

**CITY OF NEVADA, MISSOURI**

**AUDITED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2008**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS  
1626 HEDGES PLAZA  
NEVADA, MISSOURI 64772**

**CITY OF NEVADA, MISSOURI**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Page
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Unaudited)</b>	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	13
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	14
Reconciliation of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Assets	16
Statement of Revenues, Expenses, and Changes in Net Assets	17
Statement of Cash Flows	18
Statement of Agency Net Assets	19
Notes to the Basic Financial Statements	20
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Major Governmental Funds	
General Fund	37
Street Fund	40
Library Fund	41
Parks and Recreation Fund	42
Parks Construction Fund	44
Special Projects Fund	45

**CITY OF NEVADA, MISSOURI  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

Page

---

<b>Other Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual	
Major Proprietary Funds	
Landfill Fund	46
Water and Sewer Utility Fund	47
Combining Balance Sheet - Non-Major Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	
Non-Major Governmental Funds	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Non-Major Special Revenue Funds	
Municipal Airport Fund	50
Nevada Area Economic Development Commission Fund	51
Community Development Fund	52
Tourism Fund	53
Neighborhood Industrial Development Fund	54
<b>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 <i>Government Auditing Standards</i></b>	55
<b>Schedule of Findings</b>	57
<b>Summary Schedule of Prior Audit Findings</b>	58
 <b>SINGLE AUDIT SECTION:</b>	
<b>Independent Auditors' Report on Schedule of Expenditures of Federal Awards</b>	63
<b>Schedule of Expenditures of Federal Awards</b>	64
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	65
<b>Independent Auditors' Report on Compliance With Requirements Applicable To Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133</b>	66
<b>Schedule of Findings</b>	68

**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, 2008, 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, 2008, 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 June 29, 2009 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. Management's written responses to the significant deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit and, accordingly, we express no opinion on them.

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  
June 29, 2009

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

Calendar year 2008 marks the fourth 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 requires the City to provide this overview of its financial activities for the fiscal year. This report will compare 2007 and 2008 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 has been 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 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 collection and treatment. A fee is charged to customers to help cover all or most of 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 13 through 14 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 15 through 19 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, Library Fund, Parks and Recreation Fund, Parks Construction Fund and Special Projects Fund, all considered to be major funds. Data from the other five funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 49.

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 of this report.
- 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 are found beginning 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, fiduciary funds, and capital assets owned by government 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, 2008  
(in Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and Investment	3,441	3,291	1,256	1,007	4,697	4,298
Other Assets	1,121	1,071	391	473	1,512	1,544
Capital Assets	8,911	7,014	25,023	23,615	33,934	30,629
Total Assets	13,473	11,376	26,670	25,095	40,143	36,471
Long-Term Liab.	673	700	13,444	13,481	14,117	14,181
Other Liabilities	1,500	1,401	1,398	125	2,898	1,526
Total Liabilities	2,173	2,101	14,842	13,606	17,015	15,707
Net Assets:						
Invested in Capital						
Assets Net of Debt	7,951	6,009	2,566	(659)	10,517	5,350
Restricted			9,564	11,571	9,564	11,571
Unrestricted	3,349	3,266	(304)	577	3,045	3,843
Total Net Assets	11,300	9,275	11,826	11,489	23,126	20,764

Overall, as of the fiscal year ending December 31, 2008 the total net assets of the primary government was \$23.1 million which is an increase of \$2.4 million from 2007. The total net assets of the primary government is made up of \$11.3 million from Governmental Activities, an increase of \$2 million from 2007, and \$11.8 million from Business Type Activities, an increase of \$.3 million from 2007.

Governmental activities – The governmental activities portion of unrestricted net assets totals \$3.4 million, or 30 percent of total governmental activities net assets, which is an increase of \$.08 million over 2007. Capital assets, net of related debt, comprise 70 percent of total governmental activities net assets as compared to 65 percent in 2007.

Business-type activities – The business-type activities portion of unrestricted net assets total a negative \$304 thousand, which is a decrease of \$881 thousand from 2007. Capital assets, net of related debts is a \$2.6 million as a result of the debt related to the construction of the new wastewater treatment plant.

Table 2, below, summarizes total city revenues and expenses for the fiscal year ending December 31, 2008.

Table 2  
City of Nevada, Missouri  
Changes in Net Assets  
As of December 31, 2008  
(in Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	862	769	2,759	2,559	3,621	3,328
Operating Grants and Contributions	197	201			197	201
Capital Grants and Contributions	573	2,269			573	2,269
General Revenues:						
Property Taxes	752	605			752	605
Sales Taxes	2,916	2,909	737	727	3,653	3,636
Franchise Taxes	1,486	1,201			1,486	1,201
Other Taxes	629	675			629	675
Investment Earnings	60	160	21	17	81	177
Miscellaneous Income	75	256	75	24	150	280
<b>Total Revenues</b>	<b>7,550</b>	<b>9,045</b>	<b>3,592</b>	<b>3,327</b>	<b>11,142</b>	<b>12,372</b>
Special Items:						
Loss on Sale of Capital Assets		(116)		-		(116)
<b>Total Revenues and Special Items</b>	<b>7,550</b>	<b>8,929</b>	<b>3,592</b>	<b>3,327</b>	<b>11,142</b>	<b>12,256</b>

**Expenses**

General Government	611	674			611	674
Public Safety	2,975	2,697			2,975	2,697
Development Services	(1)				(1)	-
Cultural and Recreational	1,445	1,541			1,445	1,541
Street	491	647			491	647
Special Projects					-	-
Administration			378	382	378	382
Water and Sewer			2,852	2,228	2,852	2,228
Int. on Long Term Debt	27	36	5	-	32	36
Total Expenses	5,548	5,595	3,235	2,610	8,783	8,205
Excess Before Transfers	2,002	3,334	357	717	2,359	4,051
Transfers	23	-	(23)	650	-	650
Increase (Decrease) in Net						
Assets	2,025	3,334	334	1,367	2,359	4,701

Governmental activities – As indicated above, governmental activities net assets increased \$2,025 thousand during 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 uses 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, 2008 the City’s governmental funds reported a combined ending fund balance of \$3.3 million compared to \$3.2 million at the end of 2007.

General Fund – The general fund is the major operating and taxing fund for the City of Nevada. During 2008 the general fund balance increased from \$281 thousand to an improvement \$751 thousand.

Street Fund – The fund balance in the Street Fund increased from \$503 thousand to \$580 thousand.

Parks & Recreation Fund – The fund balance in the Parks & Recreation Fund decreased from \$27 thousand to negative \$252 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 by \$414 thousand in 2008 to a balance of \$1,497 thousand compared to a balance of \$1.1million at the end of 2007. 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 2008.

Water & Sewer Fund – The Water & Sewer Fund is a proprietary fund used to account for activities related to water treatment and distribution and to sewer collection and treatment. The fund balance of the Water & Sewer Fund increased during 2008 from \$12.6 million to \$12.9 million.

### **Capital Assets:**

Capital assets for Governmental Activities net of depreciation at January 1, 2008 totaled \$6.9 million. With the additions to Buildings of \$3.2 million, infrastructure of \$519 thousand, equipment and vehicles of \$388 thousand, increase in Accumulated Depreciation of \$409 thousand and increases to Construction in Progress of \$1.4 million for a December 31, 2008 total of \$8.8 million.

Capital assets for Business-type Activities net of depreciation at January 1, 2008 totaled \$11.4 million. With the additions in Water & Sewer Fund of \$3.8 million and increase of depreciation of \$378 thousand the net capital assets for Business-type Activities at December 31, 2008 was \$14.8 million.

**Long Term Debt:**

Below is a summary of long term debt at December 31, 2008:

Table 3  
City of Nevada, Missouri  
Long-Term Debt  
As of December 31, 2008  
(in Thousands of Dollars)

	Governmental Activities		Business-Type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Capital Lease Obligations	462	497		
Compensated Absences	114	95	38	41
Bonds Payable-NID Fund	85	85		
MODot Star Loan	215	237		
Revenue Bonds Payable			12,000	12,000
Street Fund	160	-		
Total	1,036	914	12,038	12,041

**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 requests for additional financial information should be addressed to the City of Nevada, ATTN: City Treasurer, 110 South Ash Nevada, MO 64772.

  
City Official

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008**

	<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	\$ 3,440,515	\$ 1,256,008	\$ 4,696,523
Accounts and taxes receivable, net	873,942	214,347	1,088,289
Loans receivable	92,077	-	92,077
Inventory	23,499	150,892	174,391
Prepaid insurance	132,223	25,385	157,608
Total current assets	<u>4,562,256</u>	<u>1,646,632</u>	<u>6,208,888</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	9,564,446	9,564,446
Due from other funds	90,000	420,050	510,050
Unamortized bond and capital lease costs, net	-	206,480	206,480
Capital assets:			
Land and easements	-	89,783	89,783
Buildings	8,497,927	124,041	8,621,968
Plant, structure, and lines	-	18,006,160	18,006,160
Equipment and vehicles	3,345,483	828,444	4,173,927
Construction in progress	167,888	4,370,183	4,538,071
Infrastructure, net	1,269,583	-	1,269,583
Accumulated depreciation	(4,460,007)	(8,586,914)	(13,046,921)
Total noncurrent assets	<u>8,910,874</u>	<u>25,022,673</u>	<u>33,933,547</u>
Total assets	<u>13,473,130</u>	<u>26,669,305</u>	<u>40,142,435</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	224,420	1,132,556	1,356,976
Due to other funds	510,050	265,513	775,563
Deferred revenue	569,117	-	569,117
Current portion of long-term obligations	196,955	-	196,955
Total current liabilities	<u>1,500,542</u>	<u>1,398,069</u>	<u>2,898,611</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	672,687	12,038,361	12,711,048
Unamortized bond premium	-	256,080	256,080
Meter deposits	-	30,446	30,446
Landfill closure liability	-	1,119,400	1,119,400
Total noncurrent liabilities	<u>672,687</u>	<u>13,444,287</u>	<u>14,116,974</u>
Total liabilities	<u>2,173,229</u>	<u>14,842,356</u>	<u>17,015,585</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,951,231	2,566,184	10,517,415
Restricted for:			
Restricted cash	-	9,564,446	9,564,446
Unrestricted (deficit)	3,348,670	(303,681)	3,044,989
Total net assets	<u>\$ 11,299,901</u>	<u>\$ 11,826,949</u>	<u>\$ 23,126,850</u>

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

CITY OF NEVADA, MISSOURI  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2008

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
Governmental activities:							
General government	\$ 611,046	\$ 130,143	\$ 197,181	\$ -	\$(283,722)	\$ -	\$(283,722)
Public safety	2,974,826	374,663	-	-	(2,600,163)	-	(2,600,163)
Development services	1	20,401	-	295,523	315,923	-	315,923
Cultural and recreational	1,444,591	336,834	-	277,637	(830,120)	-	(830,120)
Street	490,793	-	-	-	(490,793)	-	(490,793)
Special projects	-	-	-	-	-	-	-
Interest on long-term debt	27,100	-	-	-	(27,100)	-	(27,100)
Total governmental activities	5,548,357	862,041	197,181	573,160	(3,915,975)	-	(3,915,975)
Business-type activities:							
Administration	377,739	-	-	-	-	(377,739)	(377,739)
Water and sewer	2,852,158	2,759,020	3,000	-	-	(90,138)	(90,138)
Landfill	-	-	-	-	-	-	-
Interest on long-term debt	5,131	-	-	-	-	(5,131)	(5,131)
Total business-type activities	3,235,028	2,759,020	3,000	-	(473,008)	(473,008)	(473,008)
Total government	8,783,385	3,621,061	200,181	573,160	(3,915,975)	(473,008)	(4,388,983)
General Revenues:							
Taxes:							
Property taxes					752,395	-	752,395
Sales taxes					2,916,224	737,442	3,653,666
Franchise taxes					1,485,579	-	1,485,579
Other taxes					629,392	-	629,392
Grants and contributions not restricted to specific programs					-	-	-
Investment earnings					59,961	21,353	81,314
Miscellaneous					74,683	75,344	150,027
Transfers					22,852	(22,852)	-
Total general revenues and transfers					5,941,086	811,287	6,752,373
Change in net assets					2,025,111	338,279	2,363,390
Net assets-beginning					9,274,790	11,488,670	20,763,460
Net assets-ending					\$ 11,299,901	\$ 11,826,949	\$ 23,126,850

**CITY OF NEVADA, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	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	\$ 1,073,696	\$ 562,173	\$ (266,980)	\$ 1,431,409	\$ 843,375	\$ 25,084	\$ (228,242)	\$ 3,440,515
Accrued interest receivable	-	-	-	-	-	-	-	-
Accounts and taxes receivable	596,461	64,589	17,013	67,786	-	125,077	3,016	873,942
Prepaid insurance	87,466	27,889	16,868	-	-	-	-	132,223
Inventory	-	23,499	-	-	-	-	-	23,499
Due from other funds	-	-	-	-	-	-	90,000	90,000
Loans receivable	-	-	-	-	-	-	92,077	92,077
Total assets	\$ 1,757,623	\$ 678,150	\$ (233,099)	\$ 1,499,195	\$ 843,375	\$ 150,161	\$ (43,149)	\$ 4,652,256

**LIABILITIES AND FUND BALANCES**

Liabilities:								
Accounts payable	\$ 76,461	\$ 84,213	\$ 9,329	\$ 2,444	\$ -	\$ 25,084	\$ 26,888	\$ 224,419
Due to other funds	510,000	-	-	-	-	-	50	510,050
Deferred revenue	419,906	14,149	9,984	-	-	125,077	-	569,116
Total liabilities	1,006,367	98,362	19,313	2,444	-	150,161	26,938	1,303,585
Fund balances:								
General fund	751,256	-	-	-	-	-	-	751,256
Special revenue funds	-	579,788	(252,412)	1,496,751	843,375	-	(70,087)	2,597,415
Total fund balances	751,256	579,788	(252,412)	1,496,751	843,375	-	(70,087)	3,348,671
Total liabilities and fund balances	\$ 1,757,623	\$ 678,150	\$ (233,099)	\$ 1,499,195	\$ 843,375	\$ 150,161	\$ (43,149)	\$ 4,652,256

**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 \$13,280,879 and the accumulated depreciation is \$4,460,006.	8,820,873
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.	(869,643)

**Total net assets - governmental activities** \$ 11,299,901

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, 2008

	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	\$ 563,295	\$ -	\$ -	\$ -	\$ -	\$ 162,100	\$ 20,401	\$ 745,796
Franchise taxes	1,485,579	-	-	-	-	-	-	1,485,579
Sales taxes	1,453,760	725,018	-	737,446	-	-	-	2,916,224
Other taxes	109,277	358,952	92,069	27,000	-	-	69,094	656,392
Fines, forfeitures, and penalties	1,633	-	-	-	-	-	-	1,633
Fees, licenses, and permits	330,204	-	-	-	-	-	-	330,204
Intergovernmental	9,393	-	-	-	-	-	-	9,393
Federal and state grants	194,253	-	-	-	-	-	570,615	764,868
Donations received	2,928	-	2,545	-	-	-	-	5,473
Charges for goods & services	163,774	-	329,765	-	-	-	7,019	500,558
Rental revenue	-	-	50	-	-	-	-	50
Investment earnings	18,563	11,851	350	21,424	5,700	407	1,666	59,961
Miscellaneous	27,990	8,441	7,733	27,434	-	-	2,888	74,486
Total revenues	<u>4,360,649</u>	<u>1,104,262</u>	<u>432,512</u>	<u>813,304</u>	<u>5,700</u>	<u>162,507</u>	<u>671,683</u>	<u>7,550,617</u>
<b>EXPENDITURES</b>								
General government and administration	578,931	-	-	-	-	-	9,600	588,531
Public safety	2,169,965	-	-	-	-	-	-	2,169,965
Public transportation	198,183	-	-	-	-	-	-	198,183
Public works	574,169	-	-	-	-	-	-	574,169
Cultural and recreational	-	-	933,072	-	-	162,507	89,444	1,185,023
Street improvements	-	416,834	-	-	-	-	-	416,834
Capital outlay	258,889	610,643	11,664	193,092	-	-	1,260,506	2,334,794
Total expenditures	<u>3,780,137</u>	<u>1,027,477</u>	<u>944,736</u>	<u>193,092</u>	<u>-</u>	<u>162,507</u>	<u>1,359,550</u>	<u>7,467,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>580,512</u>	<u>76,785</u>	<u>(512,224)</u>	<u>620,212</u>	<u>5,700</u>	<u>-</u>	<u>(687,867)</u>	<u>83,118</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	232,436	-	-	-	422,510	654,946
Transfers out	(109,996)	-	-	(205,940)	83,500	-	(422,510)	(654,946)
Total other financing sources (uses)	<u>(109,996)</u>	<u>-</u>	<u>232,436</u>	<u>(205,940)</u>	<u>83,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	470,516	76,785	(279,788)	414,272	89,200	-	(687,867)	83,118
Fund balance - beginning	280,740	503,003	27,376	1,082,479	754,175	-	617,780	3,265,553
Fund balances - ending	<u>\$ 751,256</u>	<u>\$ 579,788</u>	<u>\$ (252,412)</u>	<u>\$ 1,496,751</u>	<u>\$ 843,375</u>	<u>\$ -</u>	<u>\$ (70,087)</u>	<u>\$ 3,348,671</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, 2008**

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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** **\$ 83,118**

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	\$ 2,146,292	
Depreciation expense	<u>(409,222)</u>	
		1,737,070

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.

Principal paid on capital leases	194,979	
Principal paid on loans	<u>28,662</u>	
		223,641

In the statement of activities, certain operating expenses - compensated absences (vacations) included - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, the liability for compensated absences increased by \$18,718.

(18,718)

Other

**Change in net assets of governmental activities** **\$ 2,025,111**

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2008**

	<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	\$ 1,252,557	\$ 3,451	\$ 1,256,008
Taxes receivable	67,786	-	67,786
Accounts receivable, net	146,511	50	146,561
Inventory	150,892	-	150,892
Prepaid insurance	25,385	-	25,385
Total current assets	<u>1,643,131</u>	<u>3,501</u>	<u>1,646,632</u>
Noncurrent assets:			
Restricted cash and cash equivalents	9,564,446	-	9,564,446
Due from other funds	420,050	-	420,050
Unamortized bond and capital lease costs, net	206,480	-	206,480
Capital assets:			
Land and easements	89,783	-	89,783
Buildings	122,652	1,389	124,041
Plant, structure, and lines	18,006,160	-	18,006,160
Equipment and vehicles	828,444	-	828,444
Construction in progress	4,370,183	-	4,370,183
Accumulated depreciation	<u>(8,586,226)</u>	<u>(688)</u>	<u>(8,586,914)</u>
Total noncurrent assets	<u>25,021,972</u>	<u>701</u>	<u>25,022,673</u>
Total assets	<u>26,665,103</u>	<u>4,202</u>	<u>26,669,305</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,132,556	-	1,132,556
Accrued interest payable	265,513	-	265,513
Total current liabilities	<u>1,398,069</u>	<u>-</u>	<u>1,398,069</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	12,038,361	-	12,038,361
Unamortized bond premium	256,080	-	256,080
Meter deposits	30,446	-	30,446
Landfill closure liability	-	1,119,400	1,119,400
Total noncurrent liabilities	<u>12,324,887</u>	<u>1,119,400</u>	<u>13,444,287</u>
Total liabilities	<u>13,722,956</u>	<u>1,119,400</u>	<u>14,842,356</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,565,483	701	2,566,184
Restricted for:			
Restricted cash	9,564,446	-	9,564,446
Unrestricted (deficit)	812,218	(1,115,899)	(303,681)
Total net assets	<u>\$ 12,942,147</u>	<u>\$ (1,115,198)</u>	<u>\$ 11,826,949</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, 2008**

	<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	\$ 2,744,193	\$ -	\$ 2,744,193
Fines and penalties	14,827	-	14,827
Sales taxes	737,442	-	737,442
Federal grants	3,000	-	3,000
Miscellaneous	59,460	3,080	62,540
Total operating revenues	<u>3,558,922</u>	<u>3,080</u>	<u>3,562,002</u>
<b>OPERATING EXPENSES</b>			
Treatment and operations			
Personal services	1,518,569	-	1,518,569
Contractual services	146,827	-	146,827
Commodities	997,521	-	997,521
Capital outlay	104,497	-	104,497
Total treatment and operations	<u>2,767,414</u>	<u>-</u>	<u>2,767,414</u>
Public works			
Personal services	71,281	-	71,281
Contractual services	94	-	94
Commodities	3,345	-	3,345
Total public works	<u>74,720</u>	<u>-</u>	<u>74,720</u>
General and administrative			
Depreciation and amortization	377,739	-	377,739
Total general and administrative	<u>377,739</u>	<u>-</u>	<u>377,739</u>
Total operating expenses	<u>3,219,873</u>	<u>-</u>	<u>3,219,873</u>
Income (loss) from operations	<u>339,049</u>	<u>3,080</u>	<u>342,129</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	21,353	-	21,353
Amortization of bond premium	12,804	-	12,804
Amortization of bond issuance costs	(10,024)	-	(10,024)
Interest expense	(5,131)	-	(5,131)
Total non-operating revenues (expenses)	<u>19,002</u>	<u>-</u>	<u>19,002</u>
Income (loss) before operating transfers	358,051	3,080	361,131
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(22,852)	-	(22,852)
Total other financing sources (uses)	<u>(22,852)</u>	<u>-</u>	<u>(22,852)</u>
<b>CHANGE IN NET ASSETS</b>	335,199	3,080	338,279
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>12,606,948</u>	<u>(1,118,278)</u>	<u>11,488,670</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 12,942,147</u>	<u>\$ (1,115,198)</u>	<u>\$ 11,826,949</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, 2008**

	<b>Water And Sewer Fund</b>	<b>Landfill Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,979,768	\$ 3,030	\$ 2,982,798
Sales tax received	752,866	-	752,866
Payments to suppliers	(1,749,854)	(130)	(1,749,984)
Payments to employees	(1,182,510)	-	(1,182,510)
Net cash provided (used) by operations	<u>800,270</u>	<u>2,900</u>	<u>803,170</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in/(out)	(22,852)	-	(22,852)
Net cash provided (used) by non-capital financing activities	<u>(22,852)</u>	<u>-</u>	<u>(22,852)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Payments on long-term obligations	-	-	-
Proceeds from long-term obligations, net of issue costs	-	-	-
Interest paid on long-term obligations	(5,131)	-	(5,131)
Premium on bond issuance	-	-	-
Bond issuance costs	-	-	-
Intergovernmental payments	-	-	-
Proceeds from retirement of assets	-	-	-
Amortization of economic loss on bond refunding	-	-	-
Cash paid for construction in progress	(2,493,650)	-	(2,493,650)
Retirement of capital lease obligations	-	-	-
Purchase of fixed assets	(41,000)	-	(41,000)
Contributed capital	-	-	-
Net cash provided (used) by capital financing activities	<u>(2,539,781)</u>	<u>-</u>	<u>(2,539,781)</u>
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES</b>			
Interest income	21,353	-	21,353
Transfers from (to) restricted cash	1,986,719	-	1,986,719
Net cash provided (used) by investing activities	<u>2,008,072</u>	<u>-</u>	<u>2,008,072</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>245,709</b>	<b>2,900</b>	<b>248,609</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>1,006,848</u></b>	<b><u>551</u></b>	<b><u>1,007,399</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 1,252,557</u></b>	<b><u>\$ 3,451</u></b>	<b><u>\$ 1,256,008</u></b>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Net income (loss) from operations	\$ 339,049	\$ 3,080	\$ 342,129
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	377,739	-	377,739
Increase (decrease) in accounts payable and accrued expenses	4,791	(130)	4,661
Decrease (increase) in inventory	121,785	-	121,785
Increase (decrease) in meter deposits	(23,674)	-	(23,674)
Increase (decrease) in liability for compensated absences	-	-	-
Decrease (increase) in prepaid expenses	-	-	-
Decrease (increase) in receivables	(19,420)	(50)	(19,470)
Net cash provided (used) by operations	<u>800,270</u>	<u>2,900</u>	<u>803,170</u>

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

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF AGENCY NET ASSETS**  
**DECEMBER 31, 2008**

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	<u>Municipal Court</u>	<u>Payroll Clearing</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	<u>\$ 9,251</u>	<u>\$ 41,834</u>	<u>\$ 51,085</u>
<b>LIABILITIES</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>EQUITY</b>			
Unreserved	<u>9,251</u>	<u>41,834</u>	<u>51,085</u>
Total liabilities and equity	<u>\$ 9,251</u>	<u>\$ 41,834</u>	<u>\$ 51,085</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:**

**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, 2008.

**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 such as employee pension plans. Individual funds are not displayed but 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 (a) are presented on a consolidated basis by column, and (b) 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 City first utilizes restricted resources to finance qualifying activities.

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: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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

1. Government-wide Financial Statements (continued):

externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

2. Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, 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 various funds are grouped, in the financial statements in this report, 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 (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for special purposes. The City has eight special revenue funds, which are listed in the table of contents.

b. Proprietary Funds

- Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - 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.

**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):

c. Fiduciary Funds

- Trust and Agency 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 governmental funds.

3. Major and Nonmajor Funds

The funds are further classified as major or nonmajor, as follows:

<b><u>Major Funds:</u></b>	<b><u>Brief Description</u></b>
General	See above for description.
Special Revenue Funds:	
Street	Accounts for revenues and expenditures for the street department.
Library	Accounts for the collection and distribution of library property taxes.
Park and Recreation	Accounts for revenues and expenditures for the parks, the pool, and the golf course.
Park Construction	Accounts for expenditures for park construction funded by parks sales tax and 3M Company in lieu of tax money.
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.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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

3. Major and Nonmajor Funds (continued):

<b><u>Nonmajor Funds:</u></b>	<b><u>Brief Description</u></b>
Special Revenue:	
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.

**C. BASIS OF ACCOUNTING**

In 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities, and GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB Statement No. 34*.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management’s discussion and analysis, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

## CITY OF NEVADA, MISSOURI

### NOTES TO THE BASIC FINANCIAL STATEMENTS

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

##### C. BASIS OF ACCOUNTING (continued):

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or 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. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, and all other grant requirements have been met.

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. In general, other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred.

All proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Unbilled water and sewer receivables are not recognized in the financial statements and their estimated amounts are deemed immaterial. Uncollected accounts are periodically reviewed and written off when considered completely worthless.

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 accounting records of the City are maintained on the cash basis and memorandum entries have been made to present the accompanying financial statements on the accrual or modified accrual basis of accounting, according to fund type.

**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. INTERGOVERNMENTAL REVENUE**

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs, generally when the corresponding expenditure is recorded.

**G. 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.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**H. CAPITAL ASSETS**

GASB No. 34 required the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund financial statements. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. 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. Interest costs associated with debt incurred for construction of capital assets are also capitalized.

Capital assets owned by the proprietary funds are stated at cost. Contributed assets are stated at estimated fair market value at date of contribution. Depreciation of all exhaustible capital assets used by proprietary and non-expendable trust funds is charged as an expense against their operations. Accumulated depreciation is reported on their balance sheets. Depreciation is reported on their statement of revenues, expenses, and changes in retained earnings.

Depreciation is provided in these funds using the straight-line method over the estimated useful lives of the assets as follows. See Note 3 for more information.

Water plant	60 Years
Water distribution system	50 Years
Buildings	40 Years
Vehicles and equipment	10 Years

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**I. ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR PROPRIETARY FUNDS**

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.

**J. PROPERTY TAXES**

Property taxes are deferred in the year for which they are levied and are recorded as revenue in the year in which they are received. Taxes levied and uncollected are carried as an asset of the appropriate fund and are offset by deferred revenue.

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 \$87,579,954. The tax levy per \$100 of assessed valuation for calendar year 2008 for purpose of City taxation was:

<u>Fund</u>	
General	\$ 0.6696
Library	<u>0.2000</u>
Total	<u>\$ 0.8696</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.

**K. LIABILITY FOR COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid to employees upon separation from City's service. Vacation days eligible for accumulation vary from 20 to 35 days, depending on years of full-time service. Upon separation, employees with at least six months service are paid for unused vacation.

Employees may accumulate up to 1,040 hours of sick leave. Employees who retire with at least 10 years of continuous service will be compensated at the final rate of pay for one-half of the sick leave earned and not taken, up to a maximum of 480 hours of additional compensation.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**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 balance of the City's deposits was \$4,607,325. Of this balance, \$250,000 was insured through federal deposit insurance and \$4,325,604 was collateralized with securities held by the pledging financial institution or its agent. The total market value of securities pledged for collateral at December 31, 2008 equaled \$5,965,760. At December 31, 2008 all deposits in excess of federal deposit insurance were fully collateralized.

The City holds investments in the Special Projects Fund of \$751,017 consisting of certificates of deposit, for which market approximated cost, and interest bearing money market accounts held by investment brokerage companies.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS:**

The capital assets of the proprietary funds at December 31, 2008 are as follows:

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2008</u>
Water and Sewer Fund				
Land	\$ 89,783			\$ 89,783
Construction in progress	608,634	3,761,549		4,370,183
Equipment and vehicles	787,444	41,000		828,444
Plant, structure, and lines	18,006,160			18,006,160
Buildings	122,652			122,652
Landfill Fund				
Buildings	<u>1,389</u>	<u>-</u>	<u>-</u>	<u>1,389</u>
Total	19,616,062	3,802,549	-	23,418,611
Accumulated depreciation				
Water and Sewer Fund	(8,208,487)	(377,739)	-	(8,586,226)
Landfill Fund	<u>(309)</u>	<u>(379)</u>	<u>-</u>	<u>(688)</u>
Total	<u>(8,208,796)</u>	<u>(378,118)</u>	<u>-</u>	<u>(8,586,914)</u>
Net fixed assets	<u>\$ 11,407,266</u>	<u>\$ 3,424,431</u>	<u>\$ -</u>	<u>\$ 14,831,697</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

The capital assets of the governmental funds at December 31, 2008 are as follows:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
General Fund				
Buildings	\$ 1,560,879	\$ -	\$ -	\$ 1,560,879
Construction in progress	-	2,230	-	2,230
Equipment and vehicles	2,112,882	153,831	-	2,266,713
Park & Rec Fund				
Buildings	3,380,903	-	-	3,380,903
Equipment and vehicles	149,928	-	-	149,928
Parks Construction				
Construction in progress	-	165,658	-	165,658
Airport Fund				
Buildings & grounds	67,900	3,192,294	-	3,260,194
Construction in progress	1,960,354	1,231,941	(3,192,295)	-
Street Fund				
Buildings	295,950	-	-	295,950
Infrastructure	751,042	518,540	-	1,269,582
Equipment and vehicles	<u>694,468</u>	<u>234,374</u>	<u>-</u>	<u>928,842</u>
Total	10,974,306	5,498,868	(3,192,295)	13,280,879
Accumulated depreciation				
General Fund	(2,336,513)	(236,413)	-	(2,572,926)
Park & Rec Fund	(859,324)	(89,026)	-	(948,350)
Airport Fund	(58,450)	(13,841)	-	(72,291)
Street Fund	<u>(796,497)</u>	<u>(69,942)</u>	<u>-</u>	<u>(866,439)</u>
Total	<u>(4,050,784)</u>	<u>(409,222)</u>	<u>-</u>	<u>(4,460,006)</u>
Net fixed assets	<u>\$ 6,923,522</u>	<u>\$ 5,089,646</u>	<u>\$ (3,192,295)</u>	<u>\$ 8,820,873</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

Depreciation expense was charged as direct expense as follows:

Business-type activities:		
Water and Sewer fund		\$ 377,739
Landfill fund		379
		<u>\$ 378,118</u>
Governmental activities:		
General fund		\$ 236,413
Parks & Recreation Fund		89,026
Airport Fund		13,841
Street Fund		69,942
		<u>\$ 409,222</u>

**4. LONG-TERM DEBT:**

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 to the 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.

Future debt service requirements on these bonds are as follows:

Year Ended December 31	Principal	Interest	Total
2009	\$ 3,329	\$ 3,113	\$ 6,442
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
2014-2018	21,863	10,347	32,210
2019-2023	26,535	5,675	32,210
2024-2025	12,400	492	12,892
	<u>\$ 78,810</u>	<u>\$ 30,712</u>	<u>\$ 109,522</u>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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

	Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008
<u>Governmental Funds</u>				
Bonds payable				
NID Fund	\$ 85,053	\$ -	\$ -	\$ 85,053
MODOT Star Loan				
Street Fund	237,199	-	(22,420)	214,779
Capital Lease obligations				
General Fund	417,812	-	(115,979)	301,833
Street Fund	-	160,280	-	160,280
Parks and Recreation Fund	79,000	-	(79,000)	-
	<u>\$ 819,064</u>	<u>\$ 160,280</u>	<u>\$ (217,399)</u>	<u>\$ 761,945</u>
Compensated absences				
General Fund	\$ 83,693	\$ 18,718	\$ -	\$ 102,411
Street Fund	2,666	-	-	2,666
Parks and Recreation Fund	8,862	-	-	8,862
Total	<u>\$ 95,221</u>	<u>\$ 18,718</u>	<u>\$ -</u>	<u>\$ 113,939</u>
<u>Proprietary funds</u>				
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>

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

The following is a summary of the capital lease obligations due at December 31, 2008.

**Capital Lease Obligations – Governmental Funds**

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 .....\$ 183,000

Capital lease obligation payable  
to Heritage Bank, due in annual  
installments of \$16,795, bearing interest  
at 4.20% per annum, maturing  
March 2009, secured by emergency equipment .....\$ 16,105

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 .....\$ 99,985

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.....\$ 160,280

Capital lease obligation payable  
to Daimler Chrysler Services, due in semi-annual  
installments of \$2,811, bearing interest  
at 5.22% per annum, maturing  
March 22, 2009, secured by vehicle .....\$ 2,741

**Loans**

Loan payable to the Missouri Department  
of Transportation, due in monthly  
installments of \$2,380, bearing interest  
at 2.708% per annum, maturing May, 2017 .....\$ 214,779

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

Debt service requirements for the capital leases and loans are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 159,071	\$ 18,641	\$ 177,712
2010	144,472	19,096	163,568
2011	147,844	12,790	160,634
2012	73,464	6,446	79,910
2013	58,923	4,197	63,120
2014 - 2017	93,118	4,478	97,596
	<u>\$ 676,892</u>	<u>\$ 65,648</u>	<u>\$ 742,540</u>

**Bonds payable – Proprietary – Water and Sewer Fund**

The City issued the \$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 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:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 531,206	\$ 531,206
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 - 2018	2,775,000	1,945,829	4,720,829
2016 - 2023	3,045,000	1,327,520	4,372,520
2024 - 2028	3,415,000	582,288	3,997,288
2029	715,000	16,088	731,088
	<u>\$ 12,000,000</u>	<u>\$ 6,352,735</u>	<u>\$ 18,352,735</u>

**5. OPERATING LEASE:**

The City entered into an operating lease for 30 golf carts on March 28, 2007. The lease requires monthly payments of \$1,680 commencing May 15, 2007 through April 15, 2010.

## CITY OF NEVADA, MISSOURI

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### **6. 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, 2008 was \$257,219 based on contributions of 7.8% of general wages, 7.4% of police wages and 8.5% of fire wages. The City is required to contribute the amounts necessary to fund the System, using the actuarial basis specified by the System.

#### **7. 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, 2008 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.

#### **8. PARTICIPATION IN PUBLIC ENTITY RISK POOLS:**

The City is a member of Mid-America Regional Council Insurance Trust (MARCIT), a protected self-insurance program comprised of public entities. The City pays an assessment to be a member of the self-sustaining risk sharing group in lieu of premiums to purchase insurance policies.

**CITY OF NEVADA, MISSOURI**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**9. 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.

The City is involved in a wrongful death and a property damage lawsuit. Management cannot predict the outcome of these lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the City's liability insurance policy and would not have a material effect on the financial position of the City.

**CITY OF NEVADA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	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	\$ 333,240	\$ 333,240	\$ 392,697	\$ -	\$ 392,697	\$ 59,457
Current personal property tax	152,750	152,750	118,668	-	118,668	(34,082)
Surtax	78,650	78,650	57,267	-	57,267	(21,383)
Delinquent real estate tax	49,085	49,085	25,323	-	25,323	(23,762)
Delinquent personal property tax	22,915	22,915	12,819	-	12,819	(10,096)
Sales tax	1,475,000	1,475,000	1,453,760	(3,554)	1,450,206	(24,794)
Corporation/railroad tax	27,960	27,960	23,390	-	23,390	(4,570)
Franchise tax - MPS	767,060	767,060	829,541	-	829,541	62,481
Franchise tax - Telephone	184,260	184,260	446,404	11,130	457,534	273,274
Franchise tax - TV cable	27,230	27,230	71,717	-	71,717	44,487
Franchise tax - Water/Sewer	141,450	141,450	137,917	-	137,917	(3,533)
Penalty - Real estate tax	11,525	11,525	9,980	-	9,980	(1,545)
Penalty - Personal property tax	4,150	4,150	3,808	-	3,808	(342)
Alcohol license	5,070	5,070	5,175	-	5,175	105
Occupation license	25,525	25,525	28,610	-	28,610	3,085
Merchants license	23,710	23,710	24,849	-	24,849	1,139
Merchant and occupation penalty	1,235	1,235	1,135	-	1,135	(100)
Building permits	28,000	28,000	65,389	-	65,389	37,389
Animal licenses and fees	4,725	4,725	7,905	-	7,905	3,180
In lieu of tax	34,725	34,725	28,620	-	28,620	(6,105)
Zoning fees	1,075	1,075	513	-	513	(562)
Copies and maps	200	200	568	-	568	368
Police charges	1,400	1,400	1,428	-	1,428	28
PD Dare Officer	33,595	33,595	-	-	-	(33,595)
Fire department charges	2,500	2,500	2,200	-	2,200	(300)
Rural fire charges	73,400	73,400	83,892	-	83,892	10,492
Returned checks	2,500	2,500	2,675	-	2,675	175
Taxi coupon sales	74,565	74,565	76,254	-	76,254	1,689
Federal and state grants	116,230	116,230	194,253	-	194,253	78,023
Municipal court fees	240,820	240,820	187,285	-	187,285	(53,535)
Police training	7,770	7,770	9,393	-	9,393	1,623
Parking fines	1,410	1,410	1,633	-	1,633	223
Investment earnings	16,465	16,465	18,563	-	18,563	2,098
Sale of surplus property	675	675	-	-	-	(675)
Rental income	1,350	1,350	-	-	-	(1,350)
Donations	35	35	2,928	-	2,928	2,893
Miscellaneous income	48,345	48,345	7,068	-	7,068	(41,277)
Code enforcement admin fees	-	-	6,100	-	6,100	6,100
Workers comp dividends	-	-	21,120	-	21,120	21,120
Cash short/long	-	-	(198)	-	(198)	(198)
<b>Total revenues</b>	<b>4,020,600</b>	<b>4,020,600</b>	<b>4,360,649</b>	<b>7,576</b>	<b>4,368,225</b>	<b>347,625</b>
<b>EXPENDITURES</b>						
General administration						
Personal services	300,134	300,134	317,299	-	317,299	(17,165)
Contractual services	128,477	128,477	5,781	-	5,781	122,696
Commodities	147,841	147,841	65,029	39,415	104,444	43,397
<b>Total general administration</b>	<b>576,452</b>	<b>576,452</b>	<b>388,109</b>	<b>39,415</b>	<b>427,524</b>	<b>148,928</b>
City council						
Contractual services	18,000	18,000	51,012	-	51,012	(33,012)
Commodities	5,300	5,300	3,207	-	3,207	2,093
<b>Total city council</b>	<b>23,300</b>	<b>23,300</b>	<b>54,219</b>	<b>-</b>	<b>54,219</b>	<b>(30,919)</b>

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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Adjustments</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Budget</b>	<b>Budget</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Basis</b>	<b>Basis</b>	<b>Positive</b>
						<b>(Negative)</b>
City clerk						
Personal services	44,463	44,463	31,313	-	31,313	13,150
Contractual services	26,500	26,500	3,805	-	3,805	22,695
Commodities	2,550	2,550	7,456	-	7,456	(4,906)
Total city clerk	73,513	73,513	42,574	-	42,574	30,939
Finance						
Personal services	66,645	66,645	79,269	-	79,269	(12,624)
Contractual services	750	750	7,128	-	7,128	(6,378)
Commodities	8,700	8,700	7,632	-	7,632	1,068
Total finance	76,095	76,095	94,029	-	94,029	(17,934)
Public transportation						
Contractual services	3,700	3,700	950	-	950	2,750
Commodities	150,000	150,000	197,233	-	197,233	(47,233)
Total public transportation	153,700	153,700	198,183	-	198,183	(44,483)
Recycling						
Commodities	-	-	10,114	-	10,114	(10,114)
Capital outlay	25,000	25,000	13,019	-	13,019	11,981
Total recycling	25,000	25,000	23,133	-	23,133	1,867
Loss control						
Commodities	12,500	12,500	9,571	-	9,571	2,929
Total loss control	12,500	12,500	9,571	-	9,571	2,929
Police department						
Personal services	1,282,801	1,282,801	1,203,523	-	1,203,523	79,278
Contractual services	86,470	86,470	38,823	-	38,823	47,647
Commodities	161,080	161,080	147,246	-	147,246	13,834
Capital outlay	59,100	59,100	81,659	-	81,659	(22,559)
Total police department	1,589,451	1,589,451	1,471,251	-	1,471,251	118,200
Fire department						
Personal services	646,347	646,347	654,160	-	654,160	(7,813)
Contractual services	77,000	77,000	33,777	-	33,777	43,223
Commodities	95,508	95,508	87,023	-	87,023	8,485
Capital outlay	159,404	159,404	145,687	-	145,687	13,717
Total fire department	978,259	978,259	920,647	-	920,647	57,612
Emergency management						
Commodities	9,800	9,800	5,413	-	5,413	4,387
Capital outlay	30,685	30,685	18,524	-	18,524	12,161
Total emergency management	40,485	40,485	23,937	-	23,937	16,548
Municipal court						
Personal services	131,831	131,831	127,867	-	127,867	3,964
Contractual services	3,300	3,300	1,323	-	1,323	1,977
Commodities	10,975	10,975	7,988	-	7,988	2,987
Total municipal court	146,106	146,106	137,178	-	137,178	8,928
Animal control						
Personal services	66,447	66,447	58,234	-	58,234	8,213
Contractual services	6,800	6,800	8,211	-	8,211	(1,411)
Commodities	21,385	21,385	26,503	-	26,503	(5,118)
Total animal control	94,632	94,632	92,948	-	92,948	1,684

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, 2008

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Planning & Zoning						
Personal services	163,281	163,281	159,834	-	159,834	3,447
Contractual services	12,000	12,000	5,040	-	5,040	6,960
Commodities	26,100	26,100	13,100	-	13,100	13,000
Total planning & zoning	201,381	201,381	177,974	-	177,974	23,407
Street lights						
Commodities	130,000	130,000	146,384	-	146,384	(16,384)
Total street lights	130,000	130,000	146,384	-	146,384	(16,384)
Total expenditures	4,120,874	4,120,874	3,780,137	39,415	3,819,552	301,322
Excess (deficiency) of revenues over (under) expenditures	(100,274)	(100,274)	580,512	(31,839)	548,673	648,947
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(10,000)	(10,000)	(109,996)	100,000	(9,996)	(4)
Total other financing sources (uses)	(10,000)	(10,000)	(109,996)	100,000	(9,996)	(4)
Change in net assets	(110,274)	(110,274)	470,516	68,161	538,677	648,951
Fund balance - beginning	280,740	280,740	280,740	-	280,740	-
Fund balance - ending	\$ 170,466	\$ 170,466	\$ 751,256	\$ 68,161	\$ 819,417	\$ 648,951

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Positive</u>
						<u>(Negative)</u>
<b>REVENUES</b>						
Transportation sales tax	\$ 750,000	\$ 750,000	\$ 725,018	\$ -	\$ 725,018	\$ (24,982)
Motor vehicle licenses	25,000	25,000	24,048	-	24,048	(952)
Motor fuel tax	380,000	380,000	332,404	-	332,404	(47,596)
Center township road taxes	-	-	2,500	-	2,500	2,500
Worker's comp dividends	-	-	4,646	-	4,646	4,646
Investment earnings	17,225	17,225	11,851	-	11,851	(5,374)
Sale of surplus property	3,915	3,915	-	-	-	(3,915)
Miscellaneous	8,860	8,860	3,795	-	3,795	(5,065)
Total revenues	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,104,262</u>	<u>-</u>	<u>1,104,262</u>	<u>(80,738)</u>
<b>EXPENDITURES</b>						
Street maintenance						
Personal services	401,237	401,237	211,877	-	211,877	189,360
Contractual services	56,000	56,000	26,650	-	26,650	29,350
Commodities	207,400	207,400	178,307	(5,552)	172,755	34,645
Capital outlay	606,000	606,000	610,643	-	610,643	(4,643)
Total street maintenance	<u>1,270,637</u>	<u>1,270,637</u>	<u>1,027,477</u>	<u>(5,552)</u>	<u>1,021,925</u>	<u>248,712</u>
Total expenditures	<u>1,270,637</u>	<u>1,270,637</u>	<u>1,027,477</u>	<u>(5,552)</u>	<u>1,021,925</u>	<u>248,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,637)</u>	<u>(85,637)</u>	<u>76,785</u>	<u>5,552</u>	<u>82,337</u>	<u>167,974</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Total other financing sources (uses)	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Change in net assets	(80,137)	(80,137)	76,785	5,552	82,337	162,474
Fund balance - beginning	<u>503,003</u>	<u>503,003</u>	<u>503,003</u>	<u>-</u>	<u>503,003</u>	<u>-</u>
Fund balance - ending	<u>\$ 422,866</u>	<u>\$ 422,866</u>	<u>\$ 579,788</u>	<u>\$ 5,552</u>	<u>\$ 585,340</u>	<u>\$ 162,474</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, 2008**

	<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>						
Current real estate tax	\$ 102,000	\$ 102,000	\$ 114,814	\$ 2,649	\$ 117,463	\$ 15,463
Current personal property tax	43,500	43,500	35,467	-	35,467	(8,033)
Surtax	13,600	13,600	-	-	-	(13,600)
Delinquent real estate tax	8,380	8,380	7,963	-	7,963	(417)
Delinquent personal property tax	3,620	3,620	3,856	-	3,856	236
Investment earnings	3,000	3,000	407	-	407	(2,593)
Total revenues	<u>174,100</u>	<u>174,100</u>	<u>162,507</u>	<u>2,649</u>	<u>165,156</u>	<u>(8,944)</u>
<b>EXPENDITURES</b>						
Library						
Commodities	<u>174,100</u>	<u>174,100</u>	<u>162,507</u>	<u>-</u>	<u>162,507</u>	<u>11,593</u>
Total library	<u>174,100</u>	<u>174,100</u>	<u>162,507</u>	<u>-</u>	<u>162,507</u>	<u>11,593</u>
Total expenditures	<u>174,100</u>	<u>174,100</u>	<u>162,507</u>	<u>-</u>	<u>162,507</u>	<u>11,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,649</u>	<u>2,649</u>	<u>2,649</u>
Change in net assets	-	-	-	2,649	2,649	2,649
Fund balance - beginning	-	-	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649</u>	<u>\$ 2,649</u>	<u>\$ 2,649</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, 2008**

	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	\$ -	\$ 12,500	\$ -
Cigarette tax	82,500	82,500	79,569	-	79,569	(2,931)
Swimming pool concessions	19,620	19,620	22,042	-	22,042	2,422
Swimming pool fees	66,630	66,630	75,095	-	75,095	8,465
Golf course concessions	14,660	14,660	11,775	-	11,775	(2,885)
Golf course fees	71,920	71,920	51,976	-	51,976	(19,944)
Golf course passes	51,615	51,615	53,338	-	53,338	1,723
Golf cart rental & fees	72,715	72,715	59,351	-	59,351	(13,364)
Golf tournament fees	21,780	21,780	22,362	-	22,362	582
Golf pro shop retail sales	16,140	16,140	12,682	-	12,682	(3,458)
Golf other course income	1,170	1,170	7,415	-	7,415	6,245
Recreation concessions	1,100	1,100	1,084	-	1,084	(16)
Community center fees	10,000	10,000	3,136	-	3,136	(6,864)
Recreation fees	13,900	13,900	9,509	-	9,509	(4,391)
Donations	31,750	31,750	2,545	-	2,545	(29,205)
Workers comp dividends	-	-	3,802	-	3,802	3,802
Misc. income	18,170	18,170	3,931	-	3,931	(14,239)
Investment earnings	72,275	72,275	350	-	350	(71,925)
Rental income	2,805	2,805	50	-	50	(2,755)
Total revenues	<u>581,250</u>	<u>581,250</u>	<u>432,512</u>	<u>-</u>	<u>432,512</u>	<u>(148,738)</u>
<b>EXPENDITURES</b>						
Parks Operation & Maint						
Personal services	207,687	207,687	223,508	-	223,508	(15,821)
Contractual services	40,850	40,850	4,871	-	4,871	35,979
Commodities	64,600	64,600	76,535	1,188	77,723	(13,123)
Capital outlay	29,000	29,000	4,550	-	4,550	24,450
Total parks	<u>342,137</u>	<u>342,137</u>	<u>309,464</u>	<u>1,188</u>	<u>310,652</u>	<u>31,485</u>
Community Center & Rec						
Personal services	112,416	112,416	81,570	-	81,570	30,846
Contractual services	7,200	7,200	3,319	-	3,319	3,881
Commodities	62,750	62,750	42,010	-	42,010	20,740
Capital outlay	6,500	6,500	5,021	-	5,021	1,479
Total comm center	<u>188,866</u>	<u>188,866</u>	<u>131,920</u>	<u>-</u>	<u>131,920</u>	<u>56,946</u>
Swimming pool						
Personal services	57,163	57,163	64,614	-	64,614	(7,451)
Contractual services	6,000	6,000	2,754	-	2,754	3,246
Commodities	45,250	45,250	58,556	-	58,556	(13,306)
Capital outlay	3,500	3,500	1,167	-	1,167	2,333
Total swimming pool	<u>111,913</u>	<u>111,913</u>	<u>127,091</u>	<u>-</u>	<u>127,091</u>	<u>(15,178)</u>
Golf course						
Personal services	135,427	135,427	139,235	-	139,235	(3,808)
Contractual services	7,500	7,500	3,583	-	3,583	3,917
Commodities	72,850	72,850	97,654	-	97,654	(24,804)
Capital outlay	20,000	20,000	-	-	-	20,000
Total golf course	<u>235,777</u>	<u>235,777</u>	<u>240,472</u>	<u>-</u>	<u>240,472</u>	<u>(4,695)</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, 2008**

	<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>				
Club house						
Personal services	72,330	72,330	69,432	-	69,432	2,898
Contractual services	3,650	3,650	1,675	-	1,675	1,975
Commodities	45,000	45,000	63,756	-	63,756	(18,756)
Capital outlay	1,000	1,000	926	-	926	74
Total club house	<u>121,980</u>	<u>121,980</u>	<u>135,789</u>	<u>-</u>	<u>135,789</u>	<u>(13,809)</u>
Total expenditures	<u>1,000,673</u>	<u>1,000,673</u>	<u>944,736</u>	<u>1,188</u>	<u>945,924</u>	<u>54,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(419,423)</u>	<u>(419,423)</u>	<u>(512,224)</u>	<u>(1,188)</u>	<u>(513,412)</u>	<u>(93,989)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	<u>232,440</u>	<u>232,440</u>	<u>232,436</u>	<u>-</u>	<u>232,436</u>	<u>(4)</u>
Total other financing sources (uses)	<u>232,440</u>	<u>232,440</u>	<u>232,436</u>	<u>-</u>	<u>232,436</u>	<u>(4)</u>
Change in net assets	(186,983)	(186,983)	(279,788)	(1,188)	(280,976)	(93,993)
Fund balance - beginning	<u>27,376</u>	<u>27,376</u>	<u>27,376</u>	<u>-</u>	<u>27,376</u>	<u>-</u>
Fund balance - ending	<u>\$ (159,607)</u>	<u>\$ (159,607)</u>	<u>\$ (252,412)</u>	<u>\$ (1,188)</u>	<u>\$ (253,600)</u>	<u>\$ (93,993)</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, 2008**

	<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>						
Current real estate tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current personal property tax	-	-	-	-	-	-
Surtax	-	-	-	-	-	-
Delinquent real estate tax	-	-	-	-	-	-
Delinquent personal property ta	-	-	-	-	-	-
Parks sales tax	\$ 750,000	\$ 750,000	\$ 737,446	\$ (12,428)	\$ 725,018	\$ (24,982)
In lieu of tax	37,000	37,000	27,000	-	27,000	(10,000)
Miscellaneous income	-	-	27,434	(27,434)	-	-
Investment earnings	20,000	20,000	21,424	-	21,424	1,424
Total revenues	<u>807,000</u>	<u>807,000</u>	<u>813,304</u>	<u>(39,862)</u>	<u>773,442</u>	<u>(33,558)</u>
<b>EXPENDITURES</b>						
Construction						
Capital outlay	<u>1,450,100</u>	<u>1,450,100</u>	<u>193,092</u>	<u>(27,434)</u>	<u>165,658</u>	<u>1,284,442</u>
Total construction	<u>1,450,100</u>	<u>1,450,100</u>	<u>193,092</u>	<u>(27,434)</u>	<u>165,658</u>	<u>1,284,442</u>
Total expenditures	<u>1,450,100</u>	<u>1,450,100</u>	<u>193,092</u>	<u>(27,434)</u>	<u>165,658</u>	<u>1,284,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,100)</u>	<u>(643,100)</u>	<u>620,212</u>	<u>(12,428)</u>	<u>607,784</u>	<u>1,250,884</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	<u>(205,940)</u>	<u>(205,940)</u>	<u>(205,940)</u>	<u>-</u>	<u>(205,940)</u>	<u>-</u>
Total other financing sources (uses)	<u>(205,940)</u>	<u>(205,940)</u>	<u>(205,940)</u>	<u>-</u>	<u>(205,940)</u>	<u>-</u>
Change in net assets	(849,040)	(849,040)	414,272	(12,428)	401,844	1,250,884
Fund balance - beginning	<u>1,082,479</u>	<u>1,082,479</u>	<u>1,082,479</u>	<u>-</u>	<u>1,082,479</u>	<u>-</u>
Fund balance - ending	<u>\$ 233,439</u>	<u>\$ 233,439</u>	<u>\$ 1,496,751</u>	<u>\$ (12,428)</u>	<u>\$ 1,484,323</u>	<u>\$ 1,250,884</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, 2008**

	<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>						
Miscellaneous	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ (250)
Rental income	-	2,800	-	-	-	(2,800)
Investment earnings	<u>25,000</u>	<u>30,600</u>	<u>5,700</u>	<u>28,495</u>	<u>34,195</u>	<u>3,595</u>
Total revenues	<u>25,000</u>	<u>33,650</u>	<u>5,700</u>	<u>28,495</u>	<u>34,195</u>	<u>545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,000</u>	<u>33,650</u>	<u>5,700</u>	<u>28,495</u>	<u>34,195</u>	<u>545</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	<u>-</u>	<u>(16,500)</u>	<u>83,500</u>	<u>(100,000)</u>	<u>(16,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(16,500)</u>	<u>83,500</u>	<u>(100,000)</u>	<u>(16,500)</u>	<u>-</u>
Change in net assets	25,000	17,150	89,200	(71,505)	17,695	545
Fund balance - beginning	<u>754,175</u>	<u>754,175</u>	<u>754,175</u>	<u>-</u>	<u>754,175</u>	<u>-</u>
Fund balance - ending	<u>\$ 779,175</u>	<u>\$ 771,325</u>	<u>\$ 843,375</u>	<u>\$ (71,505)</u>	<u>\$ 771,870</u>	<u>\$ 545</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, 2008**

	<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>						
Miscellaneous	225	225	3,080	-	3,080	2,855
Total revenues	225	225	3,080	-	3,080	2,855
<b>OPERATING EXPENSES</b>						
General and administrative						
Utilities	250	250	-	(73)	(73)	323
Total general and administrative	250	250	-	(73)	(73)	323
Total operating expenses	250	250	-	(73)	(73)	323
Income (loss) from operations	(25)	(25)	3,080	73	3,153	3,178
<b>OTHER FINANCING SOURCES (USES)</b>						
Total other financing sources (uses)	-	-	-	-	-	-
Change in net assets	(25)	(25)	3,080	73	3,153	3,178
Net assets - beginning	(1,118,278)	(1,118,278)	(1,118,278)	-	(1,118,278)	-
Net assets - ending	<u>\$ (1,118,303)</u>	<u>\$ (1,118,303)</u>	<u>\$ (1,115,198)</u>	<u>\$ 73</u>	<u>\$ (1,115,125)</u>	<u>\$ 3,178</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, 2008**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges & Fees for services	\$ 2,543,000	\$ 2,543,000	\$ 2,744,193	\$ -	\$ 2,744,193	\$ 201,193
Fines and penalties	-	-	14,827	-	14,827	14,827
Sales taxes	735,000	735,000	737,442	(12,424)	725,018	(9,982)
Grants	-	-	3,000	-	3,000	3,000
Workers Comp Dividends	-	-	12,672	-	12,672	12,672
Internal Service Charges	75,734	75,734	37,703	-	37,703	(38,031)
Miscellaneous	44,470	44,470	9,085	-	9,085	(35,385)
Total revenues	<u>3,398,204</u>	<u>3,398,204</u>	<u>3,558,922</u>	<u>(12,424)</u>	<u>3,546,498</u>	<u>148,294</u>
<b>OPERATING EXPENSES</b>						
Treatment and operations						
Personal services	1,249,691	1,249,691	1,518,569	-	1,518,569	(268,878)
Contractual services	169,000	169,000	146,827	-	146,827	22,173
Commodities	1,115,667	1,115,667	997,521	480,798	1,478,319	(362,652)
Capital outlay	128,000	128,000	104,497	2,319,685	2,424,182	(2,296,182)
Total treatment and operations	<u>2,662,358</u>	<u>2,662,358</u>	<u>2,767,414</u>	<u>2,800,483</u>	<u>5,567,897</u>	<u>(2,905,539)</u>
Public works						
Personal services	72,734	72,734	71,281	-	71,281	1,453
Contractual services	-	-	94	-	94	(94)
Commodities	3,000	3,000	3,345	-	3,345	(345)
Total public works	<u>75,734</u>	<u>75,734</u>	<u>74,720</u>	<u>-</u>	<u>74,720</u>	<u>1,014</u>
General and administrative						
Depreciation	-	-	377,739	(377,739)	-	-
Total general and administrative	<u>-</u>	<u>-</u>	<u>377,739</u>	<u>(377,739)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,738,092</u>	<u>2,738,092</u>	<u>3,219,873</u>	<u>2,422,744</u>	<u>5,642,617</u>	<u>(2,904,525)</u>
Income (loss) from operations	<u>660,112</u>	<u>660,112</u>	<u>339,049</u>	<u>(2,435,168)</u>	<u>(2,096,119)</u>	<u>(2,756,231)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	30,530	30,530	21,353	357,736	379,089	348,559
Amortization of bond premium	-	-	12,804	(12,804)	-	-
Amortization of bond issuance costs	-	-	(10,024)	10,024	-	-
Interest expense	-	-	(5,131)	5,131	-	-
Total non-operating revenues (expenses)	<u>30,530</u>	<u>30,530</u>	<u>19,002</u>	<u>360,087</u>	<u>379,089</u>	<u>348,559</u>
Income (loss) before operating transfers	<u>690,642</u>	<u>690,642</u>	<u>358,051</u>	<u>(2,075,081)</u>	<u>(1,717,030)</u>	<u>(2,407,672)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	(22,852)	22,852	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(22,852)</u>	<u>22,852</u>	<u>-</u>	<u>-</u>
Change in net assets	690,642	690,642	335,199	(2,052,229)	(1,717,030)	(2,407,672)
Net assets - beginning	<u>12,606,948</u>	<u>12,606,948</u>	<u>12,606,948</u>	<u>-</u>	<u>12,606,948</u>	<u>-</u>
Net assets - ending	<u>\$ 13,297,590</u>	<u>\$ 13,297,590</u>	<u>\$ 12,942,147</u>	<u>\$ (2,052,229)</u>	<u>\$ 10,889,918</u>	<u>\$ (2,407,672)</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, 2008

	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	\$ (234,713)	\$ 13,987	\$ -	\$ 63,270	\$ (70,786)	\$ (228,242)
Accounts and taxes receivable	3,016	-	-	-	-	3,016
Due from other funds	-	-	-	-	90,000	90,000
Loans receivable	-	92,077	-	-	-	92,077
Total assets	\$ (231,697)	\$ 106,064	\$ -	\$ 63,270	\$ 19,214	\$ (43,149)

**LIABILITIES AND FUND BALANCES**

Liabilities:						
Accounts payable	\$ 26,888	\$ -	\$ -	\$ -	\$ -	\$ 26,888
Due to other funds	50	-	-	-	-	50
Total liabilities	26,938	-	-	-	-	26,938

Fund balances:

Unreserved, reported in:						
General fund	-	-	-	-	-	-
Special revenue funds	(258,635)	106,064	-	63,270	19,214	(70,087)
Total fund balances	(258,635)	106,064	-	63,270	19,214	(70,087)
Total liabilities and fund balances	\$ (231,697)	\$ 106,064	\$ -	\$ 63,270	\$ 19,214	\$ (43,149)

**CITY OF NEVADA, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	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	\$ -	\$ -	\$ -	\$ -	\$ 20,401	\$ 20,401
Other taxes	-	-	-	69,094	-	69,094
Federal and state grants	275,092	-	295,523	-	-	570,615
Charges for services	7,019	-	-	-	-	7,019
Investment earnings	955	-	-	711	-	1,666
Miscellaneous	2,888	-	-	-	-	2,888
Total revenues	<u>285,954</u>	<u>-</u>	<u>295,523</u>	<u>69,805</u>	<u>20,401</u>	<u>671,683</u>
<b>EXPENDITURES</b>						
General government and adm	-	-	-	-	9,600	9,600
Cultural and recreational	28,542	-	-	60,902	-	89,444
Capital outlay	1,260,506	-	-	-	-	1,260,506
Total expenditures	<u>1,289,048</u>	<u>-</u>	<u>-</u>	<u>60,902</u>	<u>9,600</u>	<u>1,359,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,003,094)</u>	<u>-</u>	<u>295,523</u>	<u>8,903</u>	<u>10,801</u>	<u>(687,867)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	422,510	-	-	-	-	422,510
Transfers out	-	-	(422,510)	-	-	(422,510)
Total other financing sources (uses)	<u>422,510</u>	<u>-</u>	<u>(422,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(580,584)	-	(126,987)	8,903	10,801	(687,867)
Fund balances - beginning	321,949	106,064	126,987	54,367	8,413	617,780
Fund balances - ending	<u>\$ (258,635)</u>	<u>\$ 106,064</u>	<u>\$ -</u>	<u>\$ 63,270</u>	<u>\$ 19,214</u>	<u>\$ (70,087)</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, 2008**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Gasoline royalty	\$ 500	\$ 500	\$ 313	\$ -	\$ 313	\$ (187)
Rental income	4,000	4,000	7,019	-	7,019	3,019
Federal, state and local grants	-	422,500	275,092	-	275,092	(147,408)
Sale of Surplus Property	-	-	2,450	-	2,450	2,450
Misc. Income	-	-	125	-	125	125
Investment earnings	-	-	955	-	955	955
Total revenues	4,500	427,000	285,954	-	285,954	(141,046)
<b>EXPENDITURES</b>						
Airport						
Personal services	-	-	15,516	-	15,516	(15,516)
Contractual services	3,500	3,500	5,041	-	5,041	(1,541)
Commodities	11,800	11,800	7,985	-	7,985	3,815
Capital outlay	460,000	460,000	1,260,506	(26,499)	1,234,007	(774,007)
Total airport	475,300	475,300	1,289,048	(26,499)	1,262,549	(787,249)
Total expenditures	475,300	475,300	1,289,048	(26,499)	1,262,549	(787,249)
Excess (deficiency) of revenues over (under) expenditures	(470,800)	(48,300)	(1,003,094)	26,499	(976,595)	(928,295)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	422,500	-	422,510	-	422,510	422,510
Total other financing sources (uses)	422,500	-	422,510	-	422,510	422,510
Change in net assets	(48,300)	(48,300)	(580,584)	26,499	(554,085)	(505,785)
Fund balance - beginning	321,949	321,949	321,949	-	321,949	-
Fund balance - ending	\$ 273,649	\$ 273,649	\$ (258,635)	\$ 26,499	\$ (232,136)	\$ (505,785)

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 - NEVADA AREA ECONOMIC DEVELOPMENT COMMISSION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Total revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Total other financing sources (uses)	-	-	-	-	-	-
Change in net assets	-	-	-	-	-	-
Fund balance - beginning	106,064	106,064	106,064	-	106,064	-
Fund balance - ending	<u>\$ 106,064</u>	<u>\$ 106,064</u>	<u>\$ 106,064</u>	<u>\$ -</u>	<u>\$ 106,064</u>	<u>\$ -</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 - COMMUNITY DEVELOPMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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>						
Federal and state grants	\$ 422,500	\$ 422,500	\$ 295,523	\$ -	\$ 295,523	\$ (126,977)
Total revenues	<u>422,500</u>	<u>422,500</u>	<u>295,523</u>	<u>-</u>	<u>295,523</u>	<u>(126,977)</u>
<b>EXPENDITURES</b>						
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>422,500</u>	<u>422,500</u>	<u>295,523</u>	<u>-</u>	<u>295,523</u>	<u>(126,977)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	<u>-</u>	<u>(422,500)</u>	<u>(422,510)</u>	<u>422,510</u>	<u>-</u>	<u>(422,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>(422,500)</u>	<u>(422,510)</u>	<u>422,510</u>	<u>-</u>	<u>(422,500)</u>
Change in net assets	422,500	-	(126,987)	422,510	295,523	(549,477)
Fund balance - beginning	<u>126,987</u>	<u>126,987</u>	<u>126,987</u>	<u>-</u>	<u>126,987</u>	<u>-</u>
Fund balance - ending	<u>\$ 549,487</u>	<u>\$ 126,987</u>	<u>\$ -</u>	<u>\$ 422,510</u>	<u>\$ 422,510</u>	<u>\$ (549,477)</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, 2008**

	<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	\$ 60,000	\$ 60,000	\$ 69,094	\$ -	\$ 69,094	\$ 9,094
Recovery of expenses	2,500	2,500	-	-	-	(2,500)
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>711</u>	<u>-</u>	<u>711</u>	<u>(1,789)</u>
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>69,805</u>	<u>-</u>	<u>69,805</u>	<u>4,805</u>
<b>EXPENDITURES</b>						
Tourism						
Contractual services	66,200	30,000	60,495	-	60,495	(30,495)
Commodities	-	36,200	407	-	407	35,793
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total tourism	<u>96,200</u>	<u>96,200</u>	<u>60,902</u>	<u>-</u>	<u>60,902</u>	<u>35,298</u>
Total expenditures	<u>96,200</u>	<u>96,200</u>	<u>60,902</u>	<u>-</u>	<u>60,902</u>	<u>35,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,200)</u>	<u>(31,200)</u>	<u>8,903</u>	<u>-</u>	<u>8,903</u>	<u>40,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(31,200)	(31,200)	8,903	-	8,903	40,103
Fund balance - beginning	<u>54,367</u>	<u>54,367</u>	<u>54,367</u>	<u>-</u>	<u>54,367</u>	<u>-</u>
Fund balance - ending	<u>\$ 23,167</u>	<u>\$ 23,167</u>	<u>\$ 63,270</u>	<u>\$ -</u>	<u>\$ 63,270</u>	<u>\$ 40,103</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, 2008**

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Neighborhood payments	\$ 5,000	\$ 5,000	\$ 20,401	\$ -	\$ 20,401	\$ 15,401
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>20,401</u>	<u>-</u>	<u>20,401</u>	<u>15,401</u>
<b>EXPENDITURES</b>						
General administration						
Contractual services	-	5,500	9,600	-	9,600	(4,100)
Total general administration	<u>-</u>	<u>5,500</u>	<u>9,600</u>	<u>-</u>	<u>9,600</u>	<u>(4,100)</u>
Total expenditures	<u>-</u>	<u>5,500</u>	<u>9,600</u>	<u>-</u>	<u>9,600</u>	<u>(4,100)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>(500)</u>	<u>10,801</u>	<u>-</u>	<u>10,801</u>	<u>11,301</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	5,000	(500)	10,801	-	10,801	11,301
Fund balance - beginning	<u>8,413</u>	<u>8,413</u>	<u>8,413</u>	<u>-</u>	<u>8,413</u>	<u>-</u>
Fund balance - ending	<u>\$ 13,413</u>	<u>\$ 7,913</u>	<u>\$ 19,214</u>	<u>\$ -</u>	<u>\$ 19,214</u>	<u>\$ 11,301</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, 2008, and have issued our report thereon dated June 29, 2009. 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 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 expressing an opinion on the effectiveness of the City of Nevada, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Nevada, Missouri's internal control over financial reporting.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Nevada, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the City of Nevada, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the City of Nevada, Missouri's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Nevada, Missouri's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did identify a deficiency in internal control over financial reporting that we consider to be a material weaknesses, as defined above, which is described in the accompanying Schedule of Findings and Responses as item 08-01.

#### 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 response to the significant deficiencies and material weaknesses and other matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to the management of the City of Nevada, Missouri in a separate letter dated June 29, 2009.

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, P.C.*

Raymore, Missouri  
June 29, 2009

**CITY OF NEVADA, MISSOURI**

**SCHEDULE OF FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**FINANCIAL STATEMENT FINDINGS**

**08-01 Significant Deficiency due to Lack of Adequate Segregation of Accounting Functions**

Internal control is weakened when the same employee performs the functions of receiving, depositing, recording receipts in the general ledger, 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. Improvements were made in this area with the addition of procedures requiring management approval of accounts receivable write offs during 2008, however, significant lack of segregation still exists.

We recommend the City continue efforts to organize and review job duties to maximize segregation of accounting functions especially in the cash receipts, payroll, and bank reconciliation areas.

Management response:

*The City's Management agrees with this concern and is reviewing options to limit the internal control concerns, with the staff that the City has available.*

CITY OF NEVADA, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2007

07-01 Significant Deficiency Resulting From a Combination of Control Deficiencies

During our audit we found a combination of control deficiencies that, taken together, result in a more than remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal controls. These control deficiencies include the following:

- a) Special Projects Fund investment transactions were not recorded on a timely basis.
- b) Franchise tax returns are not tracked; there is no method of determining if taxpayers have remitted the appropriate amount of tax.
- c) The City's internal control policy requiring random internal audits of cash receipts in all departments is not being followed.
- d) There are no established procedures to ensure that all reimbursable costs under grants are tracked and received.
- e) There are no established procedures to ensure that all service calls performed by the Public Works Department are billed to customers.
- f) No verification is performed to ensure that employees' net pay is accurately calculated.
- g) Misclassification of expenses in general ledger accounts decreases the effectiveness of budgetary controls.
- h) Grant requirements were not enforced prior to payment of grant funds to a children's shelter.
- i) Failure to properly review utility bills resulted in payment of utilities on a property the City had leased to an outside party for at least 19 months after it was leased.
- j) Nevada Area Economic Development Council transactions were not recorded on a timely basis.
- k) The physical count and adjustment of Public Works Department supplies inventory was not made as of the date of the financial statements.
- l) The City does not maintain an inventory listing of capital assets owned by the City for control over such assets or for reconciliation to the balances presented in the financial statements

Further details on these items and recommendations for corrective actions are included in a separate letter to management dated November 7, 2008.

Management response:

- a. *The City's management agrees with this concern. A system is in place in which Special Projects Fund investment transactions are recorded on a timely basis.*
- b. *The only way to determine if the appropriate amount of franchise taxes is paid is by auditing the franchisee. The City will maintain records of franchise tax payments so that the City is aware of untimely payments; and take appropriate action.*
- c. *City Management will review the internal control policy and take appropriate action.*
- d. *The City's management agrees with this concern; and will review their procedures for the purpose of taking appropriate action.*

- e. *City Management agrees with this concern and will review; and assure that appropriate action is taken.*
- f. *The Incode Payroll module was implemented, by the City, January 2008. The City's payroll staff receives change forms for merit increases, new employees, etc. and verifies that the calculations are correct when payroll changes occur.*
- g. *Payment of purchases and the expense code used is designated by the department director. Periodically, during the year, detailed general ledgers for expense accounts are reviewed by the department directors; and corrections noted and changed.*
- h. *The children's shelter has been notified that future payments will only be made with proper documentation.*
- i. *According to the City records, the bill in question involved one street light in the parking lot of Lyon's Stadium. Over a period of 19 months the City paid \$226.52 for this street light. The billing for the light has been transferred to the Nevada School District and the school district has been billed for usage subsequent to the lease agreement.*
- j. *The City's management agrees with the concern. Transactions to this account are very seldom; and a system is now in place so that transactions are now properly recorded on a timely basis.*
- k. *The City has made the physical count and adjustment of the Public Works Department's supplies. This is a high priority item with plans to keep the documentation current.*
- l. *The City's management agrees with this concern. The City has a Fixed Asset module in their Incode software system. The City plans to complete a complete physical inventory of capital assets and maintain the computer file to document this information.*

#### **07-02 Adequate Segregation of Accounting Functions**

Internal control is weakened when the same employee performs the functions of receipting, depositing, or the recording money and reconciling bank accounts. Improvements were made in this area with the addition of personnel during 2007, however, significant lack of segregation still exists.

We recommend the City begin efforts to organize and review job duties to maximize segregation of accounting functions especially in the cash receipts and payroll areas. We also recommend the City begin to perform random internal audits as outlined in previous responses to this finding.

Management response:

*The City's Management agrees with this concern and is reviewing options to limit the internal control concerns, with the staff that the City has available.*

CITY OF NEVADA, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2006

**06-01 Significant Deficiency Resulting From a Combination of Control Deficiencies**

During our audit we found a combination of control deficiencies that, taken together, result in a more than remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal controls. These control deficiencies include the following:

- a) Special Projects Fund investment transactions were not recorded on a timely basis.
- b) Franchise tax returns are not tracked; there is no method of determining if taxpayers have remitted the appropriate amount of tax.
- c) The City's internal control policy requiring random internal audits of cash receipts in all departments is not being followed.
- d) There are no established procedures to ensure that all reimbursable costs under grants are tracked and received.
- e) There are no established procedures to ensure that all service calls performed by the Public Works Department are billed to customers.
- f) No verification is performed to ensure that employees' net pay is accurately calculated.
- g) Misclassification of expenses in general ledger accounts decreases the effectiveness of budgetary controls.
- h) Grant requirements were not enforced prior to payment of grant funds to a children's shelter.
- i) Failure to properly review utility bills resulted in payment of utilities on a property the City had leased to an outside party for at least 19 months after it was leased.
- j) Nevada Area Economic Development Council transactions were not recorded on a timely basis.
- k) The physical count and adjustment of Public Works Department supplies inventory was not made as of the date of the financial statements.
- l) The City does not maintain an inventory listing of capital assets owned by the City for control over such assets or for reconciliation to the balances presented in the financial statements

Further details on these items and recommendations for corrective actions are included in a separate letter to management dated November 7, 2008.

Management response:

- a. *The City's management agrees with this concern. A system is in place in which Special Projects Fund investment transactions are recorded on a timely basis.*
- b. *The only way to determine if the appropriate amount of franchise taxes is paid is by auditing the franchisee. The City will maintain records of franchise tax payments so that the City is aware of untimely payments; and take appropriate action.*
- c. *City Management will review the internal control policy and take appropriate action.*
- d. *The City's management agrees with this concern; and will review their procedures for the purpose of taking appropriate action.*

- e. *City Management agrees with this concern and will review; and assure that appropriate action is taken.*
- f. *The Incode Payroll module was implemented, by the City, January 2008. The City's payroll staff receives change forms for merit increases, new employees, etc. and verifies that the calculations are correct when payroll changes occur.*
- g. *Payment of purchases and the expense code used is designated by the department director. Periodically, during the year, detailed general ledgers for expense accounts are reviewed by the department directors; and corrections noted and changed.*
- h. *The children's shelter has been notified that future payments will only be made with proper documentation.*
- i. *According to the City records, the bill in question involved one street light in the parking lot of Lyon's Stadium. Over a period of 19 months the City paid \$226.52 for this street light. The billing for the light has been transferred to the Nevada School District and the school district has been billed for usage subsequent to the lease agreement.*
- j. *The City's management agrees with the concern. Transactions to this account are very seldom; and a system is now in place so that transactions are now properly recorded on a timely basis.*
- k. *The City has made the physical count and adjustment of the Public Works Department's supplies. This is a high priority item with plans to keep the documentation current.*
- l. *The City's management agrees with this concern. The City has a Fixed Asset module in their Incode software system. The City plans to complete a complete physical inventory of capital assets and maintain the computer file to document this information.*

#### **06-02 Failure to Prepare Monthly Bank Reconciliations**

The preparation of monthly bank reconciliations is a primary internal control component. Failure to prepare bank reconciliations may result in misclassification of cash transactions, misappropriation of cash and errors or irregularities that may not be detected in a timely manner.

We found that none of the bank and general ledger balances were reconciled in 2006. During 2007, adjustments were made to make the 2006 cash accounts balance to the general ledger without investigating the reconciling items. The lack of investigation was because the information regarding the reconciling items deemed not retrievable or would have resulted in an extraordinary investment of time to find the reconciling items. The employees in 2006 did not have the ability, knowledge or training to prepare proper cash reconciliations. Failure of the employees to allocate time to perform the 2006 reconciliations also appears as a cause for the monthly bank reconciliations not being prepared.

We recommend the bank reconciliations for all bank accounts be performed no later than five working days after receipt of the statement to the City's general ledger. We also recommend the City explore the possibility of semi-monthly bank statements in order to reduce the volume of reconciling items.

Management response:

*The City's Management agrees with this concern and is taking appropriate action.*

**06-03 Adequate Segregation of Accounting Functions**

Internal control is weakened when the same employee performs the functions of receipting, depositing, or the recording money. The City had made improvements in this area in 2005 but all or substantially all the improvements vanished in 2006.

We recommend the City reinstitute the prior year's improvements and begin efforts to organize and review job duties to maximize segregation of accounting functions especially in the cash receipts and payroll areas. We also recommend the City begin to perform random internal audits as outlined in previous responses to this finding.

Management response:

*The City's Management agrees with this concern and is reviewing options to limit the internal control concerns, with the staff that the City has available.*



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

To the 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, 2008, and have issued our report thereon dated June 29, 2009. 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, P.C.*

Raymore, Missouri  
June 29, 2009

CITY OF NEVADA, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2008

Program	CFDA Number	Expenditures
<b>CASH FEDERAL AWARDS</b>		
<b><u>Department of Transportation</u></b>		
Passed through Missouri Department of Transportation		
Airport Improvement Program Grant	20.106	\$ 260,073
Section 5311 Transportation Grant (Taxi)	20.107	61,857
<b><u>Environmental Protection Agency</u></b>		
Passed through Missouri Department of Natural Resources		
Capitalization Grants for Clean Water State Revolving Funds	66.458	1,508,360
<b><u>Department of Homeland Security</u></b>		
Passed through Missouri Department of Public Safety		
Police Grant	97.054	28,080
Homeland Security-Fire	97.036	658
General Fire Grants	97.036	5,033
<b><u>Department of Housing and Urban Development</u></b>		
Passed through Missouri Department of Social Services		
Emergency Shelter Grant	14.231	21,800
CDBG Airport Terminal Grant	14.218	<u>295,523</u>
Total Federal Awards		<u>\$ 2,181,384</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: Except as noted in Note 2, 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 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, 2008. 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, 2008.

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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely effects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

*BSWA Certified Public Accountants PC*

Raymore, Missouri  
June 29, 2009

CITY OF NEVADA, MISSOURI

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes  X  No

Significant Deficiencies identified not considered to be material weaknesses? Yes   None reported  X

Noncompliance material to financial statements noted? Yes   No  X

**Federal Awards**

Internal control over programs:

Material weaknesses identified? Yes   No  X

Reportable conditions 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>
20. 106	Airport Improvement Program Grant
66. 458	Capitalization Grants for Clean Water
14. 218	Community Development Block Grant

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

Auditee qualified as low risk auditee? Yes   No  X

CITY OF NEVADA, MISSOURI

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.