

**CITY OF NEVADA, MISSOURI**

**AUDITED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS  
112 N. MADISON  
RAYMORE, MISSOURI 64083**

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Council  
City of Nevada, Missouri

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nevada, Missouri as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 Audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nevada, Missouri at December 31, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the supplementary information relating to budgetary comparison information, which appear as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2010 on our consideration of the City of Nevada's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the basic financial statements of the City. The combining, individual non-major fund statements, and supplemental 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 and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*DSWA Certified Public Accountants, PC.*

Raymore, Missouri  
July 26, 2010

## **MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Calendar year 2009 marks the fifth year the City of Nevada has issued its financial statements in the format prescribed by the provisions of Governmental Accounts Standards Board State 34 (GASB 34), which provide this overview of its financial activities for the fiscal year. This report will compare 2008 and 2009 financial information. Please read the report in conjunction with the accompanying financial statements, which follow this section.

### **Financial Highlights**

#### **Overview of the Financial Statements**

The City of Nevada's financial statements have three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The supplementary information is provided in addition to the basic financial statements.

Prior to 2004, the primary focus of local government financial statements was summarized by fund type on a current financial resource basis. This approach has been modified so that the City's financial statements present two kinds of statements, each providing a different view of the City's finances. The new focus is on both the city as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of year to year comparison and enhance the City's accountability.

#### **Government-wide Financial Statements**

The government wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will help answer the question "Is the City of Nevada as a whole better off or worse off as a result of the year's activities?"

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in the future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

The Statement of Net Assets and the Statement of Activities are divided into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported in governmental activities: police, fire, parks and recreation, airport, street, library and general administration. Sales taxes, property taxes, fees, other local taxes, and state and federal grants are the primary revenue sources of these activities.
- **Business-type activities** – Business-type activities include these City activities: water treatment and distribution, and wastewater treatment and collection. A fee is charged to customers to cover the cost of services provided by business-type activities.
- **Component units** – The City of Nevada has no activities to be presented as component units.

The government-wide financial statements can be found on pages 11 through 12 of this report.

### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Nevada, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All funds of the City of Nevada can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because this information does not encompass the additional long-term focus on the government-wide statements, additional information is provided following the government funds statement that explains the relationship (or differences) between them. The basic government fund financial statements can be found on pages 13 through 15 of this report.

The City of Nevada maintains eleven individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Parks and Recreation Fund, Parks Construction Fund, Special Projects Fund, and Library Fund, all considered major funds. Data from the other five funds: Airport Fund, Nevada Area Economic Development Fund, Community Development Fund, Tourism Fund,

and Neighborhood Industrial Development Fund, are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements beginning on page 48.

The City of Nevada adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided on pages 37 through 47 to demonstrate compliance with the appropriated budget.

- Proprietary funds- Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City uses enterprise funds to account for its water, wastewater and landfill operations.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Landfill Fund, both which are considered to be major funds of the City.

- Fiduciary Funds – Trust and agency funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Expendable Trusts are accounted for in essentially the same manner as government funds. The basic fiduciary fund financial statements can be found on page 41.
- Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.
- Combining and individual fund statements and schedules – In addition to the basic financial statements and accompanying notes, this report also presents detailed information for non-major governmental funds, fiduciary funds, and capital assets owned by governmental funds.

### **Financial Analysis of City as a Whole**

Net Assets – In accordance with GASB Statement No. 34, the City is not required to restate prior periods for the purpose of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

Table 1  
City of Nevada, Missouri  
Net Assets  
As of December 31, 2009  
(in Thousands of Dollars)

	Governmental Activities		Business -Type Activities		Total Primary Government	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Cash and Investments	3,441	3,611	1,256	988	4,697	4,599
Other Assets	1,121	1,110	391	457	1,512	1,567
Capital Assets	8,911	11,647	25,023	25,232	33,934	36,879
Total Assets	13,473	16,368	26,670	26,677	40,143	43,045
Long-Term Liability	673	2,715	13,444	12,932	14,117	15,647
Other Liabilities	1,500	1,687	1,398	1,248	2,898	2,935
Total Liabilities	2,173	4,402	14,842	14,180	17,015	18,582
Net Assets :						
Invested in Capital Net of Related Debt	7,951	8,346	2,566	7,719	10,517	16,065
Restricted			9,564	4,631	9,564	4,631
Unrestricted (deficit)	3,349	3,620	(304)	146	3,045	3,766
Total Net Assets	11,300	11,966	11,826	12,496	23,126	24,462

Overall, as of the fiscal year ending December 31, 2009 the total net assets of the primary government was \$24.5 million which is an increase of \$1.4 million from 2008. The total net assets of the primary government is made up of \$12 million from Governmental Activities, an increase of \$700 thousand from 2008, and \$12.5 million from business Type Activities, an increase of \$700 thousand from 2008.

Governmental activities – The governmental activities portion of unrestricted net assets totals \$3.6 million, or 30 percent of total governmental activities net assets. Capital assets, net of related debt, comprise 70 percent of total governmental activities net assets. There was no change in percentages from 2008 to 2009.

Business-type activities – The business type activities portion of unrestricted net assets total \$147 thousand which is an increase of \$450 thousand from 2008. Capital assets, net of related debt is \$10.5 million as a result of the debt related to the construction of the new wastewater treatment plant.

Table 2  
City of Nevada, Missouri  
Changes in Net Assets  
As of December 31, 2009  
(in Thousands of Dollars)

	Governmental		Business -Type		Total Primary	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	862	822	2,759	2,828	3,621	3,650
Operating Grants and Contributions	197	177	3,000	6,000	3,197	6,177
Capital Grants and Contributions	573	122		695	573	817
General Revenues:						
Property Taxes	752	743			752	743
Sales Taxes	2,916	2,764	737	689	3,653	3,453
Franchise Taxes	1,486	1,339			1,486	1,339
Other Taxes	629	637			629	637
Investment Earnings	60	40	21	1	81	41
Miscellaneous Income	75	114	75	114	150	228
<b>Total Revenues</b>	<b>7,550</b>	<b>6,758</b>	<b>6,592</b>	<b>10,327</b>	<b>14,142</b>	<b>17,085</b>
Special Items:						
Sale of Surplus Property		21		12		33
NAEDC Debt Forgiveness		(27)				(27)
Loss on Sale of Capital Assets		(31)				(31)
<b>Total Revenues and Special Items</b>	<b>7,550</b>	<b>6,727</b>	<b>6,592</b>	<b>10,327</b>	<b>14,142</b>	<b>17,054</b>
<b>Expenses</b>						
General Government	611	696			611	696
Public Safety	2,975	3,042			2,975	3,042
Development Services	(1)				(1)	
Cultural and Recreational	1,445	1,743			1,445	1,743
Street	491	522			491	522
Special Projects						
Administration			378	407	378	407
Water and Sewer			2,852	2,716	2,852	2,716
Interest on Long Term Debt	27	59	5	531	32	590
<b>Total Expenses</b>	<b>5,548</b>	<b>6,062</b>	<b>3,235</b>	<b>3,654</b>	<b>8,783</b>	<b>9,716</b>
Excess Before Transfers	2,002	665	3,357	6,673	5,359	7,338
Transfers	23	8	(23)	(8)		
<b>Increase (Decrease) in Net Assets</b>	<b>2,025</b>	<b>673</b>	<b>3,334</b>	<b>6,665</b>	<b>5,359</b>	<b>7,338</b>

Governmental activities – As indicated above, governmental activities net assets increased \$673 thousand during 2009 compared to an increase of \$2 million in 2008.

Business-type activities – The City operates a water and sewer utility and maintains a closed landfill facility. The water and sewer utility was 99 percent of the total business-type activity charges.

### **Financial Analysis of the Governments Funds:**

As noted earlier, the City of Nevada used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the City of Nevada's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Nevada's financing requirements. At the end of the fiscal year ending December 31, 2009 the City's governmental funds reported a combined ending fund balance of \$3.6 million compared to \$3.4 million at the end of 2008.

General Fund – The General fund is the major operating and taxing fund for the City of Nevada. During 2009 the general fund balance decreased from \$751 thousand to \$661 thousand.

Street Fund – The fund balance in the Street Fund increased from \$580 thousand to \$848 thousand.

Parks and Recreation Fund – The fund balance in the Parks and Recreation Fund decreased from negative \$252 thousand to negative \$298 thousand during the year.

Parks Construction Fund – The Parks Construction Fund is used to account for proceeds of the one-half cent Parks Sales Tax and the annual in-lieu of tax payments from 3M Corporation. The fund balance increased for 1.5 million in 2008 to \$1.6 million in 2009. This increase was due to the continued collection of the one-half cent Parks Sales Tax.

Special Projects Fund – The Special Projects Fund is used to account for special one-time revenue received by the City of Nevada. This fund is currently made up of two parts as follows: (1) funds received from the sale of land that was part of the former State Hospital property were reserved for various economic related projects. (2) Funds that were received from the Ella Maxwell Estate in the amount of \$730 thousand. During previous years, the interest from these funds was used to pay for summer youth working on sidewalk projects in the city parks and other areas. Expenditures for this project did not occur during 2009. The fund balance increased from \$843 thousand to \$863 thousand in 2009.

Water and Sewer Fund – The Water and Sewer Fund is a proprietary fund used to account for activities related to water treatment and distribution and to sewer treatment and collection. The fund balance of the Water & Sewer Fund increased during 2009 from \$12.9 million to \$13.6 million.

**Capital Assets:**

Capital assets for Governmental Activities net of depreciation at January 1, 2009 totaled \$8.8 million with the additions to Buildings of \$258 thousand, Infrastructure of \$272 thousand, Equipment and Vehicles of \$131 thousand, increase in Accumulated Depreciation of \$498 thousand and increases to Construction in Progress of \$2.9 million for a December 31, 2009 total of \$11.6 million.

Capital assets for Business-type Activities net of depreciation at January 1, 2009 totaled \$14.8 million with the additions in Water and Sewer Fund of \$5.6 million and increase of depreciation of \$407 thousand the net capital assets for Business-type Activities at December 31, 2009 was \$20 million.

**Long Term Debt:**

Below is a summary of long term debt at December 31, 2009:

Table 3  
City of Nevada, Missouri  
Long - Term Debt  
As of December 31, 2009  
(in Thousands of Dollars)

	Governmental Activities		Business -Type Activities	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Capital Lease Obligations	462	326		
Compensated Absences	114	114	38	38
Bonds Payable-NID Fund	79	75		
Bonds Payable- COP Parks Const		2,550		
MODoT Star Loan	215	192		
Revenue Bonds Payable			12,000	12,000
Total	870	3,257	12,038	12,038

**Requests for Information:**

This financial report is designed to provide a general overview of the City of Nevada's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City of Nevada, Attn: City Treasurer, 110 South Ash Nevada, Missouri 64772.

*Kristie Madlin Finance Manager*

City Official

**CITY OF NEVADA, MISSOURI  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,611,014	\$ 987,988	\$ 4,599,002
Accounts and taxes receivable, net	934,930	280,489	1,215,419
Loans receivable	19,333	-	19,333
Inventory	23,499	150,892	174,391
Prepaid insurance	132,223	25,385	157,608
Total current assets	<u>4,720,999</u>	<u>1,444,754</u>	<u>6,165,753</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	4,630,956	4,630,956
Due from other funds	-	420,050	420,050
Unamortized bond and capital lease costs, net	43,751	196,456	240,207
Capital assets:			
Land and easements	-	89,783	89,783
Buildings	8,755,966	124,041	8,880,007
Plant, structure, and lines	-	18,505,626	18,505,626
Equipment and vehicles	3,274,195	875,534	4,149,729
Construction in progress	2,760,052	9,383,474	12,143,526
Infrastructure, net	1,541,334	-	1,541,334
Accumulated depreciation	<u>(4,728,654)</u>	<u>(8,994,285)</u>	<u>(13,722,939)</u>
Total noncurrent assets	<u>11,646,644</u>	<u>25,231,635</u>	<u>36,878,279</u>
Total assets	<u>16,367,643</u>	<u>26,676,389</u>	<u>43,044,032</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	96,513	482,544	579,057
Due to other funds	420,050	265,510	685,560
Deferred revenue	627,867	-	627,867
Current portion of long-term obligations	542,454	500,000	1,042,454
Total current liabilities	<u>1,686,884</u>	<u>1,248,054</u>	<u>2,934,938</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	2,714,681	11,538,361	14,253,042
Unamortized bond premium	-	243,276	243,276
Meter deposits	-	31,228	31,228
Landfill closure liability	-	1,119,400	1,119,400
Total noncurrent liabilities	<u>2,714,681</u>	<u>12,932,265</u>	<u>15,646,946</u>
Total liabilities	<u>4,401,565</u>	<u>14,180,319</u>	<u>18,581,884</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,345,758	7,718,663	16,064,421
Restricted for:			
Restricted cash	-	4,630,956	4,630,956
Unrestricted (deficit)	3,620,320	146,451	3,766,771
Total net assets	<u>\$ 11,966,078</u>	<u>\$ 12,496,070</u>	<u>\$ 24,462,148</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2009**

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 695,531	\$ 89,240	\$ 176,700	\$ -	\$ (429,591)	\$ -	\$ (429,591)
Public safety	3,041,737	409,412	-	-	(2,632,325)	-	(2,632,325)
Development services	-	4,234	-	-	4,234	-	4,234
Cultural and recreational	1,743,300	318,992	-	121,905	(1,302,403)	-	(1,302,403)
Street	521,746	-	-	-	(521,746)	-	(521,746)
Interest on long-term debt	59,437	-	-	-	(59,437)	-	(59,437)
<b>Total governmental activities</b>	<b>6,061,751</b>	<b>821,878</b>	<b>176,700</b>	<b>121,905</b>	<b>(4,941,268)</b>	<b>-</b>	<b>(4,941,268)</b>
<b>Business-type activities:</b>							
Administration	407,371	-	-	-	-	(407,371)	(407,371)
Water and sewer	2,715,535	2,827,655	6,000	-	-	118,120	118,120
Interest on long-term debt	531,026	-	-	694,602	-	163,576	163,576
<b>Total business-type activities</b>	<b>3,653,932</b>	<b>2,827,655</b>	<b>6,000</b>	<b>694,602</b>	<b>-</b>	<b>(125,675)</b>	<b>(125,675)</b>
<b>Total government</b>	<b>\$ 9,715,683</b>	<b>\$ 3,649,533</b>	<b>\$ 182,700</b>	<b>\$ 816,507</b>	<b>(4,941,268)</b>	<b>(125,675)</b>	<b>(5,066,943)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					742,777	-	742,777
Sales taxes					2,763,952	688,637	3,452,589
Franchise taxes					1,339,208	-	1,339,208
Other taxes					636,534	-	636,534
Investment earnings					40,106	506	40,612
Miscellaneous					113,670	102,125	215,795
Special item - Sale of surplus property					20,830	11,923	32,753
Special item - NAEDC debt forgiveness					(26,595)	-	(26,595)
Special item - Losses on sales of capital assets					(31,432)	-	(31,432)
Transfers					8,395	(8,395)	-
<b>Total general revenues and transfers</b>					<b>5,607,445</b>	<b>794,796</b>	<b>6,402,241</b>
Change in net assets					666,177	669,121	1,335,298
Net assets-beginning					11,299,901	11,826,949	23,126,850
Net assets-ending					\$ 11,966,078	\$ 12,496,070	\$ 24,462,148

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General Fund	Street Fund	Park And Recreation Fund	Parks Construction Fund	Special Projects Fund	Library Fund	Other Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 422,755	\$ 772,911	\$ -	\$ 1,489,629	\$ 863,232	\$ -	\$ 95,667	\$ 3,644,194
Accounts and taxes receivable	603,142	137,770	80	67,786	-	125,077	1,075	934,930
Prepaid insurance	87,466	27,889	16,868	-	-	-	-	132,223
Inventory	-	23,499	-	-	-	-	-	23,499
Due from other funds	-	-	-	-	-	-	16,899	16,899
Loans receivable	-	-	-	-	-	-	19,333	19,333
Total assets	\$ 1,113,363	\$ 962,069	\$ 16,948	\$ 1,557,415	\$ 863,232	\$ 125,077	\$ 132,974	\$ 4,771,078

**LIABILITIES AND FUND BALANCES**

Liabilities:								
Accounts payable	\$ 60,105	\$ 32,355	\$ 3,033	\$ 660	\$ -	\$ -	\$ 359	\$ 96,512
Due to other funds	30,643	-	252,747	-	-	-	186,739	470,129
Deferred revenue	420,630	82,160	-	-	-	125,077	-	627,867
Total liabilities	511,378	114,515	255,780	660	-	125,077	187,098	1,194,508
Fund balances:								
General fund	601,985	-	-	-	-	-	-	601,985
Special revenue funds	-	847,554	(238,832)	1,556,755	863,232	-	(54,124)	2,974,585
Total fund balances	601,985	847,554	(238,832)	1,556,755	863,232	-	(54,124)	3,576,570
Total liabilities and fund balances	\$ 1,113,363	\$ 962,069	\$ 16,948	\$ 1,557,415	\$ 863,232	\$ 125,077	\$ 132,974	\$ 4,771,078

**Reconciliation to Statement of Net Assets**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,331,546 and the accumulated depreciation is \$4,728,654.	11,602,892
Bond costs are reported as expenditures in the governmental funds. Bond costs are \$43,751 and the accumulated amortization is \$0.	43,751
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,257,135)</u>
<b>Total net assets - governmental activities</b>	<b>\$ 11,966,078</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Street Fund	Park And Recreation Fund	Parks Construction Fund	Special Projects Fund	Library Fund	Other Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>								
Property taxes	\$ 574,902	\$ -	\$ -	\$ -	\$ -	\$ 167,875	\$ 4,234	\$ 747,011
Franchise taxes	1,339,208	-	-	-	-	-	-	1,339,208
Sales taxes	1,374,675	694,639	-	694,638	-	-	-	2,763,952
Other taxes	126,222	353,066	65,439	27,000	-	-	64,807	636,534
Fines, forfeitures, and penalties	3,615	-	-	-	-	-	-	3,615
Fees, licenses, and permits	298,795	-	-	-	-	-	-	298,795
Intergovernmental	7,712	-	-	-	-	-	-	7,712
Federal and state grants	179,605	-	-	-	-	-	119,183	298,788
Charges for goods & services	181,296	-	307,265	-	-	-	9,372	497,933
Investment earnings	727	-	-	-	37,856	7	639	39,229
Miscellaneous	100,996	17,457	25,034	513	-	-	780	144,780
Total revenues	<u>4,187,753</u>	<u>1,065,162</u>	<u>397,738</u>	<u>722,151</u>	<u>37,856</u>	<u>167,882</u>	<u>199,015</u>	<u>6,777,557</u>
<b>EXPENDITURES</b>								
General government and administration	640,846	-	-	-	-	-	6,549	647,395
Public safety	2,192,011	-	-	-	-	-	-	2,192,011
Public transportation	173,351	-	-	-	-	-	-	173,351
Public works	618,928	-	-	-	-	-	-	618,928
Cultural and recreational	-	-	927,923	-	-	167,882	93,167	1,188,972
Street improvements	-	333,630	-	-	-	-	-	333,630
Capital outlay	299,933	463,766	61,350	2,993,236	-	-	28,175	3,846,460
Total expenditures	<u>3,925,069</u>	<u>797,396</u>	<u>989,273</u>	<u>2,993,236</u>	<u>-</u>	<u>167,882</u>	<u>127,891</u>	<u>9,000,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>262,684</u>	<u>267,766</u>	<u>(591,535)</u>	<u>(2,271,085)</u>	<u>37,856</u>	<u>-</u>	<u>71,124</u>	<u>(2,223,190)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of long-term debt	-	-	-	2,506,249	-	-	-	2,506,249
Realized loss on investment	-	-	-	-	-	-	(28,565)	(28,565)
Debt expense	-	-	-	-	-	-	(26,595)	(26,595)
Transfers in	-	-	546,431	-	-	-	-	546,431
Transfers out	(353,271)	-	-	(175,160)	(18,000)	-	-	(546,431)
Total other financing sources (uses)	<u>(353,271)</u>	<u>-</u>	<u>546,431</u>	<u>2,331,089</u>	<u>(18,000)</u>	<u>-</u>	<u>(55,160)</u>	<u>2,451,089</u>
Net change in fund balances	(90,587)	267,766	(45,104)	60,004	19,856	-	15,964	227,899
Fund balance - beginning	<u>751,256</u>	<u>579,788</u>	<u>(252,412)</u>	<u>1,496,751</u>	<u>843,376</u>	<u>-</u>	<u>(70,088)</u>	<u>3,348,671</u>
Fund balances - ending	<u>\$ 660,669</u>	<u>\$ 847,554</u>	<u>\$ (297,516)</u>	<u>\$ 1,556,755</u>	<u>\$ 863,232</u>	<u>\$ -</u>	<u>\$ (54,124)</u>	<u>\$ 3,576,570</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**Net change in fund balances - Total governmental funds** **\$ 227,899**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	\$ 3,311,803	
Loss on disposal of capital assets	(31,432)	
Depreciation expense	<u>(498,349)</u>	
		2,782,022

Fixed assets acquired by capital leases or other financing arrangements are shown as an expenditure in the governmental funds. However, in the statement of activities, principal payments are applied to the lease liability or note payable.

Proceeds from issuance of certificates of participation	(2,550,000)	
Debt issuance costs	43,751	
Principal paid on capital leases	136,035	
Principal paid on loans	<u>26,470</u>	
		<u>(2,343,744)</u>

**Change in net assets of governmental activities** **\$ 666,177**

**CITY OF NEVADA, MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water And Sewer Fund</b>	<b>Landfill Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 981,837	\$ 6,151	\$ 987,988
Taxes receivable	67,786	-	67,786
Accounts receivable, net	212,323	380	212,703
Inventory	150,892	-	150,892
Prepaid insurance	25,385	-	25,385
Total current assets	<u>1,438,223</u>	<u>6,531</u>	<u>1,444,754</u>
Noncurrent assets:			
Restricted cash and cash equivalents	4,630,956	-	4,630,956
Due from other funds	420,050	-	420,050
Unamortized bond and capital lease costs, net	196,456	-	196,456
Capital assets:			
Land and easements	89,783	-	89,783
Buildings	122,652	1,389	124,041
Plant, structure, and lines	18,505,626	-	18,505,626
Equipment and vehicles	875,534	-	875,534
Construction in progress	9,383,474	-	9,383,474
Accumulated depreciation	<u>(8,993,597)</u>	<u>(688)</u>	<u>(8,994,285)</u>
Total noncurrent assets	<u>25,230,934</u>	<u>701</u>	<u>25,231,635</u>
Total assets	<u>26,669,157</u>	<u>7,232</u>	<u>26,676,389</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	482,544	-	482,544
Accrued interest payable	265,510	-	265,510
Current portion of long-term obligations	500,000	-	500,000
Total current liabilities	<u>1,248,054</u>	<u>-</u>	<u>1,248,054</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	11,538,361	-	11,538,361
Unamortized bond premium	243,276	-	243,276
Meter deposits	31,228	-	31,228
Landfill closure liability	-	1,119,400	1,119,400
Total noncurrent liabilities	<u>11,812,865</u>	<u>1,119,400</u>	<u>12,932,265</u>
Total liabilities	<u>13,060,919</u>	<u>1,119,400</u>	<u>14,180,319</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,717,962	701	7,718,663
Restricted for:			
Restricted cash	4,630,956	-	4,630,956
Unrestricted (deficit)	<u>1,259,320</u>	<u>(1,112,869)</u>	<u>146,451</u>
Total net assets	<u>\$ 13,608,238</u>	<u>\$ (1,112,168)</u>	<u>\$ 12,496,070</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water And Sewer Fund</b>	<b>Landfill Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,811,629	\$ -	\$ 2,811,629
Fines and penalties	16,026	-	16,026
Sales taxes	688,637	-	688,637
Grants	6,000	-	6,000
Sale of surplus property	11,923	-	11,923
Miscellaneous	86,291	3,030	89,321
Total operating revenues	<u>3,620,506</u>	<u>3,030</u>	<u>3,623,536</u>
<b>OPERATING EXPENSES</b>			
Treatment and operations			
Personal services	1,596,060	-	1,596,060
Contractual services	132,784	-	132,784
Commodities	849,295	-	849,295
Capital outlay	58,853	-	58,853
Total treatment and operations	<u>2,636,992</u>	<u>-</u>	<u>2,636,992</u>
Public works			
Personal services	64,909	-	64,909
Commodities	3,610	-	3,610
Total public works	<u>68,519</u>	<u>-</u>	<u>68,519</u>
General and administrative			
Depreciation and amortization	407,371	-	407,371
Total general and administrative	<u>407,371</u>	<u>-</u>	<u>407,371</u>
Total operating expenses	<u>3,112,882</u>	<u>-</u>	<u>3,112,882</u>
Income (loss) from operations	<u>507,624</u>	<u>3,030</u>	<u>510,654</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	506	-	506
SRF interest credit	694,602	-	694,602
Amortization of bond premium	12,804	-	12,804
Amortization of bond issuance costs	(10,024)	-	(10,024)
Interest expense	(531,026)	-	(531,026)
Total non-operating revenues (expenses)	<u>166,862</u>	<u>-</u>	<u>166,862</u>
Income (loss) before operating transfers	674,486	3,030	677,516
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(8,395)	-	(8,395)
Total other financing sources (uses)	<u>(8,395)</u>	<u>-</u>	<u>(8,395)</u>
<b>CHANGE IN NET ASSETS</b>	666,091	3,030	669,121
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>12,942,147</u>	<u>(1,115,198)</u>	<u>11,826,949</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 13,608,238</u>	<u>\$ (1,112,168)</u>	<u>\$ 12,496,070</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Water And Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,837,549	\$ 2,700	\$ 2,840,249
Sales tax received	688,637	-	688,637
Payments to suppliers	(2,050,721)	-	(2,050,721)
Payments to employees	(1,275,514)	-	(1,275,514)
Net cash provided (used) by operations	<u>199,951</u>	<u>2,700</u>	<u>202,651</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in/(out)	<u>(8,395)</u>	<u>-</u>	<u>(8,395)</u>
Net cash provided (used) by non-capital financing activities	<u>(8,395)</u>	<u>-</u>	<u>(8,395)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Interest paid on long-term obligations	(531,026)	-	(531,026)
Cash paid for construction in progress	(5,013,292)	-	(5,013,292)
Purchase of fixed assets	(546,556)	-	(546,556)
Net cash provided (used) by capital financing activities	<u>(6,090,874)</u>	<u>-</u>	<u>(6,090,874)</u>
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES</b>			
Interest received	506	-	506
Transfers from (to) restricted cash	<u>5,628,092</u>	<u>-</u>	<u>5,628,092</u>
Net cash provided (used) by investing activities	<u>5,628,598</u>	<u>-</u>	<u>5,628,598</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(270,720)	2,700	(268,020)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,252,557</u>	<u>3,451</u>	<u>1,256,008</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 981,837</u>	<u>\$ 6,151</u>	<u>\$ 987,988</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Net income (loss) from operations	\$ 507,624	\$ 3,030	\$ 510,654
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	407,371	-	407,371
Increase (decrease) in accounts payable and accrued expenses	(649,232)	-	(649,232)
Decrease (increase) in receivables	(65,812)	(330)	(66,142)
Net cash provided (used) by operations	<u>\$ 199,951</u>	<u>\$ 2,700</u>	<u>\$ 202,651</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI  
STATEMENT OF AGENCY NET ASSETS  
DECEMBER 31, 2009**

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	<u>Municipal Court</u>	<u>Payroll Clearing</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ <u>17,527</u>	\$ <u>41,831</u>	\$ <u>59,358</u>
<b>LIABILITIES</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>EQUITY</b>			
Unreserved	<u>17,527</u>	<u>41,831</u>	<u>59,358</u>
Total liabilities and equity	\$ <u>17,527</u>	\$ <u>41,831</u>	\$ <u>59,358</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments as promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the City's accounting policies are described below:

**A. FINANCIAL REPORTING ENTITY**

The City of Nevada, Missouri is a municipal corporation incorporated under the Home Rule provision of the Constitution of the State of Missouri. The City 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. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Nevada (the primary government) and any component units.

The criteria of GASB Statement No. 14, "The Financial Reporting Entity," and Statement No. 39, "Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14," are used to determine whether entities are to be included as component units of the City, and whether they should be reported as blended or discretely presented component units. There were no entities meeting these criteria during the year ended December 31, 2009.

**B. BASIS OF PRESENTATION**

**1. Government-wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (a) charges paid by the recipients for goods or services provided by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the particular program. Revenues that are not classified as program receipts, including all taxes, are presented as general revenues.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**B. BASIS OF PRESENTATION (continued)**

**2. Fund Financial Statements**

In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled.

The City's funds are grouped into four generic fund types and three broad fund categories as follows:

**a. Governmental Funds**

- General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds - Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The City reports eight funds as special revenue funds, as listed in the description of major and non-major funds below.

**b. Proprietary Funds**

- Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, (1) where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds of the City are the Water and Sewer Fund and the Sanitary Landfill Fund.

**c. Fiduciary Funds**

- Agency Funds - Agency funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The Municipal Court Fund and Payroll Clearing Fund are agency funds of the City.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**B. BASIS OF PRESENTATION (continued):**

**2. Fund Financial Statements (continued)**

The funds are further classified as major or nonmajor, as listed in the following table. Major funds are separately reported in the fund financial statements. Nonmajor funds are grouped as aggregate remaining funds.

<b><u>Major Funds:</u></b>	<b><u>Brief Description</u></b>
General Fund	See above for description.
Special Revenue Funds:	
Street	Accounts for revenues and expenditures of the street department.
Library	Accounts for the collection and distribution of library property taxes.
Park and Recreation	Accounts for revenues and expenditures of the parks, the pool, and the golf course.
Park Construction	Accounts for park construction projects funded by parks sales tax and revenue in lieu of taxes.
Special Projects	Accounts for revenues and expenditures for various economic development projects.
Proprietary Funds:	
Water/Sewer	Accounts for the activities of the water production and distribution system and also the activities of the sewer plant.
Landfill	Accounts for the activities of the landfill.
<b><u>Nonmajor Funds:</u></b>	<b><u>Brief Description</u></b>
Special Revenue Funds:	
Airport	Accounts for the revenues and expenditures for the municipal airport.
NAEDC	Accounts for the revenues and expenditures for the Nevada Area Economic Development Commission.
Community Development	Accounts for the revenues and expenditures for community development block grant funded projects.
NID Fund	Accounts for the revenues and expenditures for the Neighborhood Improvement District projects and subsequent debt retirement.
Tourism	Accounts for the revenues and expenditures related to tourism funded by the hotel/motel tax.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

**1. Government-wide and Proprietary Fund Financial Statements**

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting. Internal activity between or within funds is generally eliminated in the government-wide financial statements, except for utility services provided by the proprietary funds to City departments. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, franchise taxes, licenses, interest, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. All revenues and expenses not meeting this definition, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The City has elected not to adopt any pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

**2. Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, intergovernmental revenues, and investment income. Unearned revenue includes measurable but unavailable amounts of delinquent property taxes. In general, other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, claims and judgments, and compensated absences. General capital asset acquisitions are reported as expenditures in the governmental funds, and general proceeds of long-term debt are reported as other financing sources.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**D. ESTIMATES**

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

**E. BUDGETS AND BUDGETARY ACCOUNTING**

A proposed operating budget for the year is required to be submitted to the City Council no later than November 30 of the prior year. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. The appropriations are required to be legally adopted prior to December 31.

The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department or transfer of unencumbered appropriations of a department must be approved by the City Council upon written request of the Manager. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original appropriations ordinance. If the Manager certifies that revenues are in excess of those estimated in the budget, supplemental appropriations may be made to the amount of such excess upon approval of the Council.

Formal budgetary integration is employed as a management control device during the year for all funds.

The financial statements in this report are prepared in accordance with generally accepted accounting principles for governmental units. The budget is prepared, in accordance with Missouri Statutes, on the cash basis.

**F. CASH AND INVESTMENTS**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments. Investments of the pooled accounts consist of certificates of deposit, carried at cost which approximates fair value. Interest income earned is allocated to the funds based on each fund's share of the pool. Funds with overdrawn balances are not charged interest.

For purposes of the statement of cash flows presented for the proprietary funds, demand deposits and all highly liquid investments with a maturity of three months or less are considered cash equivalents.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**G. ACCOUNTS RECEIVABLE**

Governmental fund accounts receivable consist primarily of sales tax and property tax collected by the state and county but not yet remitted to the City. Business-type (proprietary fund) accounts receivable consist primarily of water/sewer charges billed to customers. Unbilled water and sewer receivables are not recognized in the financial statements and their estimated amounts are deemed immaterial.

The City requires its customers to make a customer deposit when water and sewer service is connected. This deposit is used to offset any outstanding water and sewer receivables with the remainder of the deposit being refunded to the customer upon departure from the City by using the direct write off method. This approximates the allowance method in accordance with generally accepted accounting principles.

**H. INVENTORIES**

Inventory in the proprietary fund consists of supplies used for repairs, and is valued at average cost which approximates market, using the first-in/first-out (FIFO) method.

**I. CAPITAL ASSETS**

Capital assets include land, buildings, improvements, equipment, water and sewer systems, and infrastructure assets (e.g. roads, bridges, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as items with a cost of more than \$5,000 and a useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Major outlays for construction projects are capitalized as the costs are incurred. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

All capital assets except land, easements and other land rights, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Water and sewer plant, structure, and lines	50 - 60 years
Equipment and vehicles	3 - 10 years
Infrastructure	50 years

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**J. BOND ISSUANCE COSTS**

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In the governmental fund financial statements, premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Bond issuance costs are reported as debt service expenditures.

**K. LIABILITY FOR COMPENSATED ABSENCES**

Under the terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of employee resignation or retirement, certain amounts of unused vacation and sick leave can be compensated, depending upon length of service. A liability for accumulated vacation and sick leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental fund financial statements only if it has become payable as a result of employee resignation or retirement.

**L. INTERFUND TRANSACTIONS AND BALANCES**

During the course of normal operations, the City transfers revenues between funds for various reasons, including (1) transfers of revenues from a fund that a statute or the budget requires to collect them to the fund that a statute or the budget requires to expend them, (2) transfers of resources for the construction of assets, and (3) transfers of charges for utility or other services to City departments. Legally authorized transfers that are not intended to be repaid are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or nonroutine permanent transfers of equity are reported as equity transfers. Short-term amounts owed between funds are classified as "Due to/from other funds."

**M. NET ASSETS**

In the government-wide and proprietary fund financial statements, net assets "invested in capital assets, net of related debt" 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.

Restricted net assets consists of assets with constraints placed upon their use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) constitutional provisions or enabling legislation, net of any related liability.

Unrestricted net assets includes all other net assets that do not meet the above definitions. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**N. FUND BALANCES**

In the governmental fund financial statements, reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designations represent resources related to tentative plans for future use that are subject to change.

**2. CASH AND INVESTMENTS:**

Cash and cash equivalents for purposes of the proprietary funds' statement of cash flows consist of demand and time deposits with local financial institutions.

The City's investment policies are governed by the City Charter and written management policies. City monies are deposited in FDIC-insured banks located within the state. Additionally, the City is authorized to invest in bonds, bills, or notes of the United States Treasury, and collateralized certificates of deposits. Any investment in any other type of security requires advanced approval by the City Council.

Collateral is required for demand deposits and certificates of deposit. The market value of the collateral must equal 100% of deposits not covered by federal deposit insurance. Obligations pledged to secure deposits include obligations of the U.S. Government, State of Missouri, State or City governments, Federal agency obligations, certificates of deposit, and repurchase agreements.

At year-end, the bank balances of the City's deposits totaled \$3,934,516. Of this amount, \$560,193 was insured through federal deposit insurance and \$3,374,323 was collateralized with securities held by the pledging financial institution. The total market value of securities pledged for collateral at December 31, 2009 equaled \$6,095,826. At December 31, 2009 all deposits in excess of federal deposit insurance were fully collateralized.

The City holds investments in the Special Projects Fund of \$758,637 consisting of certificates of deposit, for which market approximated cost.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS:**

The capital assets of the governmental funds at December 31, 2009 are as follows:

	Balance January 1, 2009	Additions	(Retirements)	Balance December 31, 2009
General Fund				
Buildings	\$ 1,560,879	\$ -	\$ -	\$ 1,560,879
Construction in progress	2,230	60,558	-	62,788
Equipment and vehicles	2,266,713	86,034	(172,134)	2,180,613
Park & Recreation Fund				
Buildings	3,380,903	258,039	-	3,638,942
Equipment and vehicles	149,928	45,180	(43,850)	151,258
Parks Construction Fund				
Construction in progress	165,658	2,789,647	(258,039)	2,697,266
Airport Fund				
Buildings & grounds	3,260,194	-	-	3,260,194
Street Fund				
Buildings	295,950	-	-	295,950
Infrastructure	1,269,582	271,751	-	1,541,333
Construction in progress	928,842	58,632	(45,150)	942,324
Total	<u>13,280,879</u>	<u>3,569,841</u>	<u>(519,173)</u>	<u>16,331,547</u>
Accumulated depreciation				
General Fund	(2,572,926)	(229,185)	149,364	(2,652,747)
Park & Rec Fund	(948,350)	(111,135)	35,188	(1,024,297)
Airport Fund	(72,291)	(80,347)	-	(152,638)
Street Fund	(866,439)	(77,683)	45,150	(898,972)
Total	<u>(4,460,006)</u>	<u>(498,350)</u>	<u>229,702</u>	<u>(4,728,654)</u>
Net fixed assets	<u>\$ 8,820,873</u>	<u>\$ 3,071,491</u>	<u>\$ (289,471)</u>	<u>\$ 11,602,893</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS (continued):**

The capital assets of the proprietary funds at December 31, 2009 are as follows:

	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009
Water and Sewer Fund				
Land	\$ 89,783	-	-	\$ 89,783
Construction in progress	4,370,183	5,013,291	-	9,383,474
Equipment and vehicles	828,444	47,090	-	875,534
Plant, structure, and lines	18,006,160	499,466	-	18,505,626
Buildings	122,652	-	-	122,652
Landfill Fund				
Buildings	1,389	-	-	1,389
Total	<u>23,418,611</u>	<u>5,559,847</u>	-	<u>28,978,458</u>
Accumulated depreciation				
Water and Sewer Fund	(8,586,226)	(407,371)	-	(8,993,597)
Landfill Fund	(688)	-	-	(688)
Total	<u>(8,586,914)</u>	<u>(407,371)</u>	-	<u>(8,994,285)</u>
Net fixed assets	<u>\$ 14,831,697</u>	<u>\$ 5,152,476</u>	<u>\$ -</u>	<u>\$ 19,984,173</u>

Depreciation expense was charged as direct expense as follows:

Business-type activities:	
Water and Sewer fund	\$ 407,371
Landfill fund	-
	<u>\$ 407,371</u>
Governmental activities:	
General fund	\$ 229,185
Parks & Recreation fund	111,135
Airport fund	80,347
Street fund	77,683
	<u>\$ 498,350</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**4. LONG-TERM DEBT:**

The following is a summary of changes in long-term debt of the City:

	<u>Balance December 31, 2008</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance December 31, 2009</u>
<b><u>Governmental Funds</u></b>				
Bonds payable				
NID Fund	\$ 78,811	\$ -	\$ (3,436)	\$ 75,375
COP Parks Construction	-	2,550,000	-	2,550,000
MODOT Star Loan				
Street Fund	214,779	-	(23,034)	191,745
Capital Lease obligations				
General Fund	301,831	-	(101,480)	200,351
Street Fund	160,280	-	(34,555)	125,725
Compensated absences				
General Fund	102,411	-	-	102,411
Street Fund	2,666	-	-	2,666
Parks and Recreation Fund	8,862	-	-	8,862
	<u>\$ 869,640</u>	<u>\$ 2,550,000</u>	<u>\$ (162,505)</u>	<u>\$ 3,257,135</u>
<b><u>Proprietary funds</u></b>				
Revenue bonds payable	\$ 12,000,000	\$ -	\$ -	\$ 12,000,000
Compensated Absences	38,361	-	-	38,361
Total	<u>\$ 12,038,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,038,361</u>

**A. Governmental Funds Long-term Debt**

1. Neighborhood Improvement District Bonds

On March 1, 2005, the City issued \$96,941 in Neighborhood Improvement District Bonds, Series 2005a, bearing interest at 3.95%, with annual payments of principal and interest totaling \$7,102, maturing March 1, 2025. Payments of assessments in excess of the scheduled debt service are used to reduce the principal on the bonds, and have reduced the annual payment requirement to \$6,691 for the year ended December 31, 2008 and \$6,442 for fiscal year 2009 and subsequent years. The bonds were issued for improvements to roads and installation of curbs and gutters on Country Club Drive. The bonds are a general obligation of the city and are payable from the proceeds of annual assessments levied on property owners within the Neighborhood Improvement District. Upon completion of the project, Country Club Drive will be maintained by the City as a public street.

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

**4. LONG-TERM DEBT (continued):**

**A. Governmental Funds Long-term Debt (continued)**

**1. Neighborhood Improvement District Bonds (continued)**

Future debt service requirements on these bonds are as follows:

Year Ended December 31	Principal	Interest	Total
2010	3,460	2,982	6,442
2011	3,597	2,845	6,442
2012	3,739	2,703	6,442
2013	3,887	2,555	6,442
2014	4,040	2,402	6,442
2015-2019	22,726	9,484	32,210
2020-2024	27,583	4,627	32,210
2025	6,343	-	6,343
	<u>\$ 75,375</u>	<u>\$ 27,598</u>	<u>\$ 102,973</u>

**2. Community Center Certificates of Participation**

On June 2, 2009, the City entered into a \$2,550,000 lease purchase agreement with Southwest Trust Company, NA. Pursuant to the lease agreement, Southwest Trust Company acquired a leasehold interest in certain real property of the City. In turn, Southwest Trust Company issued Lease Participation Certificates, the proceeds of which were used by the City for constructing and installing improvements to the Community Center. This lease qualifies as a capital lease for accounting purposes and, therefore, was recorded at the present value of the future minimum lease payments as of the date of its inception. The lease is payable in annual installments of \$395,000 to \$460,000 plus interest, at rates ranging from 2.23% to 3.75% per annum, through June 2015.

Future annual payments of principal and interest under the lease are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	395,000	79,141	474,141
2011	405,000	72,515	477,515
2012	415,000	61,378	476,378
2013	430,000	47,890	477,890
2014	445,000	33,270	478,270
2015	460,000	17,250	477,250
	<u>\$ 2,550,000</u>	<u>\$ 311,444</u>	<u>\$ 2,861,444</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**4. LONG-TERM DEBT (continued):**

**A. Governmental Funds Long-term Debt (continued):**

**3. MODOT Star Loan**

On May 31, 2007, the City entered into a \$250,000 Star Loan with the Missouri Department of Transportation. The loan is due in monthly installment of \$2,380, bearing interest at 2.708% per annum until maturing in May 2017. The loan was issued to pay the costs of installing improvements to the City's airport.

Future debt service requirements on this loan are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	23,666	4,899	28,565
2011	24,314	4,251	28,565
2012	24,981	3,584	28,565
2013	25,666	2,899	28,565
2014	26,369	2,196	28,565
2015-2017	66,749	2,282	69,031
	<u>\$ 191,745</u>	<u>\$ 20,111</u>	<u>\$ 211,856</u>

**4. Capital Lease Obligations**

The following is a summary of the capital lease obligations due at December 31, 2009.

Capital lease obligation payable to US Bank, due in annual installments of \$75,404 to \$63,934, bearing interest at 4.83% per annum, maturing April 2011, secured by Freightliner fire truck .....\$ 122,000

Capital lease obligation payable to Divlend Leasing, due in quarterly installments of \$8,395, bearing interest at 5.10% per annum, maturing April, 2012, secured by software ..... 78,351

Capital lease obligation payable to TYMCO, Inc., due in annual installments of \$34,555 commencing January, 2009, bearing interest at 3.9% per annum, maturing January, 2013, secured by a street sweeper..... 125,725

Total capital lease obligations \$ 326,076

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**4. LONG-TERM DEBT (continued):**

**A. Governmental Funds Long-term Debt (continued)**

**4. Capital Lease Obligations (continued)**

Debt service requirements for the capital leases are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	120,806	14,197	135,003
2011	123,530	8,539	132,069
2012	48,483	2,862	51,345
2013	33,257	1,298	34,555
	<u>\$ 326,076</u>	<u>\$ 26,896</u>	<u>\$ 352,972</u>

**B. Proprietary Fund Bonds**

**1. Series 2007 B Waterworks and Sewerage System Revenue Bonds**

The City issued \$12,000,000 Series 2007 B Combined Waterworks and Sewerage System Revenue Bonds on November 15, 2007. The bonds bear interest from 4.0% to 5.0% per annum and mature on January 1, 2029. The bonds are issued under the Missouri State Revolving Fund (SRF) leveraged loan program, which is a subsidized low interest loan program. These bonds are purchased by and resold nationally by the Missouri State Environmental Improvement and Energy Resources Authority. Funds generated by the sale are deposited with a trustee in the applicant's name and are used for construction. As construction costs are incurred, state and federal funds are deposited into a reserve account in an amount equal to 70% or more of the construction cost. Interest earned on the reserve is credited to the interest portion of the debt service charge on the bonds thereby providing the interest subsidy to the recipient.

Debt service requirements for the revenue bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2010	500,000	521,026	1,021,026
2011	500,000	498,526	998,526
2012	520,000	475,626	995,626
2013	530,000	454,626	984,626
2014	540,000	433,226	973,226
2015 - 2019	2,820,000	1,945,829	4,765,829
2020 - 2024	3,110,000	1,189,857	4,299,857
2025 - 2029	3,480,000	417,638	3,897,638
	<u>\$ 12,000,000</u>	<u>\$ 5,936,354</u>	<u>\$ 17,936,354</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**5. OPERATING LEASE:**

The City entered into an operating lease for 30 golf carts on March 28, 2007. The lease requires monthly payments of \$1,821 commencing May 15, 2007 through April 15, 2010.

**6. PROPERTY TAXES:**

Property taxes are assessed on January 1 and levies are set and filed with the county clerk by September 1. Property taxes attach as an enforceable lien on November 1 and the taxes are due to be collected by December 31. Uncollected amounts become delinquent after that date.

The assessed valuation for tangible taxable personal and real property for tax year 2008 for purposes of City taxation was \$88,193,776. The tax levy per \$100 of assessed valuation for calendar year 2008 for purpose of City taxation was:

<u>Fund</u>	
General	\$ 0.6736
Library	0.2000
Total	<u>\$ 0.8736</u>

In 2000, the voters of the City approved an increase in the local sales tax to be used for park improvements for a five year period. During 2005, the taxpayers extended the local sales tax for an additional nine years. During this period, city residents will not be assessed a property tax levy in the parks fund.

**7. DEFINED BENEFIT PENSION PLAN:**

The LAGERS Staff Retirement Plan is an agent multi-employer defined benefit pension plan administered by the LAGERS Board of Trustees. The plan provides retirement, death and disability benefits to system employees and beneficiaries. The plan document is controlled by the LAGERS Board of Trustees. The LAGERS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the Staff Retirement Plan. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102.

The contribution requirements of plan members and the employer are governed by the plan document, which may be amended by the LAGERS Board of Trustees. Plan members do not contribute toward the retirement plan. The City's required contribution for the year ended December 31, 2009 was \$228,885 based on contributions of 6.5% of general wages, 7.3% of police wages and 7.0% of fire wages. The City is required to contribute the amounts necessary to fund the System, using the actuarial basis specified by the System.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**8. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:**

The City of Nevada Landfill was officially closed to the public 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 twenty 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 twenty year period was \$1,283,200, which was recorded as a liability on the balance sheet of the landfill fund. The remaining liability at December 31, 2009 is \$1,119,400. Actual costs of future postclosure care may be higher or lower than this amount due to inflation, changes in technology, changes in landfill laws and regulations, or unforeseen hazards regarding the integrity of the landfill. Postclosure care requirements are paid from other funding sources of the City.

**9. PARTICIPATION IN PUBLIC ENTITY RISK POOLS:**

The City is a member of Midwest Public Risk, a protected self-insurance program comprised of public entities across Missouri and Kansas (formerly known as Mid-America Regional Council Insurance Trust (MARCIT)). The City pays an assessment to be a member of the self-sustaining risk sharing group in lieu of premiums to purchase insurance policies. The City has no control over budgeting, financing, management selection, or the governing body. The risk pool is regulated by the Missouri Department of Insurance.

In the event that a deficit occurs with respect to any fiscal year of the pool for which the City was a participant at any time during such year, and in the event that it is determined that an assessment of members is required in order to provide additional funds for the obligations of the pool for such year, 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 the pool at the time of such assessment. Management of the City is not aware of any deficit situation in the pool which would require any accrual of liability as of June 30, 2009.

**10. OTHER CONTINGENT LIABILITIES:**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Final Budget Positive (Negative)
<b>REVENUES</b>						
Current real estate tax	\$ 360,000	\$ 360,000	\$ 403,948	\$ -	\$ 403,948	\$ 43,948
Current personal property tax	135,000	135,000	141,151	-	141,151	6,151
Surtax	77,500	77,500	66,944	-	66,944	(10,556)
Delinquent real estate tax	50,000	50,000	13,896	-	13,896	(36,104)
Delinquent personal property tax	20,000	20,000	3,346	-	3,346	(16,654)
Sales tax	1,530,000	1,530,000	1,374,675	14,819	1,389,494	(140,506)
Corporation/railroad tax	25,000	25,000	34,352	-	34,352	9,352
Franchise tax - MPS	855,000	855,000	835,545	-	835,545	(19,455)
Franchise tax - Telephone	215,000	215,000	314,435	-	314,435	99,435
Franchise tax - TV cable	45,000	45,000	56,006	-	56,006	11,006
Franchise tax - Water/Sewer	170,000	170,000	133,222	-	133,222	(36,778)
Penalty - Real estate tax	12,000	12,000	8,745	-	8,745	(3,255)
Penalty - Personal property tax	4,000	4,000	3,816	-	3,816	(184)
Alcohol license	5,175	5,175	6,980	-	6,980	1,805
Occupation license	30,000	30,000	26,799	-	26,799	(3,201)
Merchants license	26,500	26,500	25,648	-	25,648	(852)
Merchant and occupation penalty	1,400	1,400	1,805	-	1,805	405
Building permits	30,000	30,000	24,169	-	24,169	(5,831)
Animal licenses and fees	6,850	6,850	8,216	-	8,216	1,366
In lieu of tax	35,000	35,000	24,926	-	24,926	(10,074)
Zoning fees	880	880	246	-	246	(634)
Copies and maps	300	300	123	-	123	(177)
Police charges	12,550	12,550	11,360	-	11,360	(1,190)
Fire department charges	2,000	2,000	10,723	-	10,723	8,723
Rural fire charges	92,000	92,000	81,735	-	81,735	(10,265)
Returned checks	2,500	2,500	2,054	-	2,054	(446)
Taxi coupon sales	102,000	102,000	77,478	-	77,478	(24,522)
Federal and state grants	155,475	182,017	179,605	-	179,605	(2,412)
Municipal court fees	195,000	195,000	195,574	-	195,574	574
Police training	6,250	6,250	7,712	-	7,712	1,462
Parking fines	1,500	1,500	3,615	-	3,615	2,115
Police recoupment	-	-	4,786	-	4,786	4,786
Housing costs-court	-	-	2,490	-	2,490	2,490
Investment earnings	21,500	21,500	727	-	727	(20,773)
Sale of surplus property	-	-	9,185	-	9,185	9,185
Rental income	1,350	1,350	-	-	-	(1,350)
Miscellaneous income	3,000	3,000	39,878	-	39,878	36,878
Code enforcement admin fees	2,500	2,500	7,181	-	7,181	4,681
Workers comp dividends	20,000	20,000	44,657	-	44,657	24,657
Total revenues	<u>4,252,230</u>	<u>4,278,772</u>	<u>4,187,753</u>	<u>14,819</u>	<u>4,202,572</u>	<u>(76,200)</u>
<b>EXPENDITURES</b>						
General administration						
Personal services	267,187	268,187	266,404	-	266,404	1,783
Contractual services	69,895	34,895	42,753	-	42,753	(7,858)
Commodities	124,488	98,988	131,553	-	131,553	(32,565)
Capital outlay	58,030	58,030	37,771	-	37,771	20,259
Total general administration	<u>519,600</u>	<u>460,100</u>	<u>478,481</u>	<u>-</u>	<u>478,481</u>	<u>(18,381)</u>
City council						
Contractual services	17,500	17,500	28,307	-	28,307	(10,807)
Commodities	2,475	2,475	4,856	-	4,856	(2,381)
Total city council	<u>19,975</u>	<u>19,975</u>	<u>33,163</u>	<u>-</u>	<u>33,163</u>	<u>(13,188)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
City clerk						
Personal services	32,777	32,777	33,137	-	33,137	(360)
Contractual services	20,350	20,350	1,066	-	1,066	19,284
Commodities	6,975	6,975	8,416	-	8,416	(1,441)
Total city clerk	<u>60,102</u>	<u>60,102</u>	<u>42,619</u>	<u>-</u>	<u>42,619</u>	<u>17,483</u>
Finance						
Personal services	87,215	87,215	97,122	-	97,122	(9,907)
Contractual services	225	225	15,689	-	15,689	(15,464)
Commodities	9,492	9,492	11,543	-	11,543	(2,051)
Total finance	<u>96,932</u>	<u>96,932</u>	<u>124,354</u>	<u>-</u>	<u>124,354</u>	<u>(27,422)</u>
Public transportation						
Contractual services	4,000	4,000	350	-	350	3,650
Commodities	221,350	221,350	173,001	-	173,001	48,349
Total public transportation	<u>225,350</u>	<u>225,350</u>	<u>173,351</u>	<u>-</u>	<u>173,351</u>	<u>51,999</u>
Recycling						
Commodities	12,500	12,500	15,660	-	15,660	(3,160)
Capital outlay	12,400	12,400	2,011	-	2,011	10,389
Total recycling	<u>24,900</u>	<u>24,900</u>	<u>17,671</u>	<u>-</u>	<u>17,671</u>	<u>7,229</u>
Loss control						
Commodities	26,000	26,000	22,197	-	22,197	3,803
Total loss control	<u>26,000</u>	<u>26,000</u>	<u>22,197</u>	<u>-</u>	<u>22,197</u>	<u>3,803</u>
Police department						
Personal services	1,247,714	1,250,914	1,211,349	-	1,211,349	39,565
Contractual services	62,160	62,160	64,524	-	64,524	(2,364)
Commodities	168,425	168,425	147,628	-	147,628	20,797
Capital outlay	109,030	132,372	141,929	-	141,929	(9,557)
Total police department	<u>1,587,329</u>	<u>1,613,871</u>	<u>1,565,430</u>	<u>-</u>	<u>1,565,430</u>	<u>48,441</u>
Fire department						
Personal services	688,328	688,328	647,881	-	647,881	40,447
Contractual services	44,000	44,000	36,079	-	36,079	7,921
Commodities	91,850	91,850	77,218	-	77,218	14,632
Capital outlay	98,050	98,050	75,506	-	75,506	22,544
Total fire department	<u>922,228</u>	<u>922,228</u>	<u>836,684</u>	<u>-</u>	<u>836,684</u>	<u>85,544</u>
Emergency management						
Commodities	9,800	9,800	7,332	-	7,332	2,468
Capital outlay	74,000	29,000	26,657	-	26,657	2,343
Total emergency management	<u>83,800</u>	<u>38,800</u>	<u>33,989</u>	<u>-</u>	<u>33,989</u>	<u>4,811</u>
Municipal court						
Personal services	137,242	137,242	134,576	-	134,576	2,666
Contractual services	1,900	1,900	7,554	-	7,554	(5,654)
Commodities	9,275	9,275	11,761	-	11,761	(2,486)
Total municipal court	<u>148,417</u>	<u>148,417</u>	<u>153,891</u>	<u>-</u>	<u>153,891</u>	<u>(5,474)</u>
Animal control						
Personal services	66,699	66,699	62,699	-	62,699	4,000
Contractual services	7,350	7,350	6,113	-	6,113	1,237
Commodities	22,685	22,685	15,141	-	15,141	7,544
Total animal control	<u>96,734</u>	<u>96,734</u>	<u>83,953</u>	<u>-</u>	<u>83,953</u>	<u>12,781</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Planning & Zoning						
Personal services	160,547	160,547	161,920	-	161,920	(1,373)
Contractual services	6,200	6,200	19,333	-	19,333	(13,133)
Commodities	14,400	14,400	13,522	-	13,522	878
Capital outlay	17,500	17,500	16,059	-	16,059	1,441
Total planning & zoning	<u>198,647</u>	<u>198,647</u>	<u>210,834</u>	<u>-</u>	<u>210,834</u>	<u>(12,187)</u>
Street lights						
Commodities	156,000	156,000	148,452	-	148,452	7,548
Total street lights	<u>156,000</u>	<u>156,000</u>	<u>148,452</u>	<u>-</u>	<u>148,452</u>	<u>7,548</u>
Total expenditures	<u>4,166,014</u>	<u>4,088,056</u>	<u>3,925,069</u>	<u>-</u>	<u>3,925,069</u>	<u>162,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,216</u>	<u>190,716</u>	<u>262,684</u>	<u>14,819</u>	<u>277,503</u>	<u>86,787</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	<u>(474,043)</u>	<u>(424,043)</u>	<u>(353,271)</u>	<u>-</u>	<u>(353,271)</u>	<u>(70,772)</u>
Total other financing sources (uses)	<u>(474,043)</u>	<u>(424,043)</u>	<u>(353,271)</u>	<u>-</u>	<u>(353,271)</u>	<u>(70,772)</u>
Change in net assets	(387,827)	(233,327)	(90,587)	14,819	(75,768)	157,559
Fund balance - beginning	<u>751,256</u>	<u>751,256</u>	<u>751,256</u>	<u>-</u>	<u>751,256</u>	<u>-</u>
Fund balance - ending	<u>\$ 363,429</u>	<u>\$ 517,929</u>	<u>\$ 660,669</u>	<u>\$ 14,819</u>	<u>\$ 675,488</u>	<u>\$ 157,559</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - STREET FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Transportation sales tax	\$ 750,000	\$ 750,000	\$ 694,639	\$ -	\$ 694,639	\$ (55,361)
Motor vehicle licenses	25,000	25,000	31,508	(5,138)	26,370	1,370
Motor fuel tax	350,000	350,000	319,058	-	319,058	(30,942)
Center township road taxes	2,500	2,500	2,500	-	2,500	-
Miscellaneous	15,000	15,000	17,457	-	17,457	2,457
Total revenues	<u>1,142,500</u>	<u>1,142,500</u>	<u>1,065,162</u>	<u>(5,138)</u>	<u>1,060,024</u>	<u>(82,476)</u>
<b>EXPENDITURES</b>						
Street maintenance						
Personal services	288,083	288,083	214,200	-	214,200	73,883
Contractual services	27,000	27,000	31,077	-	31,077	(4,077)
Commodities	217,200	132,350	88,353	-	88,353	43,997
Capital outlay	<u>868,500</u>	<u>953,350</u>	<u>463,766</u>	<u>-</u>	<u>463,766</u>	<u>489,584</u>
Total street maintenance	<u>1,400,783</u>	<u>1,400,783</u>	<u>797,396</u>	<u>-</u>	<u>797,396</u>	<u>603,387</u>
Total expenditures	<u>1,400,783</u>	<u>1,400,783</u>	<u>797,396</u>	<u>-</u>	<u>797,396</u>	<u>603,387</u>
Change in net assets	(258,283)	(258,283)	267,766	(5,138)	262,628	520,911
Fund balance - beginning	<u>579,788</u>	<u>579,788</u>	<u>579,788</u>	<u>-</u>	<u>579,788</u>	<u>-</u>
Fund balance - ending	<u>\$ 321,505</u>	<u>\$ 321,505</u>	<u>\$ 847,554</u>	<u>\$ (5,138)</u>	<u>\$ 842,416</u>	<u>\$ 520,911</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LIBRARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Current real estate tax	\$ 109,500	\$ 109,500	\$ 120,540	\$ -	\$ 120,540	\$ 11,040
Current personal property tax	35,000	35,000	42,132	-	42,132	7,132
Delinquent real estate tax	12,500	8,730	4,201	-	4,201	(4,529)
Delinquent personal property tax	-	3,770	1,002	-	1,002	(2,768)
Investment earnings	500	500	7	-	7	(493)
Total revenues	<u>157,500</u>	<u>157,500</u>	<u>167,882</u>	<u>-</u>	<u>167,882</u>	<u>10,382</u>
<b>EXPENDITURES</b>						
Library						
Commodities	<u>157,500</u>	<u>157,500</u>	<u>167,882</u>	<u>25,084</u>	<u>192,966</u>	<u>(35,466)</u>
Total library	<u>157,500</u>	<u>157,500</u>	<u>167,882</u>	<u>25,084</u>	<u>192,966</u>	<u>(35,466)</u>
Total expenditures	<u>157,500</u>	<u>157,500</u>	<u>167,882</u>	<u>25,084</u>	<u>192,966</u>	<u>(35,466)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,084)</u>	<u>(25,084)</u>	<u>(25,084)</u>
Change in net assets	-	-	-	(25,084)	(25,084)	(25,084)
Fund balance - beginning	-	-	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,084)</u>	<u>\$ (25,084)</u>	<u>\$ (25,084)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PARK AND RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Surtax	\$ 12,500	\$ 12,500	\$ -	\$ -	\$ -	\$ (12,500)
Cigarette tax	94,850	94,850	65,439	4,826	70,265	(24,585)
Swimming pool concessions	-	22,692	16,766	-	16,766	(5,926)
Swimming pool fees	100,000	77,308	62,265	-	62,265	(15,043)
Golf course concessions	-	13,404	12,701	-	12,701	(703)
Golf course fees	250,000	59,167	52,756	-	52,756	(6,411)
Golf course passes	-	60,718	44,485	-	44,485	(16,233)
Golf cart rental & fees	-	67,560	65,757	-	65,757	(1,803)
Golf tournament fees	-	25,455	21,591	-	21,591	(3,864)
Golf pro shop retail sales	-	14,436	12,567	-	12,567	(1,869)
Golf other course income	-	9,260	5,498	-	5,498	(3,762)
Recreation concessions	-	1,647	674	-	674	(973)
Community center fees	3,500	3,500	1,542	-	1,542	(1,958)
Recreation fees	15,000	13,353	10,663	-	10,663	(2,690)
Sale of surplus property	-	-	11,645	-	11,645	11,645
Workers comp dividends	-	-	7,372	-	7,372	7,372
Misc. income	10,000	10,000	6,017	-	6,017	(3,983)
Total revenues	<u>485,850</u>	<u>485,850</u>	<u>397,738</u>	<u>4,826</u>	<u>402,564</u>	<u>(83,286)</u>
<b>EXPENDITURES</b>						
Parks Operation & Maint						
Personal services	244,517	244,517	244,932	-	244,932	(415)
Contractual services	4,800	4,800	4,960	-	4,960	(160)
Commodities	76,900	76,900	102,322	(33,180)	69,142	7,758
Capital outlay	12,000	62,000	58,855	-	58,855	3,145
Total parks	<u>338,217</u>	<u>388,217</u>	<u>411,069</u>	<u>(33,180)</u>	<u>377,889</u>	<u>10,328</u>
Community Center & Rec						
Personal services	85,167	85,167	75,286	-	75,286	9,881
Contractual services	3,400	3,400	3,500	-	3,500	(100)
Commodities	41,800	41,800	28,916	-	28,916	12,884
Total comm center	<u>130,367</u>	<u>130,367</u>	<u>107,702</u>	<u>-</u>	<u>107,702</u>	<u>22,665</u>
Swimming pool						
Personal services	64,650	64,650	68,072	-	68,072	(3,422)
Contractual services	2,800	2,800	2,900	-	2,900	(100)
Commodities	57,150	57,150	48,397	-	48,397	8,753
Capital outlay	2,500	2,500	2,495	-	2,495	5
Total swimming pool	<u>127,100</u>	<u>127,100</u>	<u>121,864</u>	<u>-</u>	<u>121,864</u>	<u>5,236</u>
Golf course						
Personal services	133,636	133,636	126,616	-	126,616	7,020
Contractual services	3,500	3,500	3,500	-	3,500	-
Commodities	90,200	90,200	86,384	-	86,384	3,816
Total golf course	<u>227,336</u>	<u>227,336</u>	<u>216,500</u>	<u>-</u>	<u>216,500</u>	<u>10,836</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PARK AND RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Club house						
Personal services	68,775	68,775	71,596	-	71,596	(2,821)
Contractual services	1,700	1,700	1,800	-	1,800	(100)
Commodities	61,700	61,700	58,742	-	58,742	2,958
Capital outlay	200	200	-	-	-	200
Total club house	<u>132,375</u>	<u>132,375</u>	<u>132,138</u>	<u>-</u>	<u>132,138</u>	<u>237</u>
Total expenditures	<u>955,395</u>	<u>1,005,395</u>	<u>989,273</u>	<u>(33,180)</u>	<u>956,093</u>	<u>49,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(469,545)</u>	<u>(519,545)</u>	<u>(591,535)</u>	<u>38,006</u>	<u>(553,529)</u>	<u>(33,984)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	<u>605,115</u>	<u>605,115</u>	<u>546,431</u>	<u>-</u>	<u>546,431</u>	<u>(58,684)</u>
Total other financing sources (uses)	<u>605,115</u>	<u>605,115</u>	<u>546,431</u>	<u>-</u>	<u>546,431</u>	<u>(58,684)</u>
Change in net assets	135,570	85,570	(45,104)	38,006	(7,098)	(92,668)
Fund balance - beginning	<u>(252,412)</u>	<u>(252,412)</u>	<u>(252,412)</u>	<u>-</u>	<u>(252,412)</u>	<u>-</u>
Fund balance - ending	<u>\$ (116,842)</u>	<u>\$ (166,842)</u>	<u>\$ (297,516)</u>	<u>\$ 38,006</u>	<u>\$ (259,510)</u>	<u>\$ (92,668)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PARKS CONSTRUCTION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Parks sales tax	\$ 750,000	\$ 750,000	\$ 694,638	\$ -	\$ 694,638	\$ (55,362)
In lieu of tax	37,000	37,000	27,000	-	27,000	(10,000)
Miscellaneous income	40,000	40,000	513	-	513	(39,487)
Total revenues	<u>827,000</u>	<u>827,000</u>	<u>722,151</u>	<u>-</u>	<u>722,151</u>	<u>(104,849)</u>
<b>EXPENDITURES</b>						
Construction						
Capital outlay	<u>3,870,000</u>	<u>3,870,000</u>	<u>2,993,236</u>	<u>-</u>	<u>2,993,236</u>	<u>876,764</u>
Total construction	<u>3,870,000</u>	<u>3,870,000</u>	<u>2,993,236</u>	<u>-</u>	<u>2,993,236</u>	<u>876,764</u>
Total expenditures	<u>3,870,000</u>	<u>3,870,000</u>	<u>2,993,236</u>	<u>-</u>	<u>2,993,236</u>	<u>876,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,043,000)</u>	<u>(3,043,000)</u>	<u>(2,271,085)</u>	<u>-</u>	<u>(2,271,085)</u>	<u>771,915</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of long-term debt	-	2,700,000	2,506,249	-	2,506,249	(193,751)
Transfers in	2,700,000	-	-	-	-	-
Transfers out	<u>(175,160)</u>	<u>(175,160)</u>	<u>(175,160)</u>	<u>-</u>	<u>(175,160)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,524,840</u>	<u>2,524,840</u>	<u>2,331,089</u>	<u>-</u>	<u>2,331,089</u>	<u>(193,751)</u>
Change in net assets	(518,160)	(518,160)	60,004	-	60,004	578,164
Fund balance - beginning	<u>1,496,751</u>	<u>1,496,751</u>	<u>1,496,751</u>	<u>-</u>	<u>1,496,751</u>	<u>-</u>
Fund balance - ending	<u>\$ 978,591</u>	<u>\$ 978,591</u>	<u>\$ 1,556,755</u>	<u>\$ -</u>	<u>\$ 1,556,755</u>	<u>\$ 578,164</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - SPECIAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ 32,000	\$ 32,000	\$ 37,856	\$ -	\$ 37,856	\$ 5,856
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>37,856</u>	<u>-</u>	<u>37,856</u>	<u>5,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,000</u>	<u>32,000</u>	<u>37,856</u>	<u>-</u>	<u>37,856</u>	<u>5,856</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	(18,000)	(18,000)	(18,000)	-	(18,000)	-
Total other financing sources (uses)	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>
Change in net assets	14,000	14,000	19,856	-	19,856	5,856
Fund balance - beginning	<u>843,376</u>	<u>843,376</u>	<u>843,376</u>	<u>-</u>	<u>843,376</u>	<u>-</u>
Fund balance - ending	<u>\$ 857,376</u>	<u>\$ 857,376</u>	<u>\$ 863,232</u>	<u>\$ -</u>	<u>\$ 863,232</u>	<u>\$ 5,856</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL - LANDFILL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>OPERATING REVENUES</b>						
Transfers in	3,000	3,000	3,030	-	3,030	30
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,030</u>	<u>-</u>	<u>3,030</u>	<u>30</u>
<b>OPERATING EXPENSES</b>						
General and administrative						
Utilities	300	300	-	-	-	300
Total general and administrative	<u>300</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Total operating expenses	<u>300</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Income (loss) from operations	<u>2,700</u>	<u>2,700</u>	<u>3,030</u>	<u>-</u>	<u>3,030</u>	<u>330</u>
Change in net assets	2,700	2,700	3,030	-	3,030	330
Net assets - beginning	<u>(1,115,198)</u>	<u>(1,115,198)</u>	<u>(1,115,198)</u>	<u>-</u>	<u>(1,115,198)</u>	<u>-</u>
Net assets - ending	<u>\$ (1,112,498)</u>	<u>\$ (1,112,498)</u>	<u>\$ (1,112,168)</u>	<u>\$ -</u>	<u>\$ (1,112,168)</u>	<u>\$ 330</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL - WATER AND SEWER UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	Budget	Budget	Final Budget
			Basis	Basis	Basis	Positive
						(Negative)
<b>OPERATING REVENUES</b>						
Charges & Fees for services	\$ 2,700,000	\$ 2,719,999	\$ 2,811,629	\$ -	\$ 2,811,629	\$ 91,630
Fines and penalties	20,000	-	16,026	-	16,026	16,026
Sales taxes	752,000	752,000	694,637	-	694,637	(57,363)
Sale of surplus property	-	-	11,923	-	11,923	11,923
Workers comp dividends	-	10,688	28,508	-	28,508	17,820
Internal service charges	-	28,963	28,963	-	28,963	-
Miscellaneous	35,000	6,303	28,820	-	28,820	22,517
Total revenues	<u>3,507,000</u>	<u>3,517,953</u>	<u>3,620,506</u>	<u>-</u>	<u>3,620,506</u>	<u>102,553</u>
<b>OPERATING EXPENSES</b>						
Treatment and operations						
Personal services	1,539,417	1,539,417	1,596,060	-	1,596,060	(56,643)
Contractual services	172,120	172,120	132,784	-	132,784	39,336
Commodities	1,149,649	1,149,650	849,295	-	849,295	300,355
Capital outlay	1,957,000	1,957,000	58,853	6,248,743	6,307,596	(4,350,596)
Total treatment and operations	<u>4,818,186</u>	<u>4,818,187</u>	<u>2,636,992</u>	<u>6,248,743</u>	<u>8,885,735</u>	<u>(4,067,548)</u>
Public works						
Personal services	78,760	78,760	64,909	-	64,909	13,851
Commodities	5,000	5,000	3,610	-	3,610	1,390
Capital outlay	-	-	-	-	-	-
Total public works	<u>83,760</u>	<u>83,760</u>	<u>68,519</u>	<u>-</u>	<u>68,519</u>	<u>15,241</u>
General and administrative						
Depreciation	-	-	407,371	(407,371)	-	-
Total general and administrative	<u>-</u>	<u>-</u>	<u>407,371</u>	<u>(407,371)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>4,901,946</u>	<u>4,901,947</u>	<u>3,112,882</u>	<u>5,841,372</u>	<u>8,954,254</u>	<u>(4,052,307)</u>
Income (loss) from operations	<u>(1,394,946)</u>	<u>(1,383,994)</u>	<u>507,624</u>	<u>(5,841,372)</u>	<u>(5,333,748)</u>	<u>(3,949,754)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	-	18,010	506	-	506	(17,504)
SRF interest credit	-	-	694,602	(245,825)	448,777	448,777
Amortization of bond premium	-	-	12,804	(12,804)	-	-
Amortization of bond issuance costs	-	-	(10,024)	10,024	-	-
Interest expense	(335,000)	(335,000)	(531,026)	(500,000)	(1,031,026)	(696,026)
Total non-operating revenues (expenses)	<u>(335,000)</u>	<u>(316,990)</u>	<u>166,862</u>	<u>(748,605)</u>	<u>(581,743)</u>	<u>(264,753)</u>
Income (loss) before other financing sources (uses)	<u>(1,729,946)</u>	<u>(1,700,984)</u>	<u>674,486</u>	<u>(6,589,977)</u>	<u>(5,915,491)</u>	<u>(4,214,507)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of long-term debt	-	-	-	5,857,315	5,857,315	5,857,315
Transfers out	(500,000)	-	(8,395)	8,395	-	-
Total other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>(8,395)</u>	<u>5,865,710</u>	<u>5,857,315</u>	<u>5,857,315</u>
Change in net assets	(2,229,946)	(1,700,984)	666,091	(724,267)	(58,176)	1,642,808
Net assets - beginning	<u>12,942,147</u>	<u>12,942,147</u>	<u>12,942,147</u>	<u>-</u>	<u>12,942,147</u>	<u>-</u>
Net assets - ending	<u>\$ 10,712,201</u>	<u>\$ 11,241,163</u>	<u>\$ 13,608,238</u>	<u>\$ (724,267)</u>	<u>\$ 12,883,971</u>	<u>\$ 1,642,808</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	Airport Fund	Nevada Area Economic Development Commission Fund	Community Development Fund	Tourism Fund	Neighborhood Industrial Development Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 60,760	\$ -	\$ 34,907	\$ -	\$ 95,667
Accounts and taxes receivable	1,075	-	-	-	-	1,075
Due from other funds	-	-	-	-	16,899	16,899
Loans receivable	-	19,333	-	-	-	19,333
Total assets	<u>\$ 1,075</u>	<u>\$ 80,093</u>	<u>\$ -</u>	<u>\$ 34,907</u>	<u>\$ 16,899</u>	<u>\$ 132,974</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 359	\$ -	\$ -	\$ -	\$ -	\$ 359
Due to other funds	186,739	-	-	-	-	186,739
Total liabilities	<u>187,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,098</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	(186,023)	80,093	-	34,907	16,899	(54,124)
Total fund balances	<u>(186,023)</u>	<u>80,093</u>	<u>-</u>	<u>34,907</u>	<u>16,899</u>	<u>(54,124)</u>
Total liabilities and fund balances	<u>\$ 1,075</u>	<u>\$ 80,093</u>	<u>\$ -</u>	<u>\$ 34,907</u>	<u>\$ 16,899</u>	<u>\$ 132,974</u>

**CITY OF NEVADA, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Municipal Airport Fund	Nevada Area Economic Development Commission Fund	Community Development Fund	Tourism Fund	Neighborhood Industrial Development Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,234	\$ 4,234
Other taxes	-	-	-	64,807	-	64,807
Federal and state grants	119,183	-	-	-	-	119,183
Charges for services	9,372	-	-	-	-	9,372
Investment earnings	-	624	-	15	-	639
Miscellaneous	780	-	-	-	-	780
Total revenues	<u>129,335</u>	<u>624</u>	<u>-</u>	<u>64,822</u>	<u>4,234</u>	<u>199,015</u>
<b>EXPENDITURES</b>						
General government and adm	-	-	-	-	6,549	6,549
Cultural and recreational	19,982	-	-	73,185	-	93,167
Capital outlay	8,175	-	-	20,000	-	28,175
Total expenditures	<u>28,157</u>	<u>-</u>	<u>-</u>	<u>93,185</u>	<u>6,549</u>	<u>127,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,178</u>	<u>624</u>	<u>-</u>	<u>(28,363)</u>	<u>(2,315)</u>	<u>71,124</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt service	(28,565)	-	-	-	-	(28,565)
Debt forgivenenss	-	(26,595)	-	-	-	(26,595)
Total other financing sources (uses)	<u>(28,565)</u>	<u>(26,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,160)</u>
Net change in fund balances	72,613	(25,971)	-	(28,363)	(2,315)	15,964
Fund balances - beginning	(258,636)	106,064	-	63,270	19,214	(70,088)
Fund balances - ending	<u>\$ (186,023)</u>	<u>\$ 80,093</u>	<u>\$ -</u>	<u>\$ 34,907</u>	<u>\$ 16,899</u>	<u>\$ (54,124)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - MUNICIPAL AIRPORT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Gasoline royalty	\$ 250	\$ 250	\$ 727	\$ -	\$ 727	\$ 477
Rental income	-	3,800	9,372	-	9,372	5,572
Federal, state and local grants	758,355	758,355	119,183	-	119,183	(639,172)
Miscellaneous income	5,050	1,250	53	-	53	(1,197)
Total revenues	<u>763,655</u>	<u>763,655</u>	<u>129,335</u>	<u>-</u>	<u>129,335</u>	<u>(634,320)</u>
<b>EXPENDITURES</b>						
Airport						
Contractual services	5,100	5,100	3,556	-	3,556	1,544
Commodities	21,400	21,400	16,426	-	16,426	4,974
Capital outlay	-	-	8,175	26,865	35,040	(35,040)
Total airport	<u>26,500</u>	<u>26,500</u>	<u>28,157</u>	<u>26,865</u>	<u>55,022</u>	<u>(28,522)</u>
Total expenditures	<u>26,500</u>	<u>26,500</u>	<u>28,157</u>	<u>26,865</u>	<u>55,022</u>	<u>(28,522)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>737,155</u>	<u>737,155</u>	<u>101,178</u>	<u>(26,865)</u>	<u>74,313</u>	<u>(662,842)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt repayment	(28,565)	(28,565)	(28,565)	-	(28,565)	-
Transfers in	62,088	62,088	-	-	-	(62,088)
Total other financing sources (uses)	<u>33,523</u>	<u>33,523</u>	<u>(28,565)</u>	<u>-</u>	<u>(28,565)</u>	<u>(62,088)</u>
Change in net assets	770,678	770,678	72,613	(26,865)	45,748	(724,930)
Fund balance - beginning	(258,636)	(258,636)	(258,636)	-	(258,636)	-
Fund balance - ending	<u>\$ 512,042</u>	<u>\$ 512,042</u>	<u>\$ (186,023)</u>	<u>\$ (26,865)</u>	<u>\$ (212,888)</u>	<u>\$ (724,930)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TOURISM FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Hotel/motel tax	\$ 72,000	\$ 72,000	\$ 64,807	\$ -	\$ 64,807	\$ (7,193)
Investment earnings	700	700	15	-	15	(685)
Total revenues	<u>72,700</u>	<u>72,700</u>	<u>64,822</u>	<u>-</u>	<u>64,822</u>	<u>(7,878)</u>
<b>EXPENDITURES</b>						
Tourism						
Contractual services	65,920	65,920	62,185	-	62,185	3,735
Commodities	10,000	10,000	11,000	-	11,000	(1,000)
Capital outlay	-	-	20,000	-	20,000	(20,000)
Total tourism	<u>75,920</u>	<u>75,920</u>	<u>93,185</u>	<u>-</u>	<u>93,185</u>	<u>(17,265)</u>
Total expenditures	<u>75,920</u>	<u>75,920</u>	<u>93,185</u>	<u>-</u>	<u>93,185</u>	<u>(17,265)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,220)</u>	<u>(3,220)</u>	<u>(28,363)</u>	<u>-</u>	<u>(28,363)</u>	<u>(25,143)</u>
Change in net assets	(3,220)	(3,220)	(28,363)	-	(28,363)	(25,143)
Fund balance - beginning	<u>63,270</u>	<u>63,270</u>	<u>63,270</u>	<u>-</u>	<u>63,270</u>	<u>-</u>
Fund balance - ending	<u>\$ 60,050</u>	<u>\$ 60,050</u>	<u>\$ 34,907</u>	<u>\$ -</u>	<u>\$ 34,907</u>	<u>\$ (25,143)</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - NEIGHBORHOOD INDUSTRIAL DEVELOPMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Neighborhood payments	\$ 3,969	\$ 3,969	\$ 4,234	\$ -	\$ 4,234	\$ 265
Total revenues	<u>3,969</u>	<u>3,969</u>	<u>4,234</u>	<u>-</u>	<u>4,234</u>	<u>265</u>
<b>EXPENDITURES</b>						
General administration						
Contractual services	6,418	6,418	6,549	-	6,549	(131)
Total general administration	<u>6,418</u>	<u>6,418</u>	<u>6,549</u>	<u>-</u>	<u>6,549</u>	<u>(131)</u>
Total expenditures	<u>6,418</u>	<u>6,418</u>	<u>6,549</u>	<u>-</u>	<u>6,549</u>	<u>(131)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,449)</u>	<u>(2,449)</u>	<u>(2,315)</u>	<u>-</u>	<u>(2,315)</u>	<u>134</u>
Change in net assets	(2,449)	(2,449)	(2,315)	-	(2,315)	134
Fund balance - beginning	19,214	19,214	19,214	-	19,214	-
Fund balance - ending	<u>\$ 16,765</u>	<u>\$ 16,765</u>	<u>\$ 16,899</u>	<u>\$ -</u>	<u>\$ 16,899</u>	<u>\$ 134</u>

The accompanying notes are an integral part of the financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council  
City of Nevada, Missouri

We have audited the financial statements of the City of Nevada, Missouri as of and for the year ended December 31, 2009, and have issued our report thereon dated July 26, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Nevada, Missouri's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing assurance on the effectiveness of the of the City of Nevada, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nevada, Missouri's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in item 09-1 in the attached schedule of findings to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Nevada, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that would be required to be reported under *Government Auditing Standards*.

The City's written responses included in the attached schedule of findings have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain other procedural and control matters that we reported to the management of the City of Nevada, Missouri in a separate letter dated July 26, 2010.

This report is intended solely for the information and use of the management and the City Council and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*DSWA Certified Public Accountants, PC*

Raymore, Missouri  
July 26, 2010

**CITY OF NEVADA, MISSOURI**

**SCHEDULE OF FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**FINANCIAL STATEMENT FINDINGS**

**09-1 Significant Deficiency due to Lack of Adequate Segregation of Accounting Functions**

**Statement of Condition:** As in previous years, we noted that the same employee sometimes performs the functions of receiving, depositing, and recording receipts in the accounting records, as well as reconciling receivable records and bank accounts to the general ledger.

**Criteria:** Segregation of accounting functions is a key underlying concept of good internal control. No one person should have access to the physical assets and related accounting records, or to all phases of a transaction.

**Effects:** Internal control is weakened when the same employee performs the functions of receiving, depositing, recording receipts in the accounting records, and reconciling receivable records and bank accounts to the general ledger. Lack of segregation of duties in these areas makes it possible for cash and even non-cash payments received to be misappropriated without detection on a timely basis.

**Recommendation:** Improvements were made in this area with the transfer of responsibility for bank reconciliations to an outside accountant during 2009. However, this was a temporary solution in the absence of the City Treasurer, and significant lack of segregation still exists throughout the payment receipt process. We recommend the City continue efforts to organize and review job duties to maximize segregation of accounting functions especially in the cash receipts and bank reconciliation areas.

**Management response:** *A staff member outside of the Finance Department is performing the reconciliations. Adjustments are reviewed by Finance staff prior to booking entries. Job duties will be reviewed upon the addition of a City Treasurer.*



**INDEPENDENT AUDITORS' REPORT ON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and Board of Aldermen  
City of Nevada, Missouri

We have audited the basic financial statements of the City of Nevada, Missouri as of and for the year ended December 31, 2009, and have issued our report thereon dated July 26, 2010. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*DSWA Certified Public Accountants, PC*

Raymore, Missouri  
July 26, 2010

**CITY OF NEVADA, MISSOURI**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>		
<b><u>Department of Transportation</u></b>		
Passed through Missouri Department of Transportation		
Airport Improvement Program Grant	20.106	\$ 119,184
Section 5311 Transportation Grant (Taxi)	20.107	50,658
<b><u>Environmental Protection Agency</u></b>		
Passed through Missouri Department of Natural Resources		
Capitalization Grants for Clean Water State Revolving Funds	66.458	5,974,050
<b><u>Department of Homeland Security</u></b>		
Passed through Missouri Department of Public Safety		
Police Grant	97.054	48,064
Homeland Security-Fire	97.036	8,221
General Grants	97.036	7,505
<b><u>Department of Housing and Urban Development</u></b>		
Passed through Missouri Department of Social Services		
Emergency Shelter Grant	14.231	22,152
<b><u>U.S. Department of Agriculture</u></b>		
Direct Grant-Rural Housing Service		
Community Facilities Grant	10.776	<u>15,000</u>
Total Federal Awards		<u>\$ 6,244,834</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- A. Purpose of Schedule and Reporting Entity: The accompanying Schedule of Expenditures of Federal Awards of the City of Nevada, Missouri has been prepared to comply with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The circular requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the City of Nevada, Missouri.

- B. Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the City. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the City, Type A programs are those which exceed \$300,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

- C. Basis of Accounting: The expenditures for each of the federal financial assistance programs are presented on the modified cash basis which recognizes expenditures of federal awards when the related expenditure is paid.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Nevada, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City of Nevada, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Nevada, Missouri's management. Our responsibility is to express an opinion on the City of Nevada, Missouri's compliance based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Nevada, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Nevada, Missouri's compliance with those requirements.

In our opinion, the City of Nevada, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City of Nevada, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and

grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the finance committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*DSWA Certified Public Accountants, PC*

Raymore, Missouri  
July 26, 2010

CITY OF NEVADA, MISSOURI

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2009

SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes \_\_\_ No X

Significant deficiencies identified not considered to be material weaknesses? Yes X None reported \_\_\_

Noncompliance material to financial statements noted? Yes \_\_\_ No X

**Federal Awards**

Internal control over programs:

Material weaknesses identified? Yes \_\_\_ No X

Significant deficiencies identified not considered to be material weaknesses? Yes \_\_\_ None reported X

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? Yes \_\_\_ No X

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66. 458	Capitalization Grants for Clean Water

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? Yes \_\_\_ No X

No matters were reported.