$ 147</u>	<u>\$ 14,847</u>	<u>\$ 189,020</u>	<u>\$ 47,198</u>	<u>\$ 1,089,326</u>

CITY OF NEVADA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE --  
 PARKS CONSTRUCTION  
 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	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>275,299</u>	<u>275,299</u>	<u>275,299</u>	<u>-</u>
Fund balances - ending	<u>\$ 275,299</u>	<u>\$ 275,299</u>	<u>\$ 275,299</u>	<u>\$ -</u>

CITY OF NEVADA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE --  
 SPECIAL PROJECTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 3,439	\$ 3,439	\$ 4,516	\$ 1,077
Miscellaneous	1,000	1,000	1,000	-
	<u>4,439</u>	<u>4,439</u>	<u>5,516</u>	<u>1,077</u>
Net change in fund balances	4,439	4,439	5,516	1,077
Fund balances - beginning	<u>815,369</u>	<u>815,369</u>	<u>815,369</u>	<u>-</u>
Fund balances - ending	<u>\$ 819,808</u>	<u>\$ 819,808</u>	<u>\$ 820,885</u>	<u>\$ 1,077</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES,				
Taxes	\$ 223,648	\$ 223,648	\$ 231,290	\$ 7,642
EXPENDITURES,				
Current,				
Culture and recreation	223,648	223,648	231,093	(7,445)
Excess of revenues over expenditures	-	-	197	197
Net change in fund balances	-	-	197	197
Fund balances - beginning	370	370	370	-
Fund balances - ending	\$ 370	\$ 370	\$ 567	\$ 197

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 800	\$ 800	\$ 680	\$ (120)
Miscellaneous	<u>11,400</u>	<u>11,400</u>	<u>10,940</u>	<u>(460)</u>
	<u>12,200</u>	<u>12,200</u>	<u>11,620</u>	<u>(580)</u>
<b>EXPENDITURES:</b>				
Culture and recreation	11,522	11,522	10,653	869
Debt service:				
Principal	27,835	27,835	27,835	-
Interest and other charges	<u>730</u>	<u>730</u>	<u>730</u>	<u>-</u>
	<u>40,087</u>	<u>40,087</u>	<u>39,218</u>	<u>869</u>
Deficiency of revenues over expenditures	<u>(27,887)</u>	<u>(27,887)</u>	<u>(27,598)</u>	<u>289</u>
<b>OTHER FINANCING SOURCES,</b>				
Transfers in	<u>28,565</u>	<u>28,565</u>	<u>28,565</u>	<u>-</u>
Net change in fund balances	678	678	967	289
Fund balances - beginning	<u>15,695</u>	<u>15,695</u>	<u>15,695</u>	<u>-</u>
Fund balances - ending	<u>\$ 16,373</u>	<u>\$ 16,373</u>	<u>\$ 16,662</u>	<u>\$ 289</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES,</b>				
Charges for services	\$ 2,000	\$ 2,000	\$ 1,249	\$ (751)
<b>EXPENDITURES,</b>				
Current,				
General government	1,300	1,300	1,317	(17)
Excess (deficiency) of revenues over expenditures	700	700	(68)	(768)
Fund balances - beginning	215	215	215	-
Fund balances - ending	\$ 915	\$ 915	\$ 147	\$ (768)

CITY OF NEVADA, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE --  
 POST COMMISSION 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>		
<b>REVENUES,</b>				
Charges for services	\$ 5,400	\$ 5,400	\$ 3,494	\$ (1,906)
<b>EXPENDITURES,</b>				
Current,				
General government	1,800	1,800	1	1,799
Excess (deficiency) of revenues over expenditures	3,600	3,600	3,493	(107)
Net change in fund balances	3,600	3,600	3,493	(107)
Fund balances - beginning	11,354	11,354	11,354	-
Fund balances - ending	\$ 14,954	\$ 14,954	\$ 14,847	\$ (107)

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 93,425	\$ 93,425	\$ 99,200	\$ 5,775
Contributions and donations	4,900	4,900	5,484	584
Investment earnings	-	-	291	291
Miscellaneous	17,200	17,200	656	(16,544)
	<u>115,525</u>	<u>115,525</u>	<u>105,631</u>	<u>(9,894)</u>
<b>EXPENDITURES,</b>				
Current:				
Culture and recreation	78,540	78,540	42,005	36,535
Capital outlay	33,000	33,000	1,351	31,649
	<u>111,540</u>	<u>111,540</u>	<u>43,356</u>	<u>68,184</u>
Excess of revenues over expenditures	<u>3,985</u>	<u>3,985</u>	<u>62,275</u>	<u>58,290</u>
<b>OTHER FINANCING USES,</b>				
Transfers out	(32,883)	(32,883)	(30,283)	2,600
Net change in fund balances	(28,898)	(28,898)	31,992	60,890
Fund balances - beginning	157,028	157,028	157,028	-
Fund balances - ending	<u>\$ 128,130</u>	<u>\$ 128,130</u>	<u>\$ 189,020</u>	<u>\$ 60,890</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES,				
Taxes	\$ 4,086	\$ 4,086	\$ 342	\$ (3,744)
EXPENDITURES,				
Current:				
General government	110	110	177	(67)
Debt service:				
Principal	4,374	4,374	4,374	-
Interest and other charges	2,079	2,079	2,079	-
	<u>6,563</u>	<u>6,563</u>	<u>6,630</u>	<u>(67)</u>
Deficiency of revenues over expenditures	<u>(2,477)</u>	<u>(2,477)</u>	<u>(6,288)</u>	<u>(3,811)</u>
Net change in fund balances	(2,477)	(2,477)	(6,288)	(3,811)
Fund balances - beginning	<u>53,486</u>	<u>53,486</u>	<u>53,486</u>	<u>-</u>
Fund balances - ending	<u>\$ 51,009</u>	<u>\$ 51,009</u>	<u>\$ 47,198</u>	<u>\$ (3,811)</u>