

**CITY OF NEVADA, MISSOURI**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2017**

**CITY OF NEVADA, MISSOURI**

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**CITY OF NEVADA, MISSOURI**

**Principal Officials**

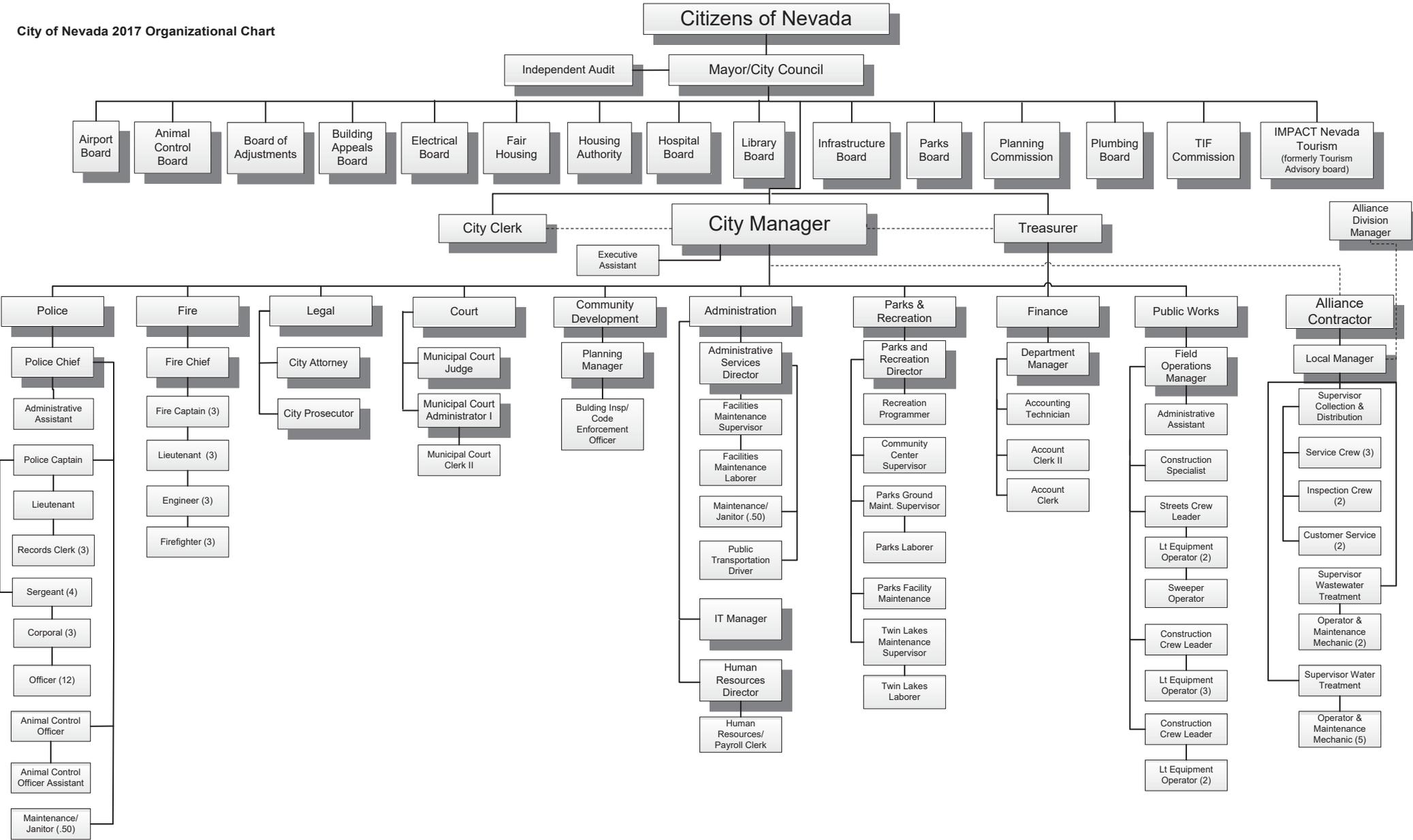
**MAYOR/CITY COUNCIL**

- Brian L. Leonard ..... Mayor
- Blake Hertzberg ..... Mayor Pro Tem/Council Member
- Ryan Watts ..... Council Member
- Dr. Carol Clyde-Gallagher..... Council Member
- Lyndon Eberhard ..... Council Member

**ADMINISTRATION**

- JD Kehrman ..... City Manager
- Kristie Modlin .....City Treasurer

City of Nevada 2017 Organizational Chart





110 SOUTH ASH  
NEVADA, MISSOURI 64772  
www.nevadamo.gov

July 17, 2018

**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, 2017. 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 BKD, LLP. 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, 2017, are fairly presented in conformity with generally accepted accounting principles (GAAP). The Report of the Certified Public Accountants is presented in the front of the Financial Section of this report.

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

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

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

### **Profile of the City**

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

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

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

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

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

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

## **Financial Information**

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

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

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

## **Factors Affecting Financial Condition**

### **Local economy**

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

The following table sets forth average annual unemployment figures for 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>Vernon County</u>	<u>MO Statewide</u>	<u>United States</u>
2017	3.9%	3.4%	4.4%
2016	4.8%	4.5%	4.9%
2015	5.0%	5.0%	5.3%
2014	5.6%	6.2%	6.2%
2013	5.9%	6.7%	7.4%

### **Long-Term Financial Planning**

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

### **Awards and Acknowledgements**

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

Respectfully submitted,



Kristie Modlin  
City Treasurer

## INDEPENDENT AUDITOR'S REPORT

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, the aggregate discretely presented component units, 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, 2017, 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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Nevada City Hospital and Nevada City Nursing Home, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Nevada, Missouri, as of December 31, 2017, 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.

## **Emphasis of Matters**

The 2016 financial statements, before they were restated to correct the misstatements discussed in Note 24, were audited by other auditors and their report dated June 23, 2017, expressed an unmodified opinion. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nevada, Missouri's basic financial statements. The introductory section, combining statements of nonmajor governmental funds and other budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and other budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance of it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BKD, LLP**

Kansas City, Missouri  
July 17, 2018

City of Nevada, Missouri  
Management's Discussion and Analysis  
Year Ended December 31, 2017

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, 2017 with selected comparative information for the fiscal year ended 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 \$368,666 or 1% during fiscal 2017 with a decrease of \$189,488 in governmental activities and an increase of \$558,154 in business-type activities.
- Unrestricted net position decreased \$246,353 from \$4,920,356 to \$4,674,003. Unrestricted Governmental Activities net position decreased from the prior year by \$36,423 and unrestricted Business-type Activities decreased by \$330,274.
- Net governmental expenses of \$6,497,725 were \$189,488 greater than the \$6,308,237 generated in taxes, other revenues and transfers for governmental programs. Street expenses of \$857,057 were offset by motor vehicles fees, motor fuel taxes and capital contributions of \$368,558 resulting in net street expenses of \$488,499. Business-type expenses of \$4,571,947 were offset by user charges and capital contributions of \$4,399,347 resulting in net expenses of \$172,600. Net Business-type expenses were \$558,154 less than the \$730,754 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 and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for nonmajor 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 Financial Statements**

The government-wide financial 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, sale tax trends and the condition of the City streets.

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 and franchise 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 relationships with the Nevada City Hospital and the Nevada City Nursing Home which are 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 greater 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 financial 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 financial 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 financial 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, 2017, the City's total assets were \$54,920,255. Table A provides a summary of the City's governmental and business-type net position for fiscal 2017 and 2016:

**Table A**  
**Combined Statement of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016 (As Restated)	2017	2016	2017	2016 (As Restated)
<b>Assets and Deferred Outflows</b>						
Current and other assets						
Cash, other assets and deferred outflows	\$ 7,642,906	\$ 6,929,849	\$ 4,243,205	\$ 4,073,739	\$ 11,886,111	\$ 11,003,588
Total capital assets	20,436,305	19,304,520	22,597,839	22,457,441	43,034,144	41,761,961
Total assets and deferred outflows	\$ 28,079,211	\$ 26,234,369	\$ 26,841,044	\$ 26,531,180	\$ 54,920,255	\$ 52,765,549
<b>Liabilities; Deferred Inflows</b>						
Current, other liabilities and deferred inflows	\$ 2,436,340	\$ 1,292,461	\$ 1,507,727	\$ 1,231,346	\$ 3,944,067	\$ 2,523,807
Long-term liabilities	6,308,981	5,418,530	10,455,117	10,979,788	16,764,098	16,398,318
Total liabilities and deferred inflows	\$ 8,745,321	\$ 6,710,991	\$ 11,962,844	\$ 12,211,134	\$ 20,708,165	\$ 18,922,125
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 15,231,850	\$ 13,934,639	\$ 11,450,723	\$ 11,347,318	\$ 26,682,573	\$ 25,281,957
Restricted:						
Capital projects & other	1,704,535	3,275,503	-	169,818	1,704,535	3,445,321
Debt service	76,096	75,748	1,074,883	120,042	1,150,979	195,790
Unrestricted	2,321,409	2,237,488	2,352,594	2,682,868	4,674,003	4,920,356
Total net position	\$ 19,333,890	\$ 19,523,378	\$ 14,878,200	\$ 14,320,046	\$ 34,212,090	\$ 33,843,424

The governmental activities was restated for certain compensated absences that were earned and not accrued. See footnote 24 for more details.

Total net position for the City at December 31, 2017, was \$34,212,090 with \$14,878,200 attributable to business-type activities and \$19,333,890 attributable to governmental activities.

At the end of fiscal 2017, the City had \$43,034,144 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 infrastructure improvements. This was an increase of \$1,272,183 from fiscal 2016 and is primarily due to infrastructure improvements to City Hall, public safety vehicles and the golf course irrigation system upgrade.

The largest portion of the City's net position represents the net investment in capital assets, which is restricted for the purpose of providing services to the City of Nevada citizens. Restricted net position represents resources that are subject to external restrictions as to how they may be spent.

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 (below) compares fiscal 2017 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 less than 1% compared to fiscal 2016 reflecting slow retail growth. Sales taxes are the largest revenue source at 49% of revenues in the governmental funds.

Franchise and other taxes declined 17% from fiscal 2016 due to declining telephone and cigarette sales and improving energy efficiency. Franchise taxes are 16% of government activities revenues.

Property taxes and taxes paid in lieu of property taxes decreased 16% in fiscal 2017. Total assessed valuation decreased 1%. Real estate assessed valuation increased 1% while personal property assessed valuation decreased 7%. Property taxes are 14% of revenue in the governmental activities.

**Business-type Activities:** Water and Sewer charges for services decreased 0.05% and operating expenses increased 3%. Water rates were increased 3% and sewer rates were increased 1% to cover the cost of capital improvements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016 (As Restated)	2017	2016	2017	2016 (As Restated)
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Services	\$ 1,089,297	\$ 654,940	\$ 4,368,851	\$ 4,371,164	\$ 5,458,148	\$ 5,026,104
Operating Grants and Contributions	457,407	489,611	-	-	457,407	489,611
Capital Grants and Contributions	7,200	-	30,496	13,828	37,696	13,828
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	795,662	811,830	-	-	795,662	811,830
Property Taxes-specific purposes	226,337	233,790	-	-	226,337	233,790
Franchise Taxes	1,166,474	1,407,166	-	-	1,166,474	1,407,166
Sales Taxes	3,363,463	3,346,976	812,785	811,808	4,176,248	4,158,784
Payment in lieu of tax	43,423	215,476	-	-	43,423	215,476
Investment Earnings	25,773	16,743	254,163	264,778	279,936	281,521
Miscellaneous	183,527	68,320	96,820	57,541	280,347	125,861
Total Revenues	7,358,563	7,244,852	5,563,115	5,519,119	12,921,678	12,763,971
<b>Expenses</b>						
Governmental Activities:						
General Government	1,488,477	1,491,275	-	-	1,488,477	1,491,275
Municipal Court	149,700	124,257	-	-	149,700	124,257
Public transportation	51,916	46,135	-	-	51,916	46,135
Public safety	3,256,040	2,976,044	-	-	3,256,040	2,976,044
Animal control	182,603	133,531	-	-	182,603	133,531
Planning and zoning	122,247	121,119	-	-	122,247	121,119
Culture and recreation	1,730,849	1,816,036	-	-	1,730,849	1,816,036
Street	875,057	590,871	-	-	875,057	590,871
Interest on Long-term Debt	194,740	210,648	-	-	194,740	210,648
Business-type Activities	-	-	4,571,947	4,445,678	4,571,947	4,445,678
Total Expenses	8,051,629	7,509,916	4,571,947	4,445,678	12,623,576	11,955,594
<b>Change in net position before transfers</b>	(693,066)	(265,064)	991,168	1,073,441	298,102	808,377
<b>Transfers &amp; Gain (Loss) on Disposal of Assets</b>	503,578	491,435	(433,014)	(429,251)	70,564	62,184
<b>Change in net position</b>	(189,488)	226,371	558,154	644,190	368,666	870,561
<b>Net Position at beginning of year, as restated</b>	19,523,378	19,297,007	14,320,046	13,675,856	33,843,424	32,972,863
<b>Net Position at end of year</b>	\$ 19,333,890	\$ 19,523,378	\$ 14,878,200	\$ 14,320,046	\$ 34,212,090	\$ 33,843,424

## 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, unassigned 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 2017, the City of Nevada reported a combined fund balance of \$4,079,324 in the Governmental Funds with no significant change from the prior year. Of the total combined fund balance, \$698,549 or 17% 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 \$3,071,664 represents resources not available for spending or those on which legal restriction have been placed. Assigned and committed funds of \$309,111 are not available for general use, however, these along with the unassigned fund balance are all consistently unrestricted.

The General Fund, Street Fund and Parks Fund are the City's three 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 \$1,252,329, an increase of \$343,778 from the prior year. The increase is due to position vacancies in the Public Safety Division. The fund balance is 60% unrestricted while the remaining 40% is non-spendable, restricted, committed 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 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 \$1,187,675 which is a decrease of \$285,428 from the prior year. Additional improvements outside of the original budget and the purchase of equipment resulted in a reduction of the fund balance.

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 recreational programs and operating, maintaining and improving park facilities. The fund balance is \$348,381 compared to the prior year balance of \$290,159.

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 and Sewer Fund is \$15,019,356 and increased \$542,119 compared to the prior year. The net position is 17% unrestricted and 83% restricted for net investment in capital assets and debt service.

### General Fund Budgetary Highlights

No amendments were made to the original budget. The General Fund budgeted expenditures were \$5,908,348 and actual expenditures were \$5,288,343. Actual expenditures were \$620,005 less than budgeted due to City Hall improvements construction in progress, and public safety position vacancies.

Actual revenues were \$57,852 less than budgeted revenues. Budget significantly varied from actual in the following categories:

- Taxes (franchise) fell short by \$33,920
- Charges for services fell short by \$26,481

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Nevada’s investment in capital assets for governmental and business-type activities for fiscal 2017 is \$43,034,144 net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress and represents an increase of \$1,272,183 or 3% from fiscal 2016. Major capital assets funded this year are as follows:

- City Hall improvements
- Public safety building demolition and lot preparation
- Police and Fire vehicles
- Street repairs and improvements
- Golf course irrigation system upgrade
- Pool interior painting
- Public Works equipment and vehicles
- Water and Sewer main improvements

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 2017. Table C below shows the City’s outstanding debt by type:

**Table C  
Outstanding Debt**

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 43,551	\$ 48,104	\$ -	\$ -	\$ 43,551	\$ 48,104
Certificates of participation	4,305,000	4,525,000	-	-	4,305,000	4,525,000
Sewerage revenue bonds	-	-	7,745,000	8,310,000	7,745,000	8,310,000
2015 SRF Loan	-	-	2,502,324	2,582,380	2,502,324	2,582,380
Notes payable	-	11,818	-	-	-	11,818
Capital leases	2,047,127	840,554	759,515	431,596	2,806,642	1,272,150
<b>Total</b>	<b>\$ 6,395,678</b>	<b>\$ 5,425,476</b>	<b>\$ 11,006,839</b>	<b>\$ 11,323,976</b>	<b>\$ 17,402,517</b>	<b>\$ 16,749,452</b>

The City’s debt for governmental activities increased 18% in fiscal 2017 from \$5,425,476 to \$6,395,678. There were \$1,404,516 additions to debt and \$434,314 debt retirements.

Debt for business-type activities decreased \$317,137 or 3% due to payments made during the year.

Primary government debt increased \$653,065 or 4%.

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

## **BUDGET AND TAX RATES**

- The City's fiscal 2017 General Fund *budgeted* revenues were 3% less than fiscal 2016 budget while *budgeted* expenditures were 9% greater than fiscal 2016. *Actual* revenues in the general fund increased 0.05% compared to fiscal 2016 *actual* revenues. *Actual* expenditures increased 5% compared to fiscal 2016.
- 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 0.04%.
- The City's property tax levies increased from \$0.8949 to 0.9069 per \$100 of assessed valuation. The levy is comprised of two components: General Revenue levy of \$0.7069 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, 2017

	Primary Government			As of 6/30/2017
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
<b>ASSETS</b>				
Pooled cash and investments	\$ 3,823,617	\$ 2,331,695	\$ 6,155,312	\$ 5,996,596
Cash and investments-restricted	82,299	1,074,883	1,157,182	3,591,714
Taxes receivable, net	1,182,675	62,812	1,245,487	-
Accounts receivable	101,092	502,209	603,301	6,894,857
Special assessments receivable	32,084	-	32,084	-
Inventories	31,919	139,260	171,179	831,191
Prepaid expenses	143,839	30,187	174,026	2,164,122
Net pension asset	1,383,033	52,665	1,435,698	6,365,770
Capital assets, nondepreciable	850,420	119,646	970,066	-
Capital assets, depreciable, net	<u>19,585,885</u>	<u>22,478,193</u>	<u>42,064,078</u>	<u>15,430,404</u>
Total assets	<u>27,216,863</u>	<u>26,791,550</u>	<u>54,008,413</u>	<u>41,274,654</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Debt refunding	-	-	-	1,470,322
Pensions	<u>862,348</u>	<u>49,494</u>	<u>911,842</u>	<u>2,005,192</u>
Total assets and deferred outflows of resources	<u>\$ 28,079,211</u>	<u>\$ 26,841,044</u>	<u>\$ 54,920,255</u>	<u>\$ 44,750,168</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	234,650	167,961	402,611	4,879,824
Salaries and benefits payable	131,056	11,601	142,657	757,739
Liabilities payable from restricted assets	15,981	256,484	272,465	-
Due to other governments	-	-	-	186,570
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	510,958	877,035	1,387,993	943,496
Compensated absences	39,126	1,096	40,222	950,678
Accrued interest	16,075	181,786	197,861	176,563
Due in more than one year:				
Bonds, capital leases, and contracts	5,832,557	10,270,081	16,102,638	16,806,977
Compensated absences	262,880	10,601	273,481	-
OPEB	213,544	-	213,544	-
Post closure costs	-	<u>174,435</u>	<u>174,435</u>	-
Total liabilities	<u>7,256,827</u>	<u>11,951,080</u>	<u>19,207,907</u>	<u>24,701,847</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	857,752	-	857,752	-
Pensions	<u>630,742</u>	<u>11,764</u>	<u>642,506</u>	<u>528,311</u>
Total deferred inflows of resources	<u>1,488,494</u>	<u>11,764</u>	<u>1,500,258</u>	<u>528,311</u>
<b>NET POSITION</b>				
Net investment in capital assets	15,231,850	11,450,723	26,682,573	1,951,524
Restricted for:				
Parks and recreation	338,393	-	338,393	-
Airport	15,709	-	15,709	-
Debt service	76,096	1,074,883	1,150,979	713,018
Street	1,156,320	-	1,156,320	-
Economic development	173,729	-	173,729	-
Police and court	20,384	-	20,384	-
Pension benefits	-	-	-	6,365,770
Unrestricted	<u>2,321,409</u>	<u>2,352,594</u>	<u>4,674,003</u>	<u>10,489,698</u>
Total net position	<u>19,333,890</u>	<u>14,878,200</u>	<u>34,212,090</u>	<u>19,520,010</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 28,079,211</u>	<u>\$ 26,841,044</u>	<u>\$ 54,920,255</u>	<u>\$ 44,750,168</u>

See notes to financial statements.

City of Nevada, Missouri  
Statement of Activities  
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			As of 6/30/17 Component Units
		Charges for	Operating Grants and	Capital Grants and	Governmental	Primary Government		
		Services	Contributions	Contributions	Activities	Business-type	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 1,483,767	\$ 684,095	\$ 7,378	\$ -	\$ (792,294)	\$ -	\$ (792,294)	\$ -
Public transportation	51,916	-	25,906	-	(26,010)	-	(26,010)	-
Public safety	3,256,040	8,826	55,565	-	(3,191,649)	-	(3,191,649)	-
Emergency management	4,710	-	-	-	(4,710)	-	(4,710)	-
Municipal court	149,700	88,527	-	-	(61,173)	-	(61,173)	-
Animal control	182,603	3,459	-	-	(179,144)	-	(179,144)	-
Planning and zoning	122,247	6,494	-	-	(115,753)	-	(115,753)	-
Culture and recreation	1,730,849	297,896	-	7,200	(1,425,753)	-	(1,425,753)	-
Street	875,057	-	368,558	-	(506,499)	-	(506,499)	-
Interest on long-term debt	194,740	-	-	-	(194,740)	-	(194,740)	-
Total governmental activities	<u>8,051,629</u>	<u>1,089,297</u>	<u>457,407</u>	<u>7,200</u>	<u>(6,497,725)</u>	<u>-</u>	<u>(6,497,725)</u>	<u>-</u>
Business-type activities:								
Water and sewer	4,571,947	4,368,851	-	30,496	-	(172,600)	(172,600)	-
Landfill	-	-	-	-	-	-	-	-
Total business-type activities	<u>4,571,947</u>	<u>4,368,851</u>	<u>-</u>	<u>30,496</u>	<u>-</u>	<u>(172,600)</u>	<u>(172,600)</u>	<u>-</u>
Total primary government	<u>\$ 12,623,576</u>	<u>\$ 5,458,148</u>	<u>\$ 457,407</u>	<u>\$ 37,696</u>	<u>(6,497,725)</u>	<u>(172,600)</u>	<u>(6,670,325)</u>	<u>-</u>
Total component units	<u>\$ 48,908,436</u>	<u>\$ 42,341,772</u>	<u>\$ -</u>	<u>\$ 72,051</u>				<u>\$ (6,494,613)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					795,662	-	795,662	\$ -
Property taxes, levied for specific purposes					226,337	-	226,337	-
Franchise taxes and other taxes					1,166,474	-	1,166,474	-
Sales taxes					3,363,463	812,785	4,176,248	-
Payment in lieu of tax					43,423	-	43,423	-
Investment earnings					25,773	254,163	279,936	11,510
Miscellaneous					183,527	96,820	280,347	-
Gain (loss) on disposal of assets					59,379	11,185	70,564	-
Transfers					<u>444,199</u>	<u>(444,199)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>6,308,237</u>	<u>730,754</u>	<u>7,038,991</u>	<u>11,510</u>
Change in net position					(189,488)	558,154	368,666	(6,483,103)
Net position - Beginning of year as previously reported					19,643,722	14,320,046	33,963,768	-
Adjustment for restatement - See Note 24					<u>(120,344)</u>	<u>-</u>	<u>(120,344)</u>	<u>26,003,113</u>
Net position - Beginning of year as restated					<u>19,523,378</u>	<u>14,320,046</u>	<u>33,843,424</u>	<u>26,003,113</u>
Net position - End of year					<u>\$ 19,333,890</u>	<u>\$ 14,878,200</u>	<u>\$ 34,212,090</u>	<u>\$ 19,520,010</u>

See notes to financial statements.

City of Nevada, Missouri  
Balance Sheet  
Governmental Funds  
December 31, 2017

	General Fund	Street Fund	Parks Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 1,021,814	\$ 1,159,983	\$ 341,653	\$ 1,300,167	\$ 3,823,617
Cash and investments-restricted	82,299	-	-	-	82,299
Taxes receivable, net	889,858	62,812	62,812	167,193	1,182,675
Due from other funds	10	-	-	10,082	10,092
Special assessments receivable	-	-	-	32,084	32,084
Other receivables	64,545	29,770	6,732	45	101,092
Inventories	-	31,919	-	-	31,919
Prepaid expenses	106,390	15,569	21,081	799	143,839
<b>Total assets</b>	<b>\$ 2,164,916</b>	<b>\$ 1,300,053</b>	<b>\$ 432,278</b>	<b>\$ 1,510,370</b>	<b>\$ 5,407,617</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 78,917	\$ 102,849	\$ 50,670	\$ 1,514	\$ 233,950
Salaries and benefits payable	107,593	7,759	15,704	-	131,056
Due to other funds	-	1	10,091	-	10,092
Payable from restricted assets	15,981	-	-	-	15,981
Other liabilities	-	-	700	-	700
<b>Total liabilities</b>	<b>202,491</b>	<b>110,609</b>	<b>77,165</b>	<b>1,514</b>	<b>391,779</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	668,468	-	-	189,284	857,752
Unavailable revenues	41,628	1,769	6,732	28,633	78,762
<b>Total deferred inflows of resources</b>	<b>710,096</b>	<b>1,769</b>	<b>6,732</b>	<b>217,917</b>	<b>936,514</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	106,390	15,569	21,081	799	143,839
Inventories	-	31,919	-	-	31,919
Restricted:					
Capital projects	-	-	-	1,115,275	1,115,275
Parks and recreation	-	-	338,393	-	338,393
Airport	-	-	-	15,709	15,709
Debt service	76,096	-	-	-	76,096
Street	-	1,156,320	-	-	1,156,320
Economic development	-	-	-	173,729	173,729
Police and court	6,203	-	-	14,181	20,384
Committed	108,597	-	-	-	108,597
Assigned to:					
Capital projects	199,109	-	1,405	-	200,514
Unassigned	755,934	(16,133)	(12,498)	(28,754)	698,549
<b>Total fund balances</b>	<b>1,252,329</b>	<b>1,187,675</b>	<b>348,381</b>	<b>1,290,939</b>	<b>4,079,324</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,164,916</b>	<b>\$ 1,300,053</b>	<b>\$ 432,278</b>	<b>\$ 1,510,370</b>	<b>\$ 5,407,617</b>

See notes to financial statements.

City of Nevada, Missouri  
 Reconciliation of the Balance Sheet – Governmental Funds  
 to the Statement of Net Position  
 December 31, 2017

Fund balances - total governmental funds	\$	4,079,324
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.</p>		20,436,305
<p>Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		78,762
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statements, 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:</p>		
Net premiums and discounts		52,163
Net pension asset		1,383,033
		1,435,196
<p>Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>		(16,075)
<p>Deferred pension inflows and outflows are not included in the fund financial statements, but are included in the governmental activities Statement of Net Position:</p>		
Inflows		(630,742)
Outflows		862,348
		231,606
<p>Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the government-wide statements:</p>		
Bonds and capital leases		(6,395,678)
Compensated absences		(302,006)
OPEB		(213,544)
		(6,911,228)
Net Position of Governmental Activities in the Statement of Net Position	\$	19,333,890

See notes to financial statements.

**City of Nevada, Missouri**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Parks Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 3,533,027	\$ 815,285	\$ 867,693	\$ 335,931	\$ 5,551,936
Licenses and permits	97,180	-	-	-	97,180
Intergovernmental	87,841	368,558	-	1,008	457,407
Charges for services	587,059	-	297,896	4,109	889,064
Fees and fines	103,053	-	-	-	103,053
Investment earnings	8,867	9,104	1,822	5,980	25,773
PILOT	43,423	-	-	-	43,423
Other	63,396	86,188	5,745	28,198	183,527
	<u>4,523,846</u>	<u>1,279,135</u>	<u>1,173,156</u>	<u>375,226</u>	<u>7,351,363</u>
Total revenues					
<b>EXPENDITURES</b>					
General government	1,121,811	-	-	5,117	1,126,928
Municipal court	128,653	-	-	-	128,653
Public transportation	47,600	-	-	-	47,600
Public safety	2,701,369	-	-	-	2,701,369
Emergency management	4,710	-	-	-	4,710
Animal control	169,928	-	-	-	169,928
Planning and zoning	108,770	-	-	-	108,770
Culture and recreation	-	-	1,037,248	346,178	1,383,426
Street	-	629,191	-	-	629,191
Capital outlay	438,237	910,021	879,469	20,218	2,247,945
Debt service:					
Principal	367,272	12,118	38,549	16,375	434,314
Interest and other charges	199,993	611	2,479	1,980	205,063
	<u>5,288,343</u>	<u>1,551,941</u>	<u>1,957,745</u>	<u>389,868</u>	<u>9,187,897</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(764,497)</u>	<u>(272,806)</u>	<u>(784,589)</u>	<u>(14,642)</u>	<u>(1,836,534)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from capital lease	603,065	-	801,451	-	1,404,516
Capital contributions	-	-	7,200	-	7,200
Sale of assets	11,630	21,705	24,620	1,423	59,378
Transfers in	529,748	21,753	15,965	20,730	588,196
Transfers out	(36,168)	(56,080)	(6,425)	(45,325)	(143,998)
	<u>1,108,275</u>	<u>(12,622)</u>	<u>842,811</u>	<u>(23,172)</u>	<u>1,915,292</u>
Total other financing sources and uses, net					
Net change in fund balances	<u>343,778</u>	<u>(285,428)</u>	<u>58,222</u>	<u>(37,814)</u>	<u>78,758</u>
Fund balances - Beginning of year as previously reported	950,987	1,473,103	290,159	1,364,625	4,078,874
Adjustment for restatement - See Note 24	(42,436)	-	-	(35,872)	(78,308)
Fund balances - Beginning of year as restated	<u>908,551</u>	<u>1,473,103</u>	<u>290,159</u>	<u>1,328,753</u>	<u>4,000,566</u>
Fund balances - End of year	<u>\$ 1,252,329</u>	<u>\$ 1,187,675</u>	<u>\$ 348,381</u>	<u>\$ 1,290,939</u>	<u>\$ 4,079,324</u>

See notes to financial statements.

**City of Nevada, Missouri**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2017**

Net change in fund balances - total governmental funds: \$ 78,758

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

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

Capital outlay	2,247,946
Loss on disposal of assets	(31,284)
Depreciation expense	<u>(1,084,877)</u>
	1,131,785

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (454)

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	(1,404,516)
Repayment of principal	434,314
	<u>(970,202)</u>

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

Amortization of premiums/discounts	<u>(3,728)</u>
	(3,728)

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:

Net pension asset and OPEB liability	900,176
Deferred inflow and outflow - pensions	(1,318,722)
Accrued interest not reflected on governmental funds	10,323
Compensated absences	<u>(17,424)</u>
	<u>(425,647)</u>

Change in net position of governmental activities \$ (189,488)

See notes to financial statements.

City of Nevada, Missouri  
Statement of Net Position  
Proprietary Funds  
December 31, 2017

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Pooled cash and investments	\$ 2,298,415	\$ 33,280	\$ 2,331,695
Cash and investments-restricted	1,074,883	-	1,074,883
Receivables:			
Billed	251,397	-	251,397
Unbilled	250,812	-	250,812
Other receivables	62,812	-	62,812
Inventories	139,260	-	139,260
Prepaid expenses	<u>30,187</u>	<u>-</u>	<u>30,187</u>
Total current assets	<u>4,107,766</u>	<u>33,280</u>	<u>4,141,046</u>
Noncurrent assets:			
Net pension asset	52,665	-	52,665
Capital assets:			
Construction in progress	29,863	-	29,863
Land and improvements	89,783	-	89,783
Improvements other than buildings	14,259,464	-	14,259,464
Buildings	19,422,038	-	19,422,038
Equipment and vehicles	<u>3,958,304</u>	<u>-</u>	<u>3,958,304</u>
Total capital assets at cost	37,759,452	-	37,759,452
Less accumulated depreciation	<u>(15,161,613)</u>	<u>-</u>	<u>(15,161,613)</u>
Capital assets, net	<u>22,597,839</u>	<u>-</u>	<u>22,597,839</u>
Total noncurrent assets	<u>22,650,504</u>	<u>-</u>	<u>22,650,504</u>
Total assets	<u>26,758,270</u>	<u>33,280</u>	<u>26,791,550</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	<u>49,494</u>	<u>-</u>	<u>49,494</u>
Total assets and deferred outflows of resources	<u>\$ 26,807,764</u>	<u>\$ 33,280</u>	<u>\$ 26,841,044</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 167,960	\$ 1	\$ 167,961
Salaries and benefits payable	11,601	-	11,601
Accrued interest payable	181,786	-	181,786
Customer deposits	256,484	-	256,484
Compensated absences	1,096	-	1,096
Bonds, notes, and loans payable	<u>877,035</u>	<u>-</u>	<u>877,035</u>
Total current liabilities	1,495,962	1	1,495,963
Noncurrent liabilities:			
Compensated absences	10,601	-	10,601
Postclosure costs	-	174,435	174,435
Bonds, notes, and loans payable	<u>10,270,081</u>	<u>-</u>	<u>10,270,081</u>
Total noncurrent liabilities	<u>10,280,682</u>	<u>174,435</u>	<u>10,455,117</u>
Total liabilities	<u>11,776,644</u>	<u>174,436</u>	<u>11,951,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>11,764</u>	<u>-</u>	<u>11,764</u>
<b>NET POSITION:</b>			
Net investment in capital assets	11,450,723	-	11,450,723
Restricted for debt service	1,074,883	-	1,074,883
Unrestricted	<u>2,493,750</u>	<u>(141,156)</u>	<u>2,352,594</u>
Total net position	<u>15,019,356</u>	<u>(141,156)</u>	<u>14,878,200</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 26,807,764</u>	 <u>\$ 33,280</u>	 <u>\$ 26,841,044</u>

See notes to financial statements.

City of Nevada, Missouri  
Statement of Revenues, Expenses, and Changes in Net Position --  
Proprietary Funds  
For the Year Ended December 31, 2017

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,368,851	\$ -	\$ 4,368,851
<b>OPERATING EXPENSES:</b>			
Personnel services	447,715	-	447,715
Contractual services	1,415,602	-	1,415,602
Materials and supplies	161,057	-	161,057
Maintenance and repairs	247,771	-	247,771
Insurance	93,789	-	93,789
Utilities	329,453	-	329,453
Depreciation and amortization	857,038	-	857,038
Administration	542,114	-	542,114
	<u>4,094,539</u>	<u>-</u>	<u>4,094,539</u>
Operating income	<u>274,312</u>	<u>-</u>	<u>274,312</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	254,163	-	254,163
Miscellaneous income	78,215	16,035	94,250
Sales tax	812,785	-	812,785
Bond issuance costs	2,370	-	2,370
Interest expense	(477,408)	-	(477,408)
Gain on disposal of assets	11,185	-	11,185
	<u>681,310</u>	<u>16,035</u>	<u>697,345</u>
Net nonoperating revenues (expenses)	<u>681,310</u>	<u>16,035</u>	<u>697,345</u>
Income before transfers and capital contributions	<u>955,622</u>	<u>16,035</u>	<u>971,657</u>
Capital contributions	<u>30,696</u>	<u>-</u>	<u>30,696</u>
Transfers in	11,951	-	11,951
Transfers out	(456,150)	-	(456,150)
	(444,199)	-	(444,199)
Increase in net position	<u>542,119</u>	<u>16,035</u>	<u>558,154</u>
Total Net Position - Beginning of year	<u>14,477,237</u>	<u>(157,191)</u>	<u>14,320,046</u>
Total Net Position - End of year	<u>\$ 15,019,356</u>	<u>\$ (141,156)</u>	<u>\$ 14,878,200</u>

See notes to financial statements.

**City of Nevada, Missouri**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended December 31, 2017**

	Water and Sewer	Landfill	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Received from customers and users	\$ 4,364,195	\$ 50	\$ 4,364,245
Payments to employees and fringe benefits	(329,723)	-	(329,723)
Payments to suppliers	(2,735,602)	1	(2,735,601)
Other receipts	<u>98,709</u>	<u>8,054</u>	<u>106,763</u>
Net cash provided by operating activities	<u>1,397,579</u>	<u>8,105</u>	<u>1,405,684</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Net transfers to other funds	<u>(444,199)</u>	<u>-</u>	<u>(444,199)</u>
Net cash used in noncapital financing activities	<u>(444,199)</u>	<u>-</u>	<u>(444,199)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from capital debt	484,169	-	484,169
Proceeds from sale of capital assets	8,875	-	8,875
Acquisition and construction of capital assets	(977,434)	-	(977,434)
Principal paid on capital debt and leases	(801,873)	-	(801,873)
Proceeds from capital sales tax receipts	804,473	-	804,473
Interest paid on capital debt and leases	<u>(476,230)</u>	<u>-</u>	<u>(476,230)</u>
Net cash used in capital and related financing activities	<u>(958,020)</u>	<u>-</u>	<u>(958,020)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	<u>254,163</u>	<u>-</u>	<u>254,163</u>
Net cash provided by investing activities	<u>254,163</u>	<u>-</u>	<u>254,163</u>
Net increase in cash and cash equivalents	249,523	8,105	257,628
Cash and cash equivalents, beginning of year	<u>3,123,775</u>	<u>25,175</u>	<u>3,148,950</u>
Cash and cash equivalents, end of year	<u>\$ 3,373,298</u>	<u>\$ 33,280</u>	<u>\$ 3,406,578</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	<u>\$ 274,312</u>	<u>\$ -</u>	<u>\$ 274,312</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization expense	857,038	-	857,038
Miscellaneous nonoperating income	78,415	16,035	94,450
Changes in assets and liabilities:			
Receivables, net	(4,656)	50	(4,606)
Net pension asset	(34,945)	-	(34,945)
Deferred inflows - pensions	6,827	-	6,827
Deferred outflows - pensions	127,342	-	127,342
Meter deposits	20,294	-	20,294
Inventory and other prepayments	371	-	371
Accounts payable and accrued liabilities	53,813	1	53,814
Postclosure costs	-	(7,981)	(7,981)
Compensated absences	<u>18,768</u>	<u>-</u>	<u>18,768</u>
Total adjustments	<u>1,123,267</u>	<u>8,105</u>	<u>1,131,372</u>
Net cash provided by operating activities	<u>\$ 1,397,579</u>	<u>\$ 8,105</u>	<u>\$ 1,405,684</u>

See notes to financial statements.

City of Nevada, Missouri  
Discretely Presented Component Units  
Combining Statement of Net Position  
June 30, 2017

	<b>COMPONENT UNITS</b>		
	<b>Nevada City</b>	<b>Nevada City</b>	<b>Total</b>
	<b>Hospital</b>	<b>Nursing Home</b>	
<b>ASSETS</b>			
Pooled cash and investments	\$ 1,402,900	\$ 4,593,696	\$ 5,996,596
Cash and investments-restricted	3,591,714	-	3,591,714
Accounts receivable	6,200,671	694,186	6,894,857
Inventories	811,413	19,778	831,191
Prepaid expenses	706,355	1,457,767	2,164,122
Net pension asset	5,436,032	929,738	6,365,770
Capital assets, net	<u>13,629,579</u>	<u>1,800,825</u>	<u>15,430,404</u>
Total assets	<u>31,778,664</u>	<u>9,495,990</u>	<u>41,274,654</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Debt refunding	1,470,322	-	1,470,322
Pensions	<u>1,711,580</u>	<u>293,612</u>	<u>2,005,192</u>
Total assets and deferred outflows of resources	<u>\$ 34,960,566</u>	<u>\$ 9,789,602</u>	<u>\$ 44,750,168</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 4,542,486	\$ 337,338	\$ 4,879,824
Salaries and benefits payable	611,085	146,654	757,739
Due to other governments	-	186,570	186,570
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	943,496	-	943,496
Compensated absences	793,425	157,253	950,678
Accrued interest	176,563	-	176,563
Due in more than one year:			
Bonds, capital leases, and contracts	<u>16,806,977</u>	<u>-</u>	<u>16,806,977</u>
Total liabilities	<u>23,874,032</u>	<u>827,815</u>	<u>24,701,847</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	<u>512,177</u>	<u>16,134</u>	<u>528,311</u>
<b>NET POSITION</b>			
Net investment in capital assets	150,699	1,800,825	1,951,524
Restricted for:			
Debt service	713,018	-	713,018
Pension benefits	5,436,032	929,738	6,365,770
Unrestricted	<u>4,274,608</u>	<u>6,215,090</u>	<u>10,489,698</u>
Total net position	<u>10,574,357</u>	<u>8,945,653</u>	<u>19,520,010</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,960,566</u>	<u>\$ 9,789,602</u>	<u>\$ 44,750,168</u>

See notes to financial statements.

City of Nevada, Missouri  
Discretely Presented Component Units  
Combining Statement of Activities  
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Nevada City Hospital</u>	<u>Nevada City Nursing Home</u>	<u>Total</u>
<b>Component Units</b>							
Nevada City Hospital	\$ 41,198,217	\$ 34,708,914	\$ -	\$ 72,051	\$ (6,417,252)	\$ -	\$ (6,417,252)
Nevada City Nursing Home	<u>7,710,219</u>	<u>7,632,858</u>	-	-	-	(77,361)	(77,361)
Total component units	<u>\$ 48,908,436</u>	<u>\$ 42,341,772</u>	-	<u>\$ 72,051</u>	<u>(6,417,252)</u>	<u>(77,361)</u>	<u>(6,494,613)</u>
<b>General revenues:</b>							
Investment earnings					-	11,510	11,510
Total general revenues					-	11,510	11,510
Change in net position					(6,417,252)	(65,851)	(6,483,103)
Net position - beginning of year as previously reported					-	-	-
Adjustment for restatement - see Note 24					16,991,609	9,011,504	26,003,113
Net position - beginning of year					<u>16,991,609</u>	<u>9,011,504</u>	<u>26,003,113</u>
Net position - end of year					<u>\$ 10,574,357</u>	<u>\$ 8,945,653</u>	<u>\$ 19,520,010</u>

See notes to financial statements.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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).

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments.

Discretely Presented Component Units: The component units' column in the financial statements includes the financial data of the City's component units. They are reported in a separate column to emphasize they are legally separate from the City and are reported based on their June 30 fiscal year-end.

Nevada City Hospital, d/b/a Nevada Regional Medical Center (the "Medical Center"), owns and operates an acute care hospital in Nevada, Missouri. The City Council of Nevada appoints all members of the Medical Center's Board of Directors and it is able to impose its will on the Medical Center through the ability to modify certain decisions. The complete financial statements may be obtained by writing to the Medical Center at 800 South Ash Street, Nevada, Missouri 64772 or by calling 417.667.3355.

Nevada City Nursing Home (the "Nursing Home") operates Moore-Few Care Center, a skilled nursing facility; Paul L. and Martha Barone Alzheimer's Care Center; and certain property used for rental purposes. The City Council of Nevada appoints all members of the Nursing Home and it is able to impose its will on the Nursing Home through the ability to modify certain decisions. The complete financial statements may be obtained by writing to the Nursing Home at 901 South Adams Street, Nevada, Missouri 64772 or by calling 417.448.3841.

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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Government-Wide and Fund Financial Statements (Continued):

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges 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.

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.

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 following year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 30 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 Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represents the 2017 levy plus any uncollected amounts from the 2016 levy. Property taxes that are not available for current year operations are shown as a deferred inflow.

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.

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 (nonmajor) accounts for activities of the landfill.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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. Nonoperating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

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 position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Balance: 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 five classifications: restricted, committed, assigned, and unassigned.

- (1) *Nonspendable* - This classification reflects the amounts of resources that cannot be spent. Examples of nonspendable resources are inventory and prepaids.
- (2) *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.
- (3) *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.
- (4) *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.
- (5) *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 Basic Financial Statements  
December 31, 2017

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, 2017, the City's cash was deposited in demand accounts and certificates of deposit. Investments with maturities of less than one year are stated at amortized cost, which approximates fair value. All other investments are stated at fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

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

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 reporting 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 reporting period and will not be recognized as an inflow of resources, until then.

The balance sheet – governmental funds reports unavailable revenues as deferred inflows of resources.

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, 2017. 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 following 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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 acquisition 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.

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

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 liability within the proprietary fund type and the government-wide statements. 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 Liabilities: In the government-wide financial statements and the fund financial statements for proprietary fund types, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments are reported as debt service expenditures.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

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, 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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

2. DEPOSITS AND INVESTMENTS:

At December 31, 2017, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$1,767, \$2,093,944, and \$4,942,747, 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, 2017, the City's investments consisted of the following:

	Carrying Amount	Fair Value	Investment Rating
Money Market	\$ 274,036	\$ 274,036	Not Applicable

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.

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, 2017, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Investment type, Money market	\$ 274,036	\$ 274,036	\$ -	\$ -

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

2. DEPOSITS AND INVESTMENTS (Continued):

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.

At December 31, 2017, the carrying value of deposits and investments are summarized as follows:

Investments,		
Money markets	\$	<u>274,036</u>
Certificates of deposit		4,942,747
Cash on hand		1,767
Deposits		<u>2,093,944</u>
		<u>7,038,458</u>
Total	\$	<u><u>7,312,494</u></u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

2. DEPOSITS AND INVESTMENTS (Continued):

Credit Risk (Continued):

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	\$ 6,155,312
Restricted cash	<u>1,157,182</u>
 Total	 <u>\$ 7,312,494</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 \$15,290 for the Water and Sewer Fund.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2017, consisted of the following:

	<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 732,429	\$ -	\$ -	\$ 732,429
Construction in progress	45,485	72,506	-	117,991
Total capital assets not being depreciated	<u>777,914</u>	<u>72,506</u>	<u>-</u>	<u>850,420</u>
Capital assets being depreciated:				
Buildings	12,083,952	102,964	581,500	11,605,416
Equipment and vehicles	5,077,254	684,959	258,314	5,503,899
Software	314,836	4,479	-	319,315
Infrastructure	<u>10,846,570</u>	<u>1,383,038</u>	<u>-</u>	<u>12,229,608</u>
Total capital assets being depreciated	<u>28,322,612</u>	<u>2,175,440</u>	<u>839,814</u>	<u>29,658,238</u>
Less accumulated depreciation:				
Buildings	3,561,225	281,166	580,000	3,262,391
Equipment and vehicles	3,361,503	351,753	228,530	3,484,726
Software	286,233	8,021	-	294,254
Infrastructure	<u>2,587,045</u>	<u>443,937</u>	<u>-</u>	<u>3,030,982</u>
Total accumulated depreciation	<u>9,796,006</u>	<u>1,084,877</u>	<u>808,530</u>	<u>10,072,353</u>
Total capital assets being depreciated, net	<u>18,526,606</u>	<u>1,090,563</u>	<u>31,284</u>	<u>19,585,885</u>
Governmental activities capital assets, net	<u>\$ 19,304,520</u>	<u>\$ 1,163,069</u>	<u>\$ 31,284</u>	<u>\$ 20,436,305</u>

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

Government activities:	
General government	\$ 106,431
Police	135,484
Fire	116,547
Culture and recreation	276,486
Airport	204,062
Street	<u>245,867</u>
Total depreciation expense, governmental	<u>\$ 1,084,877</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended December 31, 2017, consisted of the following (Continued):

	<u>Balance</u> <u>1/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	43,692	-	13,829	29,863
Total capital assets not being depreciated	<u>133,475</u>	<u>-</u>	<u>13,829</u>	<u>119,646</u>
Capital assets being depreciated:				
Buildings	19,409,251	12,787	-	19,422,038
Equipment and vehicles	3,378,841	652,307	88,594	3,942,554
Plant, structure, & lines	13,900,489	358,975	-	14,259,464
Total capital assets being depreciated	<u>36,688,581</u>	<u>1,024,069</u>	<u>88,594</u>	<u>37,624,056</u>
Less accumulated depreciation,				
Water and sewer	14,364,615	869,842	88,594	15,145,863
Total accumulated depreciation	<u>14,364,615</u>	<u>869,842</u>	<u>88,594</u>	<u>15,145,863</u>
Total capital assets being depreciated, net	<u>22,323,966</u>	<u>154,227</u>	<u>-</u>	<u>22,478,193</u>
Business-type activities capital assets, net	<u>\$ 22,457,441</u>	<u>\$ 154,227</u>	<u>\$ 13,829</u>	<u>\$ 22,597,839</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended June 30, 2017, consisted of the following (Continued):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Nursing Home</b>					
Land and land improvements	\$ 301,812	\$ 3,150	\$ -	\$ -	\$ 304,962
Buildings and leasehold improvements	6,081,274	18,470	-	1,535	6,101,279
Furnishings and equipment	1,795,770	21,971	-	28,361	1,846,102
Construction in progress	7,000	50,562	-	(29,896)	27,666
	<u>8,185,856</u>	<u>94,153</u>	<u>-</u>	<u>-</u>	<u>8,280,009</u>
Less accumulated depreciation					
Land improvements	281,162	478	-	-	281,640
Buildings and leasehold improvements	4,468,026	228,260	-	-	4,696,286
Furnishings and equipment	1,390,959	110,299	-	-	1,501,258
	<u>6,140,147</u>	<u>339,037</u>	<u>-</u>	<u>-</u>	<u>6,479,184</u>
	<u>\$ 2,045,709</u>	<u>\$ (244,884)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800,825</u>
<b>Medical Center</b>					
Land and land improvements	\$ 1,010,860	\$ -	\$ -	\$(137,124)	\$ 873,736
Buildings and leasehold improvements	31,118,632	1,227,264	(1,768)	137,124	32,481,252
Furnishings and equipment	22,135,543	432,131	(328,779)	-	22,238,895
Construction in progress	15,272	880	-	-	16,152
	<u>54,280,307</u>	<u>1,660,275</u>	<u>(330,547)</u>	<u>-</u>	<u>55,610,035</u>
Less accumulated depreciation					
Land improvements	326,352	20,200	-	-	346,552
Buildings and leasehold improvements	21,019,601	1,104,566	(1,768)	-	22,122,399
Furnishings and equipment	18,286,697	1,553,587	(328,779)	-	19,511,505
	<u>39,632,650</u>	<u>2,678,353</u>	<u>(330,547)</u>	<u>-</u>	<u>41,980,456</u>
	<u>\$ 14,647,657</u>	<u>\$ (1,018,078)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,629,579</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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 five years of credit services. Employees who retire on or after age 60 (55 for police and fire) with five 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 five years of credit service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

**2017 Valuation**

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

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

**Primary Government**

Employees Covered by Benefit Terms: At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>69</u>
	<u>218</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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 9.6% General, 11.8% Police, and 2.0% Fire of annual covered payroll. The City contributed \$281,911 for the year-ended December 31, 2017.

Net Pension Liability: The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017, rolled forward to June 30, 2017.

Actuarial Assumptions: The total pension liability in the February 28, 2017 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 RP-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 February 28, 2017 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.50%	3.42%

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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)		Changes in Net Pension Liability (Asset) (a) – (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of January 1, 2017	\$ <u>15,766,635</u>	\$ <u>16,096,386</u>	\$ <u>(329,751)</u>
Changes for the year:			
Service cost	273,672	-	273,672
Interest on total pension liability	1,122,425	-	1,122,425
Difference between expected and actual experience	(571,274)	-	(571,274)
Benefit payments	(853,631)	(853,631)	-
Employer contributions	-	272,539	(272,539)
Net investment income (loss)	-	1,832,697	(1,832,697)
Administrative expenses	-	(16,939)	16,939
Other changes	-	(157,527)	157,527
Net changes	<u>(28,808)</u>	<u>1,077,139</u>	<u>(1,105,947)</u>
Balances as of December 31, 2017	\$ <u>15,737,826</u>	\$ <u>17,173,525</u>	\$ <u>(1,435,698)</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

5. PENSION PLAN (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Net Pension Liability (Asset) 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.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total pension liability	\$ 17,914,833	\$ 15,737,827	\$ 13,953,948
Fiduciary net position	<u>17,173,525</u>	<u>17,173,525</u>	<u>17,173,525</u>
Net pension liability (asset)	<u>\$ 741,308</u>	<u>\$ (1,435,698)</u>	<u>\$ (3,219,577)</u>

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

For the year ended December 31, 2017, the employer recognized a pension expense (reduction) of (\$1,420,754). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (642,506)
Changes of assumptions	216,512	-
Net difference between projected and actual earnings on pension plan investments	550,507	-
City contributions subsequent to the measurement date *	<u>144,823</u>	<u>-</u>
Total	<u>\$ 911,842</u>	<u>\$ (642,506)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reductions in the Net Pension Liability for the year ending December 31, 2018.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

5. PENSION PLAN (Continued):

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

Year Ending	Net Deferred Outflows of Resources
2018	\$ 174,347
2019	137,044
2020	(12,382)
2021	(174,496)
Total	\$ 124,513

**Discretely Presented Component Units**

Employees Covered by Benefit Terms: At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	240
Inactive employees entitled to but not yet receiving benefits	136
Active employees	329
	705

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 2.96% Nursing Home and 2.70% for the Medical Center of annual covered payroll. The Nursing Home contributed \$65,626 and the Medical Center contributed \$345,604 for the year-ended June 30, 2017.

Net Pension Liability: The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017, rolled forward to June 30, 2017.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

5. PENSION PLAN (Continued):

Actuarial Assumptions: The total pension liability in the February 28, 2017 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 RP-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 February 28, 2017 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.50%	3.42%

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

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 – Discretely Presented Component Units**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Changes in Net Pension Liability (Asset) (a) - (b)
Balances as of January 1, 2017	\$ 34,156,140	\$ 38,835,335	\$ (4,679,195)
Changes for the year:			
Service cost	858,260	-	858,260
Interest on total pension liability	2,451,586	-	2,451,586
Difference between expected and actual experience	(219,253)	-	(219,253)
Benefit payments	(1,552,734)	(1,552,734)	-
Employer contributions		411,230	(411,230)
Net investment income (loss)	-	4,571,429	(4,571,429)
Administrative expenses	-	(56,217)	56,217
Other changes	-	(149,274)	149,274
Net changes	<u>1,537,859</u>	<u>3,224,434</u>	<u>(1,686,575)</u>
Balances as of December 31, 2017	<u>\$ 35,693,999</u>	<u>\$ 42,059,769</u>	<u>\$ (6,365,770)</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

5. PENSION PLAN (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Net Pension Liability (Asset) 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.

	<u>1% Decrease 6.25%</u>	<u>Current Single Discount Rate Assumption 7.25%</u>	<u>1% Increase 8.25%</u>
Net pension liability (asset)	<u>\$ (997,234)</u>	<u>\$ (6,365,770)</u>	<u>\$ (10,727,558)</u>

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

For the year ended December 31, 2017, the employer recognized a pension expense (reduction) of (\$1,496,370). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,841	\$ 528,311
Changes of assumptions	804,350	-
Net difference between projected and actual earnings on pension plan investments	<u>1,161,001</u>	<u>-</u>
Total	<u>\$ 2,005,192</u>	<u>\$ 528,311</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

5. PENSION PLAN (Continued):

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

Year Ending	Net Deferred Outflows of Resources
2018	\$ 749,536
2019	756,522
2020	358,761
2021	(387,938)
Total	\$ 1,476,881

6. LONG-TERM OBLIGATIONS:

Changes in long-term obligations of the City for the year ended December 31, 2017, consisted of the following:

	Governmental Activities				Amounts Due Within One Year
	Balance January 1, 2017 (As Restated)	Additions	Retirements	Balance December 31, 2017	
Bonds payable	\$ 48,104	\$ -	\$ 4,553	\$ 43,551	\$ 4,733
Certificates of participation	4,525,000	-	220,000	4,305,000	225,000
Notes payable	11,818	-	11,818	-	-
Capital leases	840,554	1,404,516	197,943	2,047,127	281,225
Bond premium/discount	(55,891)	-	(3,728)	(52,163)	-
	5,369,585	1,404,516	430,586	6,343,515	510,958
Other liabilities, Compensated absences	283,662	58,462	40,118	302,006	39,126
	\$ 5,653,247	\$ 1,462,978	\$ 470,704	\$ 6,645,521	\$ 550,084

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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6. LONG-TERM OBLIGATIONS (Continued):

	Business-Type Activities			Balance December 31, 2017	Amounts Due Within One Year
	Balance January 1, 2017	Additions	Retirements		
Revenue bonds	\$ 8,310,000	\$ -	\$ 565,000	\$ 7,745,000	\$ 683,424
2015 SRF Loan	2,582,380	32,944	113,000	2,502,324	-
Capital leases	431,596	451,792	123,873	759,515	193,611
Bond premium/discount	<u>153,648</u>	<u>-</u>	<u>13,371</u>	<u>140,277</u>	<u>-</u>
	<u>11,477,624</u>	<u>484,736</u>	<u>815,244</u>	<u>11,147,116</u>	<u>877,035</u>
Other liabilities					
Compensated absences	<u>1,241</u>	<u>11,697</u>	<u>1,241</u>	<u>11,697</u>	<u>1,096</u>
	<u>\$ 11,478,865</u>	<u>\$ 496,433</u>	<u>\$ 816,485</u>	<u>\$ 11,158,813</u>	<u>\$ 878,131</u>

Changes in long-term obligations of the City for the year ended December 31, 2017, consisted of the following:

	Component Units				Amounts Due Within One Year
	Balance July 1, 2016 (As Restated)	Additions	Retirements	Balance June 30, 2017	
Bonds payable	\$ 17,350,000	\$ -	\$ 820,000	\$ 16,530,000	\$ 850,000
Capital leases	<u>41,893</u>	<u>1,363,662</u>	<u>51,925</u>	<u>1,353,630</u>	<u>110,524</u>
	<u>\$ 17,391,893</u>	<u>\$ 1,363,662</u>	<u>\$ 871,925</u>	<u>\$ 17,883,630</u>	<u>\$ 960,524</u>

City of Nevada, Missouri  
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6. LONG-TERM OBLIGATIONS (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, 2017, consisted of the following:

Governmental activities:

\$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%	\$ 43,551
\$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%	3,170,000
\$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%	810,000
\$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
Various capital leases with U.S. Bancorp through February 2027 with interest rates ranging from 1.47% to 2.90%	<u>2,047,127</u>
Total governmental activities	<u>\$ 6,395,678</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

6. LONG-TERM OBLIGATIONS (Continued):

Business-type activities:

\$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%	\$ 7,745,000
\$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%	2,502,324
Various capital leases with U.S. Bancorp and Commerce Bank through February 2022 with interest ranging from 1.73% to 2.90%	<u>759,515</u>
Total business-type activities	<u><u>\$ 11,006,839</u></u>

Discretely presented component units:

\$21,730,800, Series 2007 Revenue Bonds payable consists of health facilities revenue bonds due in annual installments through October 1, 2031; interest at 3.70% to 4.375%	<u><u>\$ 16,530,000</u></u>
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Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending December 31,	Principal	Interest	NID Bonds
2018	\$ 4,733	\$ 1,720	\$ 6,453
2019	4,920	1,533	6,453
2020	5,110	1,343	6,453
2021	5,316	1,137	6,453
2022	5,526	927	6,453
2023-2025	<u>17,946</u>	<u>1,438</u>	<u>19,384</u>
	<u><u>\$ 43,551</u></u>	<u><u>\$ 8,098</u></u>	<u><u>\$ 51,649</u></u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

6. LONG-TERM OBLIGATIONS (Continued):

Years ending December 31,	Principal	Interest	Certificates of Participation
2018	\$ 225,000	\$ 176,481	\$ 401,481
2019	230,000	170,811	400,811
2020	240,000	164,279	404,279
2021	245,000	156,886	401,886
2022	255,000	148,695	403,695
2023-2027	1,410,000	594,630	2,004,630
2028-2032	1,535,000	248,013	1,783,013
2033	165,000	7,013	172,013
	<u>\$ 4,305,000</u>	<u>\$ 1,666,808</u>	<u>\$ 5,971,808</u>

Years ending December 31,	Principal	Interest	Water/Sewer Revenue Bonds
2018	\$ 683,424	\$ 376,590	\$ 1,060,014
2019	701,600	349,081	1,050,681
2020	713,600	320,737	1,034,337
2021	731,600	294,403	1,026,003
2022	744,400	265,897	1,010,297
2023-2027	4,002,600	915,988	4,918,588
2028-2032	2,177,000	146,447	2,323,447
2033-2035	493,100	11,361	504,461
	<u>\$ 10,247,324</u>	<u>\$ 2,680,504</u>	<u>\$ 12,927,828</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

6. LONG-TERM OBLIGATIONS (Continued):

Years ending June 30,	Principal	Interest	Component Units
2018	\$ 850,000	\$ 689,041	\$ 1,539,041
2019	885,000	653,686	1,538,686
2020	900,000	616,981	1,516,981
2021	925,000	579,225	1,504,225
2022	965,000	539,766	1,504,766
2023-2027	5,430,000	2,035,502	7,465,502
2028-2032	<u>6,575,000</u>	<u>740,170</u>	<u>7,315,170</u>
	<u>\$ 16,530,000</u>	<u>\$ 5,854,371</u>	<u>\$ 22,384,371</u>

Bond Reserve Accounts:

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

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

6. LONG-TERM OBLIGATIONS (Continued):

Bond Reserve Accounts (Continued):

At December 31, 2017, the City was in compliance with the requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the Water and Sewer Fund for the year ended December 31, 2017.

Conduit Debt:

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The debt is payable solely from payments received from the private businesses involved. As of December 31, 2017, there were two issues of industrial revenue bonds outstanding. These issues have an aggregate original issue amount of approximately \$51 million and a balance as of December 31, 2017 of approximately \$30 million.

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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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7. CAPITAL LEASES (Continued):

The assets acquired through capital leases are as follows:

Asset		
Deep South Freightliner tanker	\$	119,000
Fire pumper truck		395,955
2014 Caterpillar backhoe		85,801
2014 Caterpillar skid steer		31,870
2014 Phone system		84,082
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
City Hall improvements		428,241
4 police vehicles		127,552
Animal control vehicle		34,100
Fire vehicle		34,548
Parks pool interior painting		65,000
Golf course irrigation system		645,200
Golf course turf fans		30,000
Golf course drive pump		10,000
Parks mowers		45,000
3 public works vehicles		120,000
2 public works dump trucks		190,000
Public works wheel loader		150,000
2 public works backhoes		181,667
Total assets acquired	\$	3,699,976

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

7. CAPITAL LEASES (Continued):

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2017, are as follows for the primary government:

Years Ending December 31,		
2018	\$	553,548
2019		556,473
2020		534,740
2021		476,067
2022		235,793
2023-2027		709,981
		3,066,602
Less: amount representing interest		259,960
Present value of future minimum lease payments		\$ 2,806,642

Years Ending June 30,		Component Units
2018	\$	129,708
2019		129,708
2020		107,523
2021		106,266
2022		106,266
2023-2027		494,227
2028-2032		409,008
Total minimum lease payments		1,482,706
Less: amount representing interest		129,056
Present value of future minimum lease payments		\$ 1,353,650

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

8. RESTRICTED CASH:

Restricted cash and investments at December 31, 2017, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>	<u>Total</u>
Municipal court	\$ 6,203	\$ -	\$ 6,203
Reserve for debt service	<u>76,096</u>	<u>1,074,883</u>	<u>1,150,979</u>
	<u>\$ 82,299</u>	<u>\$ 1,074,883</u>	<u>\$ 1,157,182</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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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10. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2017, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Water &amp; Sewer Fund</u>
Property	\$ 839,268	\$ 217,724	\$ -
Railroad	56,471	16,045	-
Franchise	1,011,489	-	-
Cigarette	-	54,908	-
City Sales	1,625,799	-	-
Capital Improvement Sales	-	-	812,785
Park Sales	-	812,785	-
Transportation Sales	-	812,785	-
Occupancy	-	104,662	-
	<u>\$ 3,533,027</u>	<u>\$ 2,018,909</u>	<u>\$ 812,785</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2017, was as follows:

Real estate	\$ 70,920,121
Personal property	<u>24,615,883</u>
	<u>\$ 95,536,004</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2017 was as follows:

General Fund	\$ 0.7069
Library	<u>0.2000</u>
	<u>\$ 0.9069</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

10. TAX REVENUES (Continued):

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, 2017, were as follows:

	Receivable	Payable
General Fund	\$ 10	\$ -
Special Revenue Funds:		
Special Projects	10,082	-
Street	-	1
Park	-	10,091
	\$ 10,092	\$ 10,092

Transfers during the year ended December 31, 2017, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 529,748	\$ 36,168
Special Revenue Funds:		
Street	21,753	56,079
Parks	15,965	6,425
Nonmajor	20,730	45,325
Proprietary Fund, Water and sewer	11,951	456,150
	\$ 600,147	\$ 600,147

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 Basic Financial Statements  
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11. INTERFUND TRANSACTIONS (Continued):

The Water and Sewer Fund is exempt from federal and state income taxes and local property taxes because they are an enterprise fund at the City of Nevada, Missouri. However, the fund is required by a City ordinance to pay both a payment in-lieu-of tax and a franchise fee to the General Fund.

In addition to these payments, and not included on the above transfer schedule, the Water and Sewer Fund makes payments to the General Fund for certain administration, data processing, and accounting services totaling \$459,990 during the year ended December 31, 2017.

12. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended December 31, 2017, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Federal:		
US Department of Justice:		
Stop Violence Against Women	\$ 33,709	\$ -
Bullet Proof Vest Grant	815	-
US Department of Transportation:		
HMV Enforcement	4,952	-
DWI Enforcement	3,770	-
State:		
Department of Revenue:		
Motor Vehicle Fuel Tax	-	339,124
Motor Vehicle Fees	-	29,434
Taxi Grant	22,147	-
Other State Grants	<u>22,448</u>	<u>1,008</u>
	<u>\$ 87,841</u>	<u>\$ 369,566</u>

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.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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14. SELF-INSURANCE:

The City is a member of 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, 2017.

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

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 no construction commitments at December 31, 2017.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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17. PLEDGED REVENUES:

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay a debt issue totaling \$10,247,324. 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 2035. The total interest and principal remaining to be paid on the bonds is \$12,927,828. Principal and interest paid for the current year is \$932,126.

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, 2017, amounted to \$4,305,000. 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 \$401,669.

18. LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure 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, 2017 is \$174,435.

19. 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.

20. 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, 2017, 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 Basic Financial Statements  
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21. 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 five 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.

22. 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).

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 Basic Financial Statements  
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22. 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		8,904
Adjustment to annual required contribution		<u>(11,625)</u>
		<u>(2,721)</u>
Annual OPEB cost		24,673
Balance at December 31, 2016		197,871
Contributions made, Net employer contributions		<u>9,000</u>
Net OPEB obligation, December 31, 2017	\$	<u>213,544</u>

City of Nevada, Missouri  
Notes to Basic Financial Statements  
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22. 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, 2017, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 35,815	30.0%	\$ 180,269
2016	\$ 24,602	28.1%	\$ 197,871
2017	\$ 24,673	36.5%	\$ 213,544

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 Basic Financial Statements  
December 31, 2017

22. 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.

23. 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, 2017, the City had agreements for abated property taxes totaling \$52,683 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 \$13,171 for the year ended December 31, 2017. The net effect is a property tax abatement of \$39,512.

24. RESTATEMENT OF BEGINNING BALANCES:

In 2017, the City determined that only a portion of the fully earned compensated absences were recorded. The correction resulted in a decrease in the beginning net position of governmental activities of \$120,344.

City of Nevada, Missouri  
Notes to Basic Financial Statements  
December 31, 2017

24. RESTATEMENT OF BEGINNING BALANCES (Continued):

In 2017, the City determined that the Nevada City Hospital and the Nevada City Nursing Home are component units of the City that should have been discretely presented on the Statement of Net Position and the Statement of Activities in prior years. The correction resulted in an increase in the beginning net position of the component units of \$26,003,113.

	<b>Governmental Activities</b>	<b>Component Units</b>
Net position, beginning of year, as previously reported	\$ 19,643,722	\$ -
Restatement for earned compensated absences	(120,344)	-
Restatement for exclusion of component units	-	26,003,113
Net position, beginning of year, as restated	\$ 19,523,378	\$ 26,003,113

In addition to the government-wide financial restatements the governmental funds beginning fund balance was restated. The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. In 2017, the City determined that certain revenues were not considered available as of the prior year, as they were not collected within 30 days of the end of the fiscal period. As a result of this, the following adjustments were made to opening fund balances as of January 1, 2017 on the governmental fund financial statements.

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>
Fund balance, beginning of year, as previously reported	\$ 950,987	\$ 1,089,326
Restatement for revenues not currently available	(42,436)	(35,872)
Fund balance, beginning of year, as restated	\$ 908,551	\$ 1,053,454

25. SUBSEQUENT EVENTS

On March 6, 2018, the City Council passed Ordinance No. 8221 which authorized the City to enter into a lease/purchase agreement with Clayton Holdings, LLC for the acquisition of capital assets. For an amount not to exceed \$507,023. The agreement was dated March 16, 2018 and with interest rates varying between 2.891% to 4.181%. The rental term expires on March 16, 2028.

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

**Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios  
Last 3 Fiscal Years**

*Fiscal year ending June 30,*

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,131,932	\$ 283,533	\$ 287,548
Interest on the Total Pension Liability	3,574,011	1,078,667	1,047,094
Benefit Changes	-	-	-
Difference between expected and actual experience	(790,527)	(324,977)	(1,079)
Assumption Changes	-	446,730	-
Benefit Payments	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>1,509,051</b>	<b>587,233</b>	<b>438,068</b>
<b>Total Pension Liability beginning</b>	<b>49,922,775</b>	<b>15,179,402</b>	<b>14,741,334</b>
<b>Total Pension Liability ending</b>	<b>\$ 51,431,826</b>	<b>\$ 15,766,635</b>	<b>\$ 15,179,402</b>
<b>Plan Fiduciary Net Position</b>			
Contributions-employer	\$ 683,769	\$ 291,950	\$ 292,173
Contributions-employee	-	-	18,290
Pension Plan Net Investment income	6,404,126	(46,138)	329,923
Benefit Payments	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-
Pension Plan Administrative expense	(73,156)	(16,314)	(17,988)
Other	(306,801)	(74,381)	(248,478)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>4,301,573</b>	<b>(741,603)</b>	<b>(521,575)</b>
<b>Plan Fiduciary Net Position beginning</b>	<b>54,931,721</b>	<b>16,837,989</b>	<b>17,359,564</b>
<b>Plan Fiduciary Net Position ending</b>	<b>\$ 59,233,294</b>	<b>\$ 16,096,386</b>	<b>\$ 16,837,989</b>
<b>City's Net Pension (Asset) Liability</b>	<b>\$ (7,801,468)</b>	<b>\$ (329,751)</b>	<b>\$ (1,658,587)</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>115.17%</b>	<b>102.09%</b>	<b>110.93%</b>
<b>Covered Employee Payroll</b>	<b>\$ 17,427,017</b>	<b>\$ 2,739,663</b>	<b>\$ 2,777,752</b>
<b>City's Net Pension (Asset) Liability as a percentage of covered employee payroll</b>	<b>-44.77%</b>	<b>-12.04%</b>	<b>-59.71%</b>

**Notes to schedule:**

Only the 2015 through 2017 years are being shown, as other years become available they will be included until 10 years of data is shown.

Prior to 2017, the component units were not part of the reporting entity and they were not included in the above schedule prior to 2017.

See footnote 24 for more details.

CITY OF NEVADA, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS  
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 692,714	\$ 271,957	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513	\$ 319,293	\$ 382,355	\$ 234,320	\$ 261,723
Contributions in relation to the actuarially determined contribution	693,141	271,957	288,801	293,369	283,412	257,276	233,974	250,232	234,320	257,487
Contribution deficiency (excess)	\$ (427)	\$ -	\$ -	\$ 12,837	\$ 37,908	\$ 111,237	\$ 85,319	\$ 132,123	\$ -	\$ 4,236
Covered-employee payroll	\$ 17,812,320	\$ 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
Contributions as a percentage of covered-employee payroll	3.8%	9.9%	10.4%	10.33%	10.39%	9.8%	8.8%	7.74%	6.72%	7.81%

**Notes to Schedule:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 15 to 17 years
Asset valuation method	5 year smoothed market, 20% corridor
Inflation	3.25% wage inflation, 2.5% price inflation
Salary increases	3.25% to 6.55%, including wage inflation
Net investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2015 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2015 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2015 employees mortality table for males and females.

Prior to 2017, the component units were not part of the reporting entity, and they were not included in the above schedule prior to 2017. See footnote 24 for more details.

**Actuarially Determined Contributions** - There were no changes that impacted actuarially determined contributions.

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

SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS:

Actuarial 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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts,</b>	<b>Variance with</b>
			<b>Budgetary Basis</b>	<b>Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive</b> <b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 3,835,727	\$ 3,835,727	\$ 3,801,807	\$ (33,920)
Licenses and permits	107,500	107,500	97,180	(10,320)
Intergovernmental	100,807	100,807	87,841	(12,966)
Charges for services	153,550	153,550	127,069	(26,481)
Fees and fines	113,000	113,000	103,053	(9,947)
Investment earnings	3,883	3,883	8,867	4,984
Paid in lieu of tax	223,192	223,192	230,794	7,602
Other	40,200	40,200	63,396	23,196
	<u>4,577,859</u>	<u>4,577,859</u>	<u>4,520,007</u>	<u>(57,852)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,160,034	1,160,034	1,121,811	38,223
Municipal court	131,333	131,333	128,653	2,680
Public transportation	56,849	56,849	47,600	9,249
Public safety	2,764,483	2,764,483	2,701,369	63,114
Emergency management	5,810	5,810	4,710	1,100
Animal control	184,541	184,541	169,928	14,613
Planning and zoning	136,955	136,955	108,770	28,185
Capital outlay	904,065	904,065	438,237	465,828
Debt service:				
Principal	364,938	364,938	367,272	(2,334)
Interest and other charges	199,340	199,340	199,993	(653)
	<u>5,908,348</u>	<u>5,908,348</u>	<u>5,288,343</u>	<u>620,005</u>
Excess (deficiency) of revenues over expenditures	<u>(1,330,489)</u>	<u>(1,330,489)</u>	<u>(768,336)</u>	<u>562,153</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from capital leases	865,000	865,000	603,065	(261,935)
Proceeds from sale of capital assets	6,000	6,000	11,630	5,630
Transfers in	526,612	526,612	533,587	6,975
Transfers out	(33,723)	(33,723)	(36,168)	(2,445)
Total other financing sources and uses	<u>1,363,889</u>	<u>1,363,889</u>	<u>1,112,114</u>	<u>(251,775)</u>
Net change in fund balances	33,400	33,400	343,778	310,378
Fund balances - beginning of year as previously reported	950,987	950,987	950,987	-
Adjustment for restatement - see Note 24	(42,436)	(42,436)	(42,436)	-
Fund balances - beginning of year as restated	<u>908,551</u>	<u>908,551</u>	<u>908,551</u>	<u>-</u>
Fund balances - end of year	<u>\$ 941,955</u>	<u>\$ 941,955</u>	<u>\$ 1,252,329</u>	<u>\$ 310,378</u>

**City of Nevada, Missouri**  
**BUDGETARY COMPARISON SCHEDULE --**  
**STREET FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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>			
Taxes	\$ 807,500	\$ 807,500	\$ 815,285	\$ 7,785
Intergovernmental	351,000	351,000	368,558	17,558
Investment earnings	14,500	14,500	9,104	(5,396)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>86,188</u>	<u>85,188</u>
	<u>1,174,000</u>	<u>1,174,000</u>	<u>1,279,135</u>	<u>105,135</u>
<b>EXPENDITURES:</b>				
Street	645,405	645,405	629,191	16,214
Capital outlay	833,635	879,562	910,021	(30,459)
Debt service:				
Principal	11,995	11,995	12,118	(123)
Interest and other charges	<u>613</u>	<u>613</u>	<u>611</u>	<u>2</u>
	<u>1,491,648</u>	<u>1,537,575</u>	<u>1,551,941</u>	<u>(14,366)</u>
Excess (deficiency) of revenues over expenditures	<u>(317,648)</u>	<u>(363,575)</u>	<u>(272,806)</u>	<u>90,769</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	5,000	5,000	21,705	16,705
Transfers in	14,000	14,000	21,753	7,753
Transfers out	<u>(56,080)</u>	<u>(56,080)</u>	<u>(56,080)</u>	<u>-</u>
Total other financing sources and uses	<u>(37,080)</u>	<u>(37,080)</u>	<u>(12,622)</u>	<u>24,458</u>
Net change in fund balances	(354,728)	(400,655)	(285,428)	115,227
Fund balances - beginning of year	<u>1,473,103</u>	<u>1,473,103</u>	<u>1,473,103</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,118,375</u>	<u>\$ 1,072,448</u>	<u>\$ 1,187,675</u>	<u>\$ 115,227</u>

City of Nevada, Missouri  
**BUDGETARY COMPARISON SCHEDULE --  
PARKS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 867,000	\$ 867,000	\$ 867,693	\$ 693
Charges for services	329,243	329,243	297,896	(31,347)
Investment earnings	800	800	1,822	1,022
Miscellaneous	<u>814</u>	<u>814</u>	<u>5,745</u>	<u>4,931</u>
	<u>1,197,857</u>	<u>1,197,857</u>	<u>1,173,156</u>	<u>(24,701)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	1,125,748	1,125,748	1,059,964	65,784
Capital outlay	983,400	983,400	856,753	126,647
Debt service:				
Principal	45,868	45,868	38,553	7,315
Interest and other charges	<u>2,341</u>	<u>2,341</u>	<u>2,479</u>	<u>(138)</u>
	<u>2,157,357</u>	<u>2,157,357</u>	<u>1,957,749</u>	<u>199,608</u>
Excess (deficiency) of revenues over expenditures	<u>(959,500)</u>	<u>(959,500)</u>	<u>(784,593)</u>	<u>174,907</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from capital leases	900,000	900,000	795,200	(104,800)
Capital contributions	-	-	7,200	7,200
Proceeds from sale of assets	4,000	4,000	30,875	26,875
Transfers in	55,000	55,000	15,965	(39,035)
Transfers out	<u>-</u>	<u>-</u>	<u>(6,425)</u>	<u>(6,425)</u>
Total other financing sources and uses	<u>959,000</u>	<u>959,000</u>	<u>842,815</u>	<u>(116,185)</u>
Net change in fund balances	(500)	(500)	58,222	58,722
Fund balances - beginning of year	<u>290,159</u>	<u>290,159</u>	<u>290,159</u>	<u>-</u>
Fund balances - end of year	<u>\$ 289,659</u>	<u>\$ 289,659</u>	<u>\$ 348,381</u>	<u>\$ 58,722</u>

City of Nevada, Missouri  
**COMBINING BALANCE SHEET --**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	Parks Construction Fund	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	\$ 275,299	\$ 817,787	\$ -	\$ 15,787	\$ 14	\$ 14,167	\$ 168,454	\$ 8,659	\$ 1,300,167
Cash and investments-restricted	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	160,970	-	-	-	6,223	-	167,193
Due from other funds	-	10,079	2	-	-	-	1	-	10,082
Receivable from other governments	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-
Fees receivable	-	-	-	-	-	-	-	-	-
Delinquent property taxes receivable	-	-	-	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	32,084	32,084
Other receivables	-	-	-	45	-	-	-	-	45
Inventories	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	799	-	-	-	-	799
<b>Total assets</b>	<b>\$ 275,299</b>	<b>\$ 827,866</b>	<b>\$ 160,972</b>	<b>\$ 16,631</b>	<b>\$ 14</b>	<b>\$ 14,167</b>	<b>\$ 174,678</b>	<b>\$ 40,743</b>	<b>\$ 1,510,370</b>
<b>LIABILITIES AND FUND BALANCES:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 565	\$ -	\$ -	\$ 949	\$ -	\$ 1,514
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>565</b>	<b>-</b>	<b>-</b>	<b>949</b>	<b>-</b>	<b>1,514</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Property taxes	-	-	189,284	-	-	-	-	-	189,284
Other receivables	-	-	-	-	-	-	-	28,633	28,633
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>189,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,633</b>	<b>217,917</b>
<b>FUND BALANCES:</b>									
Nonspendable:									
Prepays	-	-	-	799	-	-	-	-	799
Restricted:									
Capital projects	275,299	827,866	-	-	-	-	-	12,110	1,115,275
Library	-	-	-	-	-	-	-	-	-
Airport	-	-	-	15,709	-	-	-	-	15,709
Economic development	-	-	-	-	-	-	173,729	-	173,729
Police and court	-	-	-	-	14	14,167	-	-	14,181
Unassigned	-	-	(28,312)	(442)	-	-	-	-	(28,754)
<b>Total fund balances</b>	<b>275,299</b>	<b>827,866</b>	<b>(28,312)</b>	<b>16,066</b>	<b>14</b>	<b>14,167</b>	<b>173,729</b>	<b>12,110</b>	<b>1,290,939</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 275,299</b>	<b>\$ 827,866</b>	<b>\$ 160,972</b>	<b>\$ 16,631</b>	<b>\$ 14</b>	<b>\$ 14,167</b>	<b>\$ 174,678</b>	<b>\$ 40,743</b>	<b>\$ 1,510,370</b>

City of Nevada, Missouri  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES -- NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Parks Construction Fund	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	\$ -	\$ -	\$ 223,837	\$ -	\$ -	\$ -	\$ 104,662	\$ 7,432	\$ 335,931
Sales and miscellaneous taxes	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,008	-	-	-	-	1,008
Charges for services	-	-	-	-	1,049	3,060	-	-	4,109
Fees and fines	-	-	-	-	-	-	-	-	-
Investment earnings	-	5,980	-	-	-	-	-	-	5,980
In lieu of taxes	-	-	-	-	-	-	-	-	-
Other	-	1,001	-	12,410	-	-	14,787	-	28,198
<b>Total revenues</b>	<b>-</b>	<b>6,981</b>	<b>223,837</b>	<b>13,418</b>	<b>1,049</b>	<b>3,060</b>	<b>119,449</b>	<b>7,432</b>	<b>375,226</b>
<b>EXPENDITURES:</b>									
General government	-	-	-	-	1,182	3,740	-	195	5,117
Municipal court	-	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	-	-	-	-	-	-
Animal control	-	-	-	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	252,716	12,128	-	-	81,334	-	346,178
Recycling	-	-	-	-	-	-	-	-	-
Street	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	-
Municipal jail	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	12,137	-	-	8,081	-	20,218
Debt service:									
Principal	-	-	-	11,822	-	-	-	4,553	16,375
Interest and fiscal charges	-	-	-	80	-	-	-	1,900	1,980
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>252,716</b>	<b>36,167</b>	<b>1,182</b>	<b>3,740</b>	<b>89,415</b>	<b>6,648</b>	<b>389,868</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>6,981</b>	<b>(28,879)</b>	<b>(22,749)</b>	<b>(133)</b>	<b>(680)</b>	<b>30,034</b>	<b>784</b>	<b>(14,642)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Issuance of long-term debt	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,423	-	-	-	-	1,423
Transfers in	-	-	-	20,730	-	-	-	-	20,730
Transfers out	-	-	-	-	-	-	(45,325)	-	(45,325)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,153</b>	<b>-</b>	<b>-</b>	<b>(45,325)</b>	<b>-</b>	<b>(23,172)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>6,981</b>	<b>(28,879)</b>	<b>(596)</b>	<b>(133)</b>	<b>(680)</b>	<b>(15,291)</b>	<b>784</b>	<b>(37,814)</b>
Fund balances - beginning of year, as originally reported	275,299	820,885	567	16,662	147	14,847	189,020	47,198	1,364,625
Restatement - See Note 24	-	-	-	-	-	-	-	(35,872)	(35,872)
Fund balances - beginning of year (as restated)	<u>275,299</u>	<u>820,885</u>	<u>567</u>	<u>16,662</u>	<u>147</u>	<u>14,847</u>	<u>189,020</u>	<u>11,326</u>	<u>1,328,753</u>
Fund balances - end of year	<u>\$ 275,299</u>	<u>\$ 827,866</u>	<u>\$ (28,312)</u>	<u>\$ 16,066</u>	<u>\$ 14</u>	<u>\$ 14,167</u>	<u>\$ 173,729</u>	<u>\$ 12,110</u>	<u>\$ 1,290,939</u>

City of Nevada, Missouri  
**BUDGETARY COMPARISON SCHEDULE --  
 PARKS CONSTRUCTION  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	<u>275,299</u>	<u>275,299</u>	<u>275,299</u>	-
Fund balances - end of year	<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, 2017**

	<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>			
Investment earnings	\$ 7,295	\$ 7,295	\$ 5,980	\$ (1,315)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,001</u>	<u>1</u>
	<u>8,295</u>	<u>8,295</u>	<u>6,981</u>	<u>(1,314)</u>
Net change in fund balances	8,295	8,295	6,981	(1,314)
Fund balances - beginning of year	<u>820,885</u>	<u>820,885</u>	<u>820,885</u>	<u>-</u>
Fund balances - end of year	<u>\$ 829,180</u>	<u>\$ 829,180</u>	<u>\$ 827,866</u>	<u>\$ (1,314)</u>

City of Nevada, Missouri  
 BUDGETARY COMPARISON SCHEDULE --  
 LIBRARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<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>				
Taxes	\$ 222,349	\$ 222,349	\$ 223,837	\$ 1,488
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	222,349	222,349	252,716	(30,367)
Excess of revenues over expenditures	-	-	(28,879)	(28,879)
Net change in fund balances	-	-	(28,879)	(28,879)
Fund balances - beginning of year	567	567	567	-
Fund balances - end of year	\$ 567	\$ 567	\$ (28,312)	\$ (28,879)

**City of Nevada, Missouri**  
**BUDGETARY COMPARISON SCHEDULE --**  
**AIRPORT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES:</b>				
Intergovernmental	\$ 800	\$ 800	\$ 1,008	\$ 208
Miscellaneous	<u>12,946</u>	<u>12,946</u>	<u>12,410</u>	<u>(536)</u>
	<u>13,746</u>	<u>13,746</u>	<u>13,418</u>	<u>(328)</u>
<b>EXPENDITURES:</b>				
Culture and recreation	13,236	13,236	12,128	1,108
Capital outlay	8,000	10,640	12,137	(1,497)
Debt service:				
Principal	11,822	11,822	11,822	-
Interest and other charges	<u>81</u>	<u>81</u>	<u>80</u>	<u>1</u>
	<u>33,139</u>	<u>35,779</u>	<u>36,167</u>	<u>(388)</u>
Deficiency of revenues over expenditures	<u>(19,393)</u>	<u>(22,033)</u>	<u>(22,749)</u>	<u>(716)</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sale of assets	-	-	1,423	1,423
Transfers in	<u>19,393</u>	<u>19,393</u>	<u>20,730</u>	<u>1,337</u>
Net change in fund balances	-	(2,640)	(596)	2,044
Fund balances - beginning of year	<u>16,662</u>	<u>16,662</u>	<u>16,662</u>	<u>-</u>
Fund balances - end of year	<u>\$ 16,662</u>	<u>\$ 14,022</u>	<u>\$ 16,066</u>	<u>\$ 2,044</u>

City of Nevada, Missouri  
**BUDGETARY COMPARISON SCHEDULE --  
 JUDICIAL EDUCATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 1,300	\$ 1,300	\$ 1,049	\$ (251)
<b>EXPENDITURES:</b>				
Current:				
General government	1,300	1,300	1,182	118
Excess (deficiency) of revenues over expenditures	-	-	(133)	(133)
Net change in fund balances	-	-	(133)	(133)
Fund balances - beginning of year	147	147	147	-
Fund balances - end of year	\$ 147	\$ 147	\$ 14	\$ (133)

**City of Nevada, Missouri**  
**BUDGETARY COMPARISON SCHEDULE --**  
**POST COMMISSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 4,300	\$ 4,300	\$ 3,060	\$ (1,240)
<b>EXPENDITURES:</b>				
Current:				
General government	3,600	3,740	3,740	-
Excess (deficiency) of revenues over expenditures	700	560	(680)	(1,240)
Net change in fund balances	700	560	(680)	(1,240)
Fund balances - beginning of year	14,847	14,847	14,847	-
Fund balances - end of year	\$ 15,547	\$ 15,407	\$ 14,167	\$ (1,240)

**City of Nevada, Missouri**  
**BUDGETARY COMPARISON SCHEDULE --**  
**TOURISM FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 96,400	\$ 96,400	\$ 104,662	\$ 8,262
Miscellaneous	<u>12,700</u>	<u>12,700</u>	<u>14,787</u>	<u>2,087</u>
	<u>109,100</u>	<u>109,100</u>	<u>119,449</u>	<u>10,349</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	87,683	87,683	81,334	6,349
Capital outlay	<u>-</u>	<u>-</u>	<u>8,081</u>	<u>(8,081)</u>
	<u>87,683</u>	<u>87,683</u>	<u>89,415</u>	<u>(1,732)</u>
Excess of revenues over expenditures	<u>21,417</u>	<u>21,417</u>	<u>30,034</u>	<u>8,617</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(53,942)</u>	<u>(53,942)</u>	<u>(45,325)</u>	<u>8,617</u>
Net change in fund balances	(32,525)	(32,525)	(15,291)	17,234
Fund balances - beginning of year	<u>189,020</u>	<u>189,020</u>	<u>189,020</u>	<u>-</u>
Fund balances - end of year	<u>\$ 156,495</u>	<u>\$ 156,495</u>	<u>\$ 173,729</u>	<u>\$ 17,234</u>

**City of Nevada, Missouri  
 BUDGETARY COMPARISON SCHEDULE --  
 NID - ASHLAND ESTATES SEWER FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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>				
Taxes	\$ 4,086	\$ 4,086	\$ 7,432	\$ 3,346
<b>EXPENDITURES:</b>				
Current:				
General government	110	110	195	(85)
Debt service:				
Principal	4,553	4,553	4,553	-
Interest and other charges	1,901	1,901	1,900	1
	<u>6,564</u>	<u>6,564</u>	<u>6,648</u>	<u>(84)</u>
Deficiency of revenues over expenditures	<u>(2,478)</u>	<u>(2,478)</u>	<u>784</u>	<u>3,262</u>
Net change in fund balances	(2,478)	(2,478)	784	3,262
Fund balances - beginning of year	<u>47,198</u>	<u>47,198</u>	<u>47,198</u>	<u>-</u>
Fund balances - end of year	<u>\$ 44,720</u>	<u>\$ 44,720</u>	<u>\$ 47,982</u>	<u>\$ 3,262</u>