

CITY OF NEVADA, MISSOURI

Annual Financial Report

January - December 2016

Prepared for: Honorable Mayor and Members of City Council
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General Fund Highlights

The three major sources of revenue for the general fund are property, sales and franchise taxes. The main purpose of the general fund is to provide police and fire services, public transportation, community development and street lighting. This fund subsidizes any deficit for all other funds.

1. The 2016 property tax levy increased from 0.6949 to 0.7069 per \$100 of assessed valuation.
2. Eighty-two nuisance abatements were completed at a cost of \$19,405.04.
3. Thirty-three building permits were issued totaling \$3,733.90
4. The Police Department has replaced ten of the twenty-two vehicle feet according to the replacement schedule established in 2015.
5. The Police Department received Morpho Trak Live Scan Station and License Plate Reader equipment valued at \$38,101 through the Federal Homeland Security Grant. This grant paid 100% of the costs.
6. The Fire Department cascade fill system was replaced at a cost of \$41,066.00.
7. The City began operating the Fare Share Public Transportation Program on January 25, 2016.
8. Municipal Court converted to Incode Accounting Software.
9. The Neal Senior Center Roof was replaced at a cost of \$48,960.00.
10. A surplus auction was held to dispose of years of accumulated vehicles and obsolete equipment generating \$36,555.00 for the general fund.

The 2016 property taxes include prior years protested taxes that were released to the City and the first 3M Chapter 100 payment in lieu of property tax payment.

| Real and Personal Property Tax | | | | |
|--------------------------------|-------------|-------------|--------------|-------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Levy | 0.6778 | 0.6778 | 0.6949 | 0.7069 |
| Revenue | \$963,647 | \$928,609 | \$ 1,027,305 | |

Sales tax revenue has increase 1% since 2014.

| General Fund One Cent Sales Tax | | |
|---------------------------------|-------------|-------------|
| <u>2014</u> | <u>2015</u> | <u>2016</u> |
| \$1,606,635 | \$1,616,942 | \$1,623,820 |

Franchise taxes are 7% less than 2014. Electric and gas revenues declined due to warmer weather during the winter season and the loss of a manufacturer. Phone revenues continue to decline as more consumers discontinue their landlines and cell phone plans and opt to purchase minutes and service through retail sales. Water / sewer revenues declined due to reduced usage.

| Franchise Taxes | | | |
|-----------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Electric | \$ 712,431 | \$ 724,717 | \$ 686,710 |
| Gas | \$ 195,488 | \$ 163,201 | \$ 124,825 |
| Phone | \$ 241,340 | \$ 233,212 | \$ 207,618 |
| Cable | \$ 53,610 | \$ 56,416 | \$ 54,862 |
| Water / Sewer | \$ 251,509 | \$ 284,592 | \$ 272,202 |
| Total | \$1,454,376 | \$1,462,138 | \$1,346,217 |

There were 4% fewer licenses issued in 2016 compared to 2014. Revenues increased 3% compared to 2016 due to the reported cost of merchant inventory on hand.

| Licenses: Occupation, Merchant, Alcohol | | | |
|-----------------------------------------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 |
| Revenue | \$ 62,987 | \$ 61,693 | \$ 65,188 |
| Occupation: | | | |
| Auto Repair / Dealer | 39 | 38 | 40 |
| Bank | 6 | 6 | 6 |
| Beauty Shop | 35 | 32 | 39 |
| Clothing Store | 6 | 6 | 6 |
| Contractor | 289 | 265 | 284 |
| Liquor | 36 | 38 | 33 |
| Manufacturing | 8 | 6 | 6 |
| Refuse Collector | 4 | 4 | 4 |
| Restaurant | 37 | 36 | 31 |
| All others | 318 | 304 | 298 |
| Total Issued | 778 | 735 | 747 |

Prior to 2016 transportation services were contracted through a vendor who provided service seven days a week and after business hours. In 2016 the City began operating the program in-house and offered transportation Monday through Friday from 8:30am to 4:30pm. Alternative transportation is offered through a private cab company and OATS.

| Fare Share Public Transportation | | | |
|------------------------------------------|------------|------------|-----------|
| | 2014 | 2015 | 2016 |
| Coupon Sales | \$ 77,772 | \$ 78,702 | \$ 33,941 |
| Grant | \$ 47,169 | \$ 46,856 | \$ 27,268 |
| Total Revenue | \$ 124,941 | \$ 125,558 | \$ 61,209 |
| Operations | \$ 152,621 | \$ 149,830 | \$ 75,644 |
| Capital | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 152,621 | \$ 149,830 | \$ 75,644 |
| Net Cost (excluding vehicle replacement) | 27,680 | 24,272 | 14,435 |
| Rides Provided | 20,509 | 20,262 | 8,962 |

Street Fund Highlights

Sources of revenue include the transportation sales tax, motor fuel tax and motor vehicle license fees. The purpose of this fund is to maintain and improve city streets and gutters.

1. Heavy equipment replacements included a motor grader, skid steer and crawler loader for a cost of \$248,499.
2. A total of 23 blocks were improved.

3. Surplus property auction proceeds were \$21,867.

The transportation tax has increased 1% since 2014 and the motor fuel tax has increased 5% since 2014.

| Sales-Related Taxes | | | |
|-------------------------------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 |
| Transportation Sales Tax (1/2 cent) | \$ 803,066 | \$ 808,384 | \$ 811,807 |
| Motor Fuel Tax | \$ 317,648 | \$ 328,046 | \$ 332,798 |
| Motor Vehicle Fee | \$ 25,485 | \$ 14,230 | \$ 22,021 |
| Total | \$1,146,199 | \$1,150,660 | \$1,166,626 |

Street improvements have been funded by the transportation sales tax since 1997. Every five years the tax is submitted to the voters for approval and will sunset June of 2017.

| Capital Projects | | | |
|----------------------------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 |
| Labor | \$353,068 | \$346,922 | \$346,218 |
| Street Repairs | \$ 48,355 | \$ 39,748 | \$ 31,878 |
| Overlay and Reconstruction | \$367,238 | \$421,422 | \$572,749 |
| Total | \$768,661 | \$808,093 | \$950,845 |
| Number of blocks improved | 12 | 21 | 23 |

Parks Fund Highlights

The sources of revenue for this fund include a ½ cent sales tax, cigarette tax and user fees. The purpose of this fund is to operate city parks for the general enjoyment of the public and not for the purpose of profit or revenue to the city.

1. Surplus property sales totaled \$25,820.
2. Two crew vehicles and two mowers were replaced for a total cost of \$108,163.

In 1999 voters approved a sales tax that was restricted for specific parks construction projects. In 2011 voters authorized a permanent tax and expanded its purpose to include parks operations and maintenance. This became effective in 2015. Prior to this, transfers ranging from \$323,000 to \$593,000 were made from the General Fund to subsidize Parks.

Cigarette taxes have declined 14% since 2014.

| Parks Sales Taxes | | | |
|---------------------|-----------|------------|------------|
| | 2014 | 2015 | 2016 |
| Sales tax -1/2 cent | \$ - | \$ 733,302 | \$ 811,807 |
| Cigarette tax | \$ 70,493 | \$ 66,971 | \$ 60,949 |
| Total | \$ 70,493 | \$ 800,273 | \$ 872,757 |

User fees have declined 17% since 2014 while expenditures have increased 3% compared to 2014.

| Recreation Programs | | | |
|---------------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 |
| Revenue: | | | |
| User Fees | \$ 42,345 | \$ 38,196 | \$ 35,319 |
| Lease Proceeds | \$ - | \$ - | \$ 5,384 |
| Total Revenue | \$ 42,345 | \$ 38,196 | \$ 40,703 |
| Sports Complex 25% | \$ 77,981 | \$ 79,706 | \$ 80,459 |
| Net | \$ (35,636) | \$ (41,510) | \$ (39,756) |

Swim fees increased 16% from 2014 and are directly related to good weather. 2015 expenditures included the purchase of starting blocks and a water leak.

| Walton Aquatic Center | | | |
|------------------------------|-------------|--------------|-------------|
| | 2014 | 2015 | 2016 |
| Revenue: | | | |
| User Fees | \$ 51,096 | \$ 52,901 | \$ 59,283 |
| Special Projects transfer in | \$ - | \$ 18,523 | \$ - |
| Total Revenue | \$ 51,096 | \$ 71,424 | \$ 59,283 |
| Expenditures | \$ 126,595 | \$ 175,416 | \$ 133,308 |
| Net | \$ (75,499) | \$ (103,992) | \$ (74,025) |

Golf fees declined 13% from 2014 while expenditures increased 2%

| Frank E Peters Municipal Golf Course | | | |
|--------------------------------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 |
| Revenue: | | | |
| User Fees | \$ 229,238 | \$ 226,293 | \$ 198,295 |
| Lease Proceeds | \$ - | \$ 15,000 | \$ 66,461 |
| Total Revenue | \$ 229,238 | \$ 241,293 | \$ 264,756 |
| Expenditures: | | | |
| Clubhouse | \$ 131,229 | \$ 125,250 | \$ 130,300 |
| Sports Complex 75% | \$ 233,944 | \$ 239,117 | \$ 241,378 |
| Total Expenditures | \$ 365,173 | \$ 364,367 | \$ 371,678 |
| Net | \$ (135,935) | \$ (123,074) | \$ (106,922) |

Water and Sewer Fund Highlights

Water and sewer revenue sources include a ½ cent capital improvement sales tax and user fees. These revenues are used to maintain and improve infrastructure while providing water and sewer services to the community and numerous properties outside the city that the rural water district was unable to serve.

1. Sewer main improvements on Clay and Alma Streets \$34,136.52
2. North and South Interceptor project completed August 2016 \$2,670,438.
3. Dump truck, two crew vehicles, skid steer and loader crawler \$119,735. This equipment is also used in Water and Street Departments.
4. Water Treatment Plant tractor loader \$23,499

The ½ cent tax is used to pay the debt service for the waste water treatment plant and sewer interceptor project. This is a twenty year tax that will sunset in 2023. User fees declined 1% compared to 2015 due to reduced water consumption.

| Sewer Service | | | |
|-------------------------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 |
| Revenue: | | | |
| Capital Improvement Sales Tax | \$ 803,065 | \$ 808,324 | \$ 811,808 |
| User Fees | \$ 1,666,629 | \$ 1,773,381 | \$ 1,750,936 |
| Total Revenue | \$ 2,469,694 | \$ 2,581,705 | \$ 2,562,744 |
| Expenditures | \$ 2,346,282 | \$ 2,405,502 | \$ 2,400,051 |
| Net | \$ 123,412 | \$ 176,203 | \$ 162,693 |

1. Water main improvements on Indiana, Highland and Smelter Hill \$81,482.
2. Dump truck, two crew vehicles, skid steer and loader crawler \$119,735. This equipment is also used in Sewer and Street Departments.
3. Water Treatment Plant acid room renovation \$64,540.

Budgeted expenditures for additional water main improvements, valve replacement and water tower interior painting remain in the planning stage and no expenditures were incurred. User fees declined 2% due to the loss of a manufacturer and reduced consumption for other commercial services.

| Water Service | | | |
|---------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 |
| User Fees | \$ 2,536,264 | \$ 2,660,256 | \$ 2,620,228 |
| Expenditures | \$ 2,492,049 | \$ 2,492,532 | \$ 2,154,846 |
| Net | \$ 44,215 | \$ 167,725 | \$ 465,382 |

There are 4,239 water meters in the system.

| Customer Information | | | |
|----------------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 |
| Water meters served | 3,837 | 3,808 | 3,824 |
| Consumption gallons | 276,402,500 | 270,384,900 | 250,718,800 |
| Bad Debt | \$ 36,200 | \$ 22,696 | \$ 19,549 |

Tourism Fund Highlights:

The transient occupancy tax was approved by the voters in 1999 for the purpose of promoting tourism in the City. The levy is three percent of gross receipts.

1. Special Events include Bushwhacker Days, Tour of Nevada, Annual Fireworks Display, Lights at the Lake
2. Marketing includes Community Guide, Historic Tour brochures, Downtown Retail Holiday, Circus

| Tourism Summary | | | |
|--------------------------------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Revenue: | | | |
| Occupancy Tax | \$ 80,843 | \$ 94,368 | \$ 99,200 |
| Misc Income | \$ 18,395 | \$ 19,350 | \$ 6,429 |
| Total Revenue | \$ 99,238 | \$ 113,718 | \$ 105,630 |
| Expenditures: | | | |
| Labor- Special Event, Administrative | \$ 30,996 | \$ 33,678 | \$ 30,283 |
| Travel, Training & Memberships | \$ 2,063 | \$ 958 | \$ 659 |
| Publications and Marketing | \$ 5,935 | \$ 7,729 | \$ 6,938 |
| Special Events & Banners | \$ 61,994 | \$ 68,892 | \$ 34,407 |
| Equipment | \$ 1,345 | \$ 7,728 | \$ 1,351 |
| Total Expenditures | \$ 102,333 | \$ 118,985 | \$ 73,638 |

City Wide Summary

| Consolidated Expenditure Summary | | | |
|----------------------------------|---------------|---------------|---------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Personnel | \$ 3,350,164 | \$ 3,300,178 | \$ 3,255,535 |
| Benefits | \$ 1,331,843 | \$ 1,300,385 | \$ 1,265,726 |
| Materials & Supplies | \$ 4,911,743 | \$ 4,963,793 | \$ 4,464,099 |
| Capital Outlay | \$ 583,223 | \$ 706,349 | \$ 1,113,620 |
| Capital Projects | \$ 4,730,145 | \$ 2,894,013 | \$ 2,003,434 |
| Loan Payments | \$ 2,667,718 | \$ 1,513,425 | \$ 1,698,133 |
| Transfers | \$ 1,375,812 | \$ 916,840 | \$ 659,117 |
| Total Expenditures | \$ 18,950,648 | \$ 15,594,982 | \$ 14,459,663 |