



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

November 3 2003

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Nevada, Iowa.

The City's primary government receipts totaled \$9,224,074 for the year ended June 30, 2003, a 7 percent increase from 2002. The receipts included \$1,718,176 in property tax, \$766,134 in tax increment financing collections, \$638,774 in local option sales tax, \$916,900 from the state, \$53,471 from the federal government and \$285,333 in interest on investments. The City also received note proceeds of \$1,817,200 that are reported as other financing sources.

The City's primary government disbursements for the year totaled \$10,694,569, a 19 percent increase from the prior year, and included \$2,925,419 for capital projects, \$2,427,038 for business type activities, and \$1,075,442 for culture and recreation.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

###



**CITY OF NEVADA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2003**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Financial Statements:	<u>Exhibit</u>	
Combined Statement of Cash Transactions – All Fund Types and the Discretely Presented Component Unit	A	8-9
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget – Primary Government	B	10-11
Statement of Indebtedness	C	12-13
Notes to Financial Statements		14-21
Supplemental Information:	<u>Schedule</u>	
Combining and Individual Schedules of Cash Transactions:		
General Fund	1	25-29
Special Revenue Funds	2	30-37
Debt Service Fund	3	39
Capital Projects Funds	4	40-47
Enterprise Funds	5	48-51
Internal Service Funds	6	52-53
Trust Funds	7	54-57
Bond and Note Maturities	8	58
Comparison of Taxes and Intergovernmental Receipts	9	59
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting		61-62
Schedule of Findings		63-65
Staff		66

**City of Nevada**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Patrick Sheets	Mayor	Jan 2006
Kathleen Strum	Mayor Pro tem	Jan 2004
Michael Neff	Council Member	Jan 2004
F. C. Parrish	Council Member	Jan 2004
Dean Handsaker	Council Member	Jan 2006
William Huls	Council Member	Jan 2006
Walt McDonald	Council Member	Jan 2006
David Haugland	City Administrator	Indefinite
Teresa Peterson-Smith	City Clerk	Indefinite
Don Juhl	Attorney	Indefinite

**City of Nevada**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Nevada, Iowa, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the City of Nevada's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 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 that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As discussed in note 15, the City of Nevada intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements will include an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Nevada as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2003 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.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Warren Jenkins". The signature is fluid and cursive, with a large loop at the end of the last name.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 8, 2003



## **Financial Statements**

City of Nevada

Combined Statement of Cash Transactions

All Fund Types and the Discretely Presented Component Unit

Year ended June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Receipts:</b>				
Property tax	\$1,021,350	282,533	414,293	-
Tax increment financing collections	-	766,134	-	-
Other city tax	66,952	655,523	20,174	-
Licenses and permits	21,901	-	-	-
Use of money and property	75,218	21,146	8,856	14,801
Intergovernmental	328,638	554,769	-	98,520
Charges for service	260,981	-	-	-
Special assessments	37,870	-	-	-
Miscellaneous	82,818	25,198	-	55,481
Total receipts	1,895,728	2,305,303	443,323	168,802
<b>Disbursements:</b>				
Public safety	763,570	99,019	-	-
Public works	8	571,617	-	-
Health and social services	-	50,186	-	-
Culture and recreation	948,588	4,400	-	-
Community and economic development	44,448	151,513	-	-
General government	217,539	-	-	-
Debt service	-	372,569	292,993	-
Capital projects	-	-	-	2,925,419
Business type activities	-	-	-	-
Non-program	-	-	-	-
Total disbursements	1,974,153	1,249,304	292,993	2,925,419
Excess (deficiency) of receipts over (under) disbursements	(78,425)	1,055,999	150,330	(2,756,617)
<b>Other financing sources (uses):</b>				
Sale of assets	4,600	-	-	-
General obligation project note proceeds, net of \$13,200 discount	-	-	-	1,186,800
Sewer revenue refunding note proceeds, net of \$9,600 discount	-	-	-	-
Operating transfers in	397,743	278,110	28,075	1,691,867
Operating transfers out	-	(1,283,871)	-	(983,291)
Total other financing sources (uses)	402,343	(1,005,761)	28,075	1,895,376
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	323,918	50,238	178,405	(861,241)
Balance beginning of year	918,700	941,441	158,466	942,654
Balance end of year	\$1,242,618	991,679	336,871	81,413

See notes to financial statements.

Proprietary Fund Types		Fiduciary	Total Primary		Total
Enterprise	Internal Service	Fund Type	Government	Component	Reporting Entity
		Trust	(Memorandum Only)	Unit	(Memorandum Only)
-	-	-	1,718,176	-	1,718,176
-	-	-	766,134	-	766,134
-	-	-	742,649	-	742,649
-	-	-	21,901	-	21,901
164,810	22,874	396,590	704,295	54,522	758,817
-	54,596	9,119	1,045,642	84,914	1,130,556
1,815,960	-	-	2,076,941	-	2,076,941
-	-	-	37,870	-	37,870
110,441	1,535,563	300,965	2,110,466	147,571	2,258,037
2,091,211	1,613,033	706,674	9,224,074	287,007	9,511,081
-	133,872	-	996,461	-	996,461
-	4,750	-	576,375	-	576,375
-	-	-	50,186	-	50,186
-	76,015	46,439	1,075,442	-	1,075,442
-	14,750	-	210,711	375,412	586,123
-	20,986	-	238,525	-	238,525
-	-	-	665,562	-	665,562
-	-	-	2,925,419	-	2,925,419
2,427,038	-	-	2,427,038	-	2,427,038
-	1,528,850	-	1,528,850	-	1,528,850
2,427,038	1,779,223	46,439	10,694,569	375,412	11,069,981
(335,827)	(166,190)	660,235	(1,470,495)	(88,405)	(1,558,900)
-	5,000	-	9,600	524,455	534,055
-	-	-	1,186,800	-	1,186,800
630,400	-	-	630,400	-	630,400
962,742	179,500	717,280	4,255,317	-	4,255,317
(713,634)	(217,575)	(1,056,946)	(4,255,317)	-	(4,255,317)
879,508	(33,075)	(339,666)	1,826,800	524,455	2,351,255
543,681	(199,265)	320,569	356,305	436,050	792,355
5,481,349	875,969	1,152,752	10,471,331	142,227	10,613,558
6,025,030	676,704	1,473,321	10,827,636	578,277	11,405,913

City of Nevada

Comparison of Receipts, Disbursements and Changes in Balances –

Actual to Budget – Primary Government

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property tax	\$ 1,718,176	-
Tax increment financing collections	766,134	-
Other city tax	742,649	-
Licenses and permits	21,901	-
Use of money and property	704,295	5,297
Intergovernmental	1,045,642	4,065
Charges for service	2,076,941	-
Special assessments	37,870	-
Miscellaneous	2,110,466	1,553,546
Total receipts	<u>9,224,074</u>	<u>1,562,908</u>
Disbursements:		
Public safety	996,461	32,486
Public works	576,375	-
Health and social services	50,186	-
Culture and recreation	1,075,442	6,313
Community and economic development	210,711	-
General government	238,525	-
Debt service	665,562	-
Capital projects	2,925,419	-
Business type activities	2,427,038	-
Non-program	1,528,850	1,528,850
Total disbursements	<u>10,694,569</u>	<u>1,567,649</u>
Deficiency of receipts under disbursements	(1,470,495)	(4,741)
Other financing sources, net	<u>1,826,800</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	356,305	(4,741)
Balance beginning of year	<u>10,471,331</u>	<u>205,932</u>
Balance end of year	<u>\$ 10,827,636</u>	<u>201,191</u>

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
1,718,176	1,708,623	9,553	101%
766,134	777,254	(11,120)	99%
742,649	685,855	56,794	108%
21,901	15,000	6,901	146%
698,998	165,185	533,813	423%
1,041,577	681,201	360,376	153%
2,076,941	2,008,160	68,781	103%
37,870	25,000	12,870	151%
556,920	548,581	8,339	102%
<u>7,661,166</u>	<u>6,614,859</u>	<u>1,046,307</u>	<u>116%</u>
963,975	1,082,119	118,144	89%
576,375	724,053	147,678	80%
50,186	51,186	1,000	98%
1,069,129	1,108,058	38,929	96%
210,711	304,872	94,161	69%
238,525	272,821	34,296	87%
665,562	664,056	(1,506)	100%
2,925,419	3,725,122	799,703	79%
2,427,038	4,380,784	1,953,746	55%
-	-	-	
<u>9,126,920</u>	<u>12,313,071</u>	<u>3,186,151</u>	<u>74%</u>
(1,465,754)	(5,698,212)		
<u>1,826,800</u>	<u>(2,788,036)</u>		
361,046	(8,486,248)		
<u>10,265,399</u>	<u>18,160,414</u>		
<u>10,626,445</u>	<u>9,674,166</u>		

City of Nevada  
Statement of Indebtedness  
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
General obligation refunding notes	May 1, 1999	4.05-4.25%	\$ 1,300,000
General obligation corporate purpose notes	Apr 1, 2002	3.00-5.40	770,000
General obligation street improvement notes	Apr 1, 2003	1.50-2.55	1,200,000
Total			
Urban renewal tax increment:			
Revenue bonds	Oct 1, 1999	4.90-5.40%	\$ 1,130,000
Revenue bonds	Apr 1, 2002	3.25-5.25	720,000
Total			
Revenue bonds and notes:			
Sewer notes	Jul 1, 1994	5.50-5.80%	\$ 1,540,000
Sewer revolving bonds	Jan 3, 1995	4.54	1,114,000
Sewer notes	Dec 1, 2002	2.25-3.25	640,000
Total			
Local option sales and services tax revenue bond anticipation:			
Revenue bonds	Aug 1, 2001	4.40-5.20%	\$ 1,000,000
Special obligation loan agreement:			
Anticipation project notes	Nov 13, 2001	4.50%	\$ 400,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
970,000	-	175,000	795,000	40,305
770,000	-	35,000	735,000	42,038
-	1,200,000	-	1,200,000	-
<b>\$ 1,740,000</b>	<b>1,200,000</b>	<b>210,000</b>	<b>2,730,000</b>	<b>82,343</b>
945,000	-	100,000	845,000	48,950
720,000	-	55,000	665,000	38,724
<b>\$ 1,665,000</b>	<b>-</b>	<b>155,000</b>	<b>1,510,000</b>	<b>87,674</b>
625,000	-	625,000	-	17,677
785,000	-	50,000	735,000	35,639
-	640,000	150,000	490,000	10,185
<b>\$ 1,410,000</b>	<b>640,000</b>	<b>825,000</b>	<b>1,225,000</b>	<b>63,501</b>
910,000	-	85,000	825,000	43,945
173,129	-	173,129	-	7,193

City of Nevada

Notes to Financial Statements

June 30, 2003

**(1) Summary of Significant Accounting Policies**

The City of Nevada is a political subdivision of the State of Iowa located in Story County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, general government and business type activities.

A. Reporting Entity

For financial reporting purposes, City of Nevada has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Nevada (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These non-profit organizations were formed under Chapter 504A of the Code of Iowa.

Discretely Presented Component Unit – The Nevada Economic Development Council (NEDC) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The NEDC is governed by a thirteen-member board. There are four standing board positions and nine members are elected at-large. The NEDC's operating budget is subject to the approval of the City Council.

Blended Component Unit – Nevada Firefighters Incorporated has been established to preserve life and property in Nevada in case of fire or other emergency and to promote fire prevention and fire safety. Although Nevada Firefighters Incorporated is legally separate from the City, its purpose is to benefit the City by providing the above services and by soliciting contributions and managing those funds. Its activities are reported in a Special Revenue Fund.



Jointly Governed Organizations – The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Story County Assessor’s Conference Board, Story County Joint E911 Service Board, and Story County Emergency Management Commission.

The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Central Iowa Regional Transportation Planning Agency and Central Iowa Area Safety and Support Organization.

## B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and balances. The various funds and their designated purposes are as follows:

### Governmental Funds

General Fund – The General Fund is the general operating fund of the City.

All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Funds – The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the City’s general obligation long-term debt.

Capital Projects Funds – The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

### Proprietary Funds

Enterprise Funds – The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Internal Service Funds – The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

### Fiduciary Funds

Trust Funds – The Trust Funds are used to account for monies and properties received and held by the City in a trustee capacity. These include Expendable Trust Funds and Non-expendable Trust Funds.

Component Unit – The Component Unit column accounts for the financial activity of the Nevada Economic Development Council, Inc.

#### C. Basis of Accounting

The City of Nevada maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

#### D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the blended component unit, Internal Service Funds, Payroll Revolving and Flexible Benefits Revolving, and non-expendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities.

#### E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### **(2) Cash and Pooled Investments**

The City’s deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all category 1 which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City's investments at June 30, 2003 are as follows:

Type	Carrying Amount	Fair Value
Common stock	\$ 55,250	55,250

### (3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes, urban renewal tax increment revenue bonds, revenue bonds and notes, and local option sales and services tax revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		Urban Renewal Tax Increment Revenue Bonds		Revenue Bonds and Notes		Local Option Sales and Services Tax Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 710,000	94,984	160,000	75,455	215,000	47,454	90,000	40,205	1,175,000	258,098
2005	470,000	74,753	175,000	68,145	215,000	40,957	90,000	36,155	950,000	220,010
2006	490,000	60,906	180,000	59,870	230,000	33,900	95,000	32,015	995,000	186,691
2007	510,000	45,170	190,000	51,121	60,000	25,651	100,000	27,550	860,000	149,492
2008	50,000	27,635	200,000	41,696	65,000	22,927	105,000	22,750	420,000	115,008
2009	50,000	25,385	210,000	31,570	65,000	19,976	110,000	17,605	435,000	94,536
2010	55,000	23,035	220,000	20,703	70,000	17,025	115,000	12,105	460,000	72,868
2011	60,000	20,395	85,000	9,102	70,000	13,847	120,000	6,240	335,000	49,584
2012	60,000	17,455	90,000	4,725	75,000	10,669	-	-	225,000	32,849
2013	65,000	14,455	-	-	80,000	7,264	-	-	145,000	21,719
2014	65,000	11,140	-	-	80,000	3,632	-	-	145,000	14,772
2015	70,000	7,760	-	-	-	-	-	-	70,000	7,760
2016	75,000	4,050	-	-	-	-	-	-	75,000	4,050
Total	\$ 2,730,000	427,123	1,510,000	362,387	1,225,000	243,302	825,000	194,625	6,290,000	1,227,437

During the year ended June 20, 2003, the City issued \$1,840,000 in general obligation and revenue notes and retired \$1,275,000 of notes and bonds.

The urban renewal tax increment revenue bonds were issued for the purpose of planning, undertaking and carrying out an urban renewal project within the Nevada Urban Renewal Area, consisting of the construction of the Nevada Business Park Project and the Lincoln Highway Phase II Project. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

The local option sales and services tax revenue bonds were issued for the purpose of paying the costs associated with grading, storm sewer improvements, and the construction of a maintenance facility at the Nevada Recreation/Athletic Complex. The bonds are payable solely from the income and proceeds of the Local Option Sales Tax Fund and the taxes to be paid into the fund in accordance with Chapter 422B of the Code of Iowa. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

The resolutions providing for the issuance of the revenue bonds and notes include the following provisions:

- (a) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate sewer revenue bond and note sinking accounts for the purpose of making the bond and note principal and interest payments when due.
- (c) A sum equal to \$238,375 shall be set aside in a sewer reserve account. This account is restricted for the purpose of paying the principal and interest on the bonds and notes whenever the funds in the sinking accounts are insufficient.
- (d) All funds remaining in the sewer accounts after making the required transfers to the sinking and reserve accounts shall be placed in a surplus account. As long as the sinking and reserve accounts have the full amounts required to be deposited, the balance in the surplus account may be made available to the City as the Council may direct.

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$89,138, \$78,745, and \$82,988, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. City employees also accumulate earned but unused sick leave hours for subsequent use or for payment upon retirement or death. If sick leave is paid upon retirement or death, the maximum amount paid is \$1,500. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave termination payments payable to employees at June 30, 2003, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 100,000
Compensatory time	12,000
Total	<u>\$ 112,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2003.

**(6) Contractual Commitments**

The City has entered into various construction contracts totaling approximately \$2,819,600. The unpaid contract balances as of June 30, 2003 totaled approximately \$424,700, which will be paid as work on the projects progresses.

The City has also entered into a contract with the Nevada Economic Development Council to provide financial assistance of \$80,000.

**(7) Related Party Transactions**

The City had business transactions totaling \$41,804 between the City and City officials during the year ended June 30, 2003.

**(8) Risk Management**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 475 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2003 were \$7,324.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation coverages. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Industrial Development Revenue Bonds**

The City has issued a total of \$2,363,229 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,915,655 is outstanding at June 30, 2003. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

**(10) Deficit Balances**

The Capital Projects Fund, Recreation/Athletic Buildings Account had a deficit balance of \$441,699 at June 30, 2003. The Expendable Trust Fund, Cemetery Foundation Trust had a deficit balance of \$2,539 at June 30, 2003. The deficit balance in the Recreation/Athletic Buildings account was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of a state grant. The deficit balance in the Cemetery Foundation Trust was a result of the purchase of a new sign for the cemetery which exceeded the donations collected for the purchase. The City will continue to solicit donations to cover the cost of the sign.

**(11) Landfill Contract**

The City has contracted with the City of Ames for solid waste disposal for all households or residences within the City. The contract began April 1, 1994 and will terminate June 30, 2014. The cost is computed for each calendar year. On or before February 15<sup>th</sup> of each year, the City of Ames will notify the City of Nevada of its proportionate share of the net costs of the system for the prior calendar year. The City of Nevada will pay the City of Ames one-half of its share on July 15<sup>th</sup> and one-half on or before December 15<sup>th</sup> of each year. The annual rate of the contract is determined by multiplying the net per capita cost of the Ames solid waste disposal system by the population of the City of Nevada.

**(12) Litigation**

The City is subject to pending litigation seeking compensatory damages of approximately \$35,000. The probability of loss, if any, is undeterminable.

**(13) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2003, disbursements in the debt service function exceeded the amount budgeted.

**(14) Community Economic Betterment Account (CEBA) Loan Program**

During the year ended June 30, 2001, the City was awarded \$91,000 from the Iowa Department of Economic Development under a CEBA loan agreement. A forgivable loan agreement has been executed among the Department, the City of Nevada and a local company. The City's liability for repayment is limited to its good faith enforcement of the security interest which secures its loan with the local company. The loan balance as of June 30, 2003 is \$18,200.

During the year ended June 30, 2003, the City was awarded \$129,000 from the Iowa Department of Economic Development under a CEBA loan agreement. A forgivable loan agreement has been executed among the Department, the City of Nevada and a local company. The City's liability for repayment is limited to its good faith enforcement of the security interest which secures its loan with the local company. The loan balance as of June 30, 2003 is \$43,000.

**(15) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the City's financial activities.

**City of Nevada**



## **Supplemental Information**

**City of Nevada**

City of Nevada  
 Schedule of Cash Transactions  
 General Fund  
 Year ended June 30, 2003

Receipts:	
Property tax	<u>\$ 1,021,350</u>
Other city tax:	
Mobile home tax	16,385
Utility tax replacement excise tax	43,016
Hotel/motel tax	7,551
	<u>66,952</u>
Licenses and permits	<u>21,901</u>
Use of money and property:	
Interest on investments	33,773
Rent	41,445
	<u>75,218</u>
Intergovernmental:	
State allocation	95,574
Bank franchise tax	29,883
County library allocation	37,375
Governors traffic safety bureau grant	4,100
Fire contracts	29,347
Community economic betterment account grant	129,000
Miscellaneous	3,359
	<u>328,638</u>
Charges for service:	
Police	1,180
Cemetery	17,013
Library	9,080
Pool	186,579
Parks and recreation	31,826
Planning and zoning	10,736
Animal control	3,922
Miscellaneous	645
	<u>260,981</u>

**Schedule 1**

---

City of Nevada  
Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

Receipts (continued):	
Special assessments	<u>37,870</u>
Miscellaneous:	
Court fines and fees	15,637
Donations and contributions	1,053
Franchise fees	8,978
Parking fines	5,460
Gas and sales tax refunds	7,542
Sale of cemetery lots	11,763
Sales tax collected	8,691
Refunds and reimbursements	16,910
Miscellaneous	<u>6,784</u>
	<u>82,818</u>
Total receipts	<u>1,895,728</u>
Disbursements:	
Public safety:	
Police:	
Personal services	455,018
Services and commodities	108,958
Capital outlay	<u>2,890</u>
	<u>566,866</u>
Fire:	
Personal services	74,740
Services and commodities	<u>54,303</u>
	<u>129,043</u>
Emergency medical services:	
Personal services	888
Services and commodities	<u>12,600</u>
	<u>13,488</u>
Building inspections:	
Personal services	26,370
Services and commodities	<u>16,578</u>
	<u>42,948</u>
Animal control:	
Services and commodities	<u>10,565</u>

City of Nevada  
 Schedule of Cash Transactions  
 General Fund  
 Year ended June 30, 2003

Disbursements (continued):	
Public safety:	
Civil defense:	
Services and commodities	660
	<u>763,570</u>
Public works:	
Streets:	
Services and commodities	8
	<u>8</u>
Culture and recreation:	
Library:	
Personal services	192,298
Services and commodities	68,653
	<u>260,951</u>
Parks and recreation administration:	
Personal services	175,946
Services and commodities	78,222
Capital outlay	
	<u>254,168</u>
Recreation:	
Personal services	3,147
Services and commodities	11,108
	<u>14,255</u>
Swimming pool:	
Personal services	102,795
Services and commodities	86,810
	<u>189,605</u>
Youth sports:	
Personal services	7,349
Services and commodities	18,416
	<u>25,765</u>
Adult sports:	
Personal services	2,210
Services and commodities	800
	<u>3,010</u>

**Schedule 1**

---

City of Nevada  
Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

Disbursements (continued):	
Culture and recreation:	
Cemetery:	
Personal services	41,478
Services and commodities	38,781
	<u>80,259</u>
Historical society:	
Services and commodities	2,224
	<u>2,224</u>
Gates hall:	
Personal services	78,252
Services and commodities	40,099
	<u>118,351</u>
	<u>948,588</u>
Community and economic development:	
Planning and zoning:	
Personal services	26,370
Services and commodities	16,578
	<u>42,948</u>
Community/civic activities:	
Services and commodities	1,500
	<u>44,448</u>
General government:	
Mayor, council and city administrator:	
Personal services	7,585
Services and commodities	10,751
	<u>18,336</u>
Clerk and financial administration:	
Personal services	67,503
Services and commodities	51,183
	<u>118,686</u>
Employee wellness:	
Services and commodities	3,702
	<u>3,702</u>
Legal services:	
Services and commodities	34,965
	<u>34,965</u>

City of Nevada  
 Schedule of Cash Transactions  
 General Fund  
 Year ended June 30, 2003

Disbursements (continued):	
General government:	
City hall:	
Personal services	1,349
Services and commodities	13,445
	<u>14,794</u>
General and tort insurance:	
Personal services	2,567
Services and commodities	24,489
	<u>27,056</u>
	<u>217,539</u>
Total disbursements	<u>1,974,153</u>
Deficiency of receipts under disbursements	<u>(78,425)</u>
Other financing sources:	
Sale of general fixed assets	4,600
Operating transfers in:	
Special Revenue:	
Employee Benefits	269,990
Emergency	33,133
Internal Service:	
Insurance Reserve	32,806
Trust:	
Sick and Vacation	61,734
DARE Trust	80
Total other financing sources	<u>402,343</u>
Excess of receipts and other financing sources over disbursements	323,918
Balance beginning of year	<u>918,700</u>
Balance end of year	<u><u>\$ 1,242,618</u></u>

See accompanying independent auditor's report.

City of Nevada  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2003

	Road Use Tax	Local Option Sales Tax	Local Option Sales Tax Sinking	Local Option Sales Tax Reserve
Receipts:				
Property tax	\$ -	-	-	-
Tax increment financing collections	-	-	-	-
Other city tax:				
Mobile home tax	-	-	-	-
Utility tax replacement excise tax	-	-	-	-
Local option sales tax	-	638,774	-	-
	-	638,774	-	-
Use of money and property:				
Interest on investments	-	4,014	1,553	-
Intergovernmental:				
Road use tax allocation	542,049	-	-	-
Historical preservation grant	-	8,655	-	-
City and rural fire allocation	-	-	-	-
	542,049	8,655	-	-
Miscellaneous:				
Donations and fundraisers	-	-	-	-
Miscellaneous	-	2,549	-	-
	-	2,549	-	-
Total receipts	542,049	653,992	1,553	-
Disbursements:				
Public safety:				
Fire:				
Personal services	-	-	-	-
Services and commodities	-	-	-	-
	-	-	-	-
Flood control:				
Personal services	18,983	-	-	-
Services and commodities	-	26,550	-	-
Capital outlay	-	1,500	-	-
	18,983	28,050	-	-
	18,983	28,050	-	-



Employee Benefits	Emergency	Urban Renewal Tax Increment	Nevada Business Park TIF	Lincoln Highway Reserve TIF	Police Forfeiture	Nevada Firefighters Incorporated	Total
251,651	30,882	-	-	-	-	-	282,533
-	-	766,134	-	-	-	-	766,134
4,118	505	-	-	-	-	-	4,623
10,800	1,326	-	-	-	-	-	12,126
-	-	-	-	-	-	-	638,774
14,918	1,831	-	-	-	-	-	655,523
3,421	420	10,793	-	-	197	748	21,146
-	-	-	-	-	-	-	542,049
-	-	-	-	-	-	-	8,655
-	-	-	-	-	-	4,065	4,065
-	-	-	-	-	-	4,065	554,769
-	-	-	-	-	-	20,172	20,172
-	-	-	-	-	2,477	-	5,026
-	-	-	-	-	2,477	20,172	25,198
269,990	33,133	776,927	-	-	2,674	24,985	2,305,303
-	-	-	-	-	-	8,835	8,835
-	-	-	-	-	-	23,651	23,651
-	-	-	-	-	-	32,486	32,486
-	-	-	-	-	-	-	18,983
-	-	19,500	-	-	-	-	46,050
-	-	-	-	-	-	-	1,500
-	-	19,500	-	-	-	-	66,533
-	-	19,500	-	-	-	32,486	99,019

City of Nevada  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2003

	Road Use Tax	Local Option Sales Tax	Local Option Sales Tax Sinking	Local Option Sales Tax Reserve
Disbursements (continued):				
Public works:				
Roads:				
Personal services	222,057	-	-	-
Services and commodities	114,797	-	-	-
	336,854	-	-	-
Sidewalks:				
Services and commodities	-	9,359	-	-
Street lighting:				
Services and commodities	90,979	-	-	-
Traffic control:				
Services and commodities	7,459	-	-	-
Snow removal:				
Personal services	25,588	-	-	-
Services and commodities	14,693	-	-	-
	40,281	-	-	-
Solid waste:				
Services and commodities	-	78,232	-	-
Trash/rodent:				
Services and commodities	3,910	-	-	-
Trees and weeds:				
Services and commodities	-	4,543	-	-
	479,483	92,134	-	-
Health and social services:				
Other health and social services:				
Services and commodities	-	50,186	-	-
Culture and recreation:				
Parks and recreation administration:				
Services and commodities	-	796	-	-

Employee Benefits	Emergency	Urban Renewal Tax Increment	Nevada Business Park TIF	Lincoln Highway Reserve TIF	Police Forfeiture	Nevada Firefighters Incorporated	Total
-	-	-	-	-	-	-	222,057
-	-	-	-	-	-	-	114,797
-	-	-	-	-	-	-	336,854
-	-	-	-	-	-	-	9,359
-	-	-	-	-	-	-	90,979
-	-	-	-	-	-	-	7,459
-	-	-	-	-	-	-	25,588
-	-	-	-	-	-	-	14,693
-	-	-	-	-	-	-	40,281
-	-	-	-	-	-	-	78,232
-	-	-	-	-	-	-	3,910
-	-	-	-	-	-	-	4,543
-	-	-	-	-	-	-	571,617
-	-	-	-	-	-	-	50,186
-	-	-	-	-	-	-	796

City of Nevada  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2003

	Road Use Tax	Local Option Sales Tax	Local Option Sales Tax Sinking	Local Option Sales Tax Reserve
Disbursements (continued):				
Culture and recreation:				
Community band:				
Services and commodities	-	2,363	-	-
Historical society:				
Services and commodities	-	1,241	-	-
	-	4,400	-	-
Community and economic development:				
City clean up:				
Services and commodities	1,323	4,565	-	-
Economic development:				
Services and commodities	-	80,000	-	-
Planning and zoning:				
Services and commodities	-	6,875	-	-
Christmas lights:				
Services and commodities	-	5,859	-	-
	1,323	97,299	-	-
Debt service:				
Principal redeemed	-	-	85,000	-
Interest paid	-	-	43,945	-
Services and commodities	-	-	300	-
	-	-	129,245	-
Total disbursements	499,789	272,069	129,245	-
Excess (deficiency) of receipts over (under) disbursements	42,260	381,923	(127,692)	-

Employee Benefits	Emergency	Urban Renewal Tax Increment	Nevada Business Park TIF	Lincoln Highway Reserve TIF	Police Forfeiture	Nevada Firefighters Incorporated	Total
-	-	-	-	-	-	-	2,363
-	-	-	-	-	-	-	1,241
-	-	-	-	-	-	-	4,400
-	-	-	-	-	-	-	5,888
-	-	52,891	-	-	-	-	132,891
-	-	-	-	-	-	-	6,875
-	-	-	-	-	-	-	5,859
-	-	52,891	-	-	-	-	151,513
-	-	155,000	-	-	-	-	240,000
-	-	87,674	-	-	-	-	131,619
-	-	650	-	-	-	-	950
-	-	243,324	-	-	-	-	372,569
-	-	315,715	-	-	-	32,486	1,249,304
269,990	33,133	461,212	-	-	2,674	(7,501)	1,055,999

City of Nevada  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2003

	Road Use Tax	Local Option Sales Tax	Local Option Sales Tax Sinking	Local Option Sales Tax Reserve
Other financing sources (uses):				
Operating transfers in (out):				
General	-	-	-	-
Special Revenue:				
Local Option Sales Tax	-	-	129,245	100,000
Local Option Sales Tax Sinking	-	(129,245)	-	-
Local Option Sales Tax Reserve	-	(100,000)	-	-
Capital Projects:				
Trees Forever	-	(4,000)	-	-
Railroad Crossings	-	-	-	-
Greenbelt Project	-	-	-	-
2002 Street Overlay Projects	-	-	-	-
Lincoln Highway-Indian Ridge Turning Lanes	-	-	-	-
2002 Sidewalk/Bike Trail	-	-	-	-
West Industrial Park - Water	-	-	-	-
Enterprise:				
West Industrial Park Storm Sewer	-	-	-	-
Internal Service:				
Equipment Replacement	-	(179,500)	-	-
Total other financing sources (uses)	-	(412,745)	129,245	100,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	42,260	(30,822)	1,553	100,000
Balance beginning of year	346,782	258,374	-	-
Balance end of year	\$ 389,042	227,552	1,553	100,000

See accompanying independent auditor's report.

Employee Benefits	Emergency	Urban Renewal Tax Increment	Nevada Business Park TIF	Lincoln Highway Reserve TIF	Police Forfeiture	Nevada Firefighters Incorporated	Total
(269,990)	(33,133)	-	-	-	-	-	(303,123)
-	-	-	-	-	-	-	229,245
-	-	-	-	-	-	-	(129,245)
-	-	-	-	-	-	-	(100,000)
-	-	-	-	-	-	-	(4,000)
-	-	(30,000)	-	-	-	-	(30,000)
-	-	(28,003)	-	-	-	-	(28,003)
-	-	9,938	-	-	-	-	9,938
-	-	38,927	-	-	-	-	38,927
-	-	(150,000)	-	-	-	-	(150,000)
-	-	(300,000)	-	-	-	-	(300,000)
-	-	(60,000)	-	-	-	-	(60,000)
-	-	-	-	-	-	-	(179,500)
(269,990)	(33,133)	(519,138)	-	-	-	-	(1,005,761)
-	-	(57,926)	-	-	2,674	(7,501)	50,238
-	-	130,142	110,000	70,000	6,211	19,932	941,441
-	-	72,216	110,000	70,000	8,885	12,431	991,679

**City of Nevada**



City of Nevada  
Combining Schedule of Cash Transactions  
Debt Service Fund  
Year ended June 30, 2003

	General Obligation Bonds/Notes
Receipts:	
Property tax	\$ 414,293
Other city tax:	
Mobile home tax	5,562
Utility tax replacement excise tax	14,612
	20,174
Use of money and property:	
Interest on investments	8,856
Total receipts	443,323
Disbursements:	
Debt service:	
Principal redeemed	210,000
Interest paid	82,343
Professional fees	650
Total disbursements	292,993
Excess of receipts over disbursements	150,330
Other financing sources:	
Operating transfers in:	
Enterprise:	
Sewer Rental	28,075
Excess of receipts and other financing sources over disbursements	178,405
Balance beginning of year	158,466
Balance end of year	\$ 336,871

See accompanying independent auditor's report.

City of Nevada  
Combining Schedule of Cash Transactions  
Capital Projects Funds  
Year ended June 30, 2003

	Pool Project	Capital Improvement Reserve	Trees Forever
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	\$ -	3,604	186
<b>Intergovernmental:</b>			
Iowa Department of Natural Resources Recreation			
Infrastructure grant	10,000	-	-
Resource Enhancement and Protection grant	-	-	-
Community Attraction and Tourism grant	-	-	-
	<u>10,000</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous:</b>			
Accrued interest on sale of notes	-	-	-
Refunds and reimbursements	38,604	-	-
Donations and contributions	-	-	8,965
	<u>38,604</u>	<u>-</u>	<u>8,965</u>
Total receipts	<u>48,604</u>	<u>3,604</u>	<u>9,151</u>
<b>Disbursements:</b>			
Capital projects:			
Services and commodities	-	1,127	13,971
Capital outlay	35,031	-	-
	<u>35,031</u>	<u>1,127</u>	<u>13,971</u>
<b>Debt service:</b>			
Principal redeemed	-	-	-
Interest paid	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>35,031</u>	<u>1,127</u>	<u>13,971</u>
Excess (deficiency) of receipts over (under) disbursements	<u>13,573</u>	<u>2,477</u>	<u>(4,820)</u>

Railroad Crossings	Green- belt Project	2002 Street Overlay Projects	Street Improve- ment Projects	Recreation/ Athletic Buildings	Soccerfield/ Restroom
200	1,215	324	1,703	-	-
-	-	-	-	-	-
-	9,100	-	-	-	-
-	-	-	-	79,420	-
-	9,100	-	-	79,420	-
-	-	250	-	-	-
-	-	4,587	-	-	-
-	-	-	-	-	-
-	-	4,837	-	-	-
200	10,315	5,161	1,703	79,420	-
8,709	25,333	29,800	-	27,217	13,357
-	175,308	266,058	-	525,328	245,924
8,709	200,641	295,858	-	552,545	259,281
-	-	-	-	-	173,129
-	-	-	-	-	7,193
-	-	-	-	-	180,322
8,709	200,641	295,858	-	552,545	439,603
(8,509)	(190,326)	(290,697)	1,703	(473,125)	(439,603)

City of Nevada  
Combining Schedule of Cash Transactions  
Capital Projects Funds  
Year ended June 30, 2003

	Lincoln Highway - Indian Ridge Turning Lanes	Lincoln Highway Bridge	2000 Water Improve- ments
<b>Receipts:</b>			
Use of money and property:			
Interest on investments	1,610	669	585
<b>Intergovernmental:</b>			
Iowa Department of Natural Resources Recreation			
Infrastructure grant	-	-	-
Resource Enhancement and Protection grant	-	-	-
Community Attraction and Tourism grant	-	-	-
<b>Miscellaneous:</b>			
Accrued interest on sale of notes	-	-	-
Refunds and reimbursements	1,539	-	-
Donations and contributions	-	-	-
<b>Total receipts</b>	<b>3,149</b>	<b>669</b>	<b>585</b>
<b>Disbursements:</b>			
Capital projects:			
Services and commodities	18,605	-	-
Capital outlay	137,916	-	-
	156,521	-	-
<b>Debt service:</b>			
Principal redeemed	-	-	-
Interest paid	-	-	-
<b>Total disbursements</b>	<b>156,521</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>(153,372)</b>	<b>669</b>	<b>585</b>

2002 Sidewalk/ Bike Trail	2002 Street Reconstruction	2003 Sealcoat	SEP Settlement	2003 Asphalt Overlay	West Industrial Park Storm Sewer	Total
1,340	491	1,586	61	575	652	14,801
-	-	-	-	-	-	10,000
-	-	-	-	-	-	9,100
-	-	-	-	-	-	79,420
-	-	-	-	-	-	98,520
89	1,304	-	-	143	-	1,786
-	-	-	-	-	-	44,730
-	-	-	-	-	-	8,965
89	1,304	-	-	143	-	55,481
1,429	1,795	1,586	61	718	652	168,802
35,954	197,090	10,242	-	7,488	-	388,893
139,251	819,516	-	-	11,872	-	2,356,204
175,205	1,016,606	10,242	-	19,360	-	2,745,097
-	-	-	-	-	-	173,129
-	-	-	-	-	-	7,193
-	-	-	-	-	-	180,322
175,205	1,016,606	10,242	-	19,360	-	2,925,419
(173,776)	(1,014,811)	(8,656)	61	(18,642)	652	(2,756,617)

City of Nevada  
Combining Schedule of Cash Transactions  
Capital Projects Funds  
Year ended June 30, 2003

	Pool Project	Capital Improvement Reserve	Trees Forever
Other financing sources (uses):			
General obligation project note proceeds, net of \$13,200 discount	-	-	-
Operating transfers in (out):			
Special Revenue:			
Local Option Sales Tax	-	-	4,000
Urban Renewal Tax Increment	-	-	-
Capital Projects:			
Capital Improvement Reserve	-	-	-
Street Improvement Projects	-	-	-
Greenbelt Project	-	(35,582)	-
Lincoln Highway Bridge	-	-	-
2003 Sealcoat	-	-	-
Enterprise:			
Water	-	-	-
Sewer Rental	-	-	-
Water Improvement	-	-	-
Trust:			
S.C.O.R.E. Undesignated Trust	(198,037)	-	-
S.C.O.R.E. Pavilion	-	-	-
Total other financing sources (uses)	<u>(198,037)</u>	<u>(35,582)</u>	<u>4,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(184,464)	(33,105)	(820)
Balance beginning of year	<u>184,464</u>	<u>151,541</u>	<u>6,249</u>
Balance end of year	<u>\$ -</u>	<u>118,436</u>	<u>5,429</u>

Railroad Crossings	Green-belt Project	2002 Street Overlay Projects	Street Improvement Projects	Recreation/Athletic Buildings	Soccerfield/Restroom
-	-	168,260	-	-	-
-	-	-	-	-	-
30,000	28,003	(9,938)	-	-	-
-	35,582	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(108,997)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	439,603
-	-	-	-	36,286	-
30,000	63,585	158,322	(108,997)	36,286	439,603
21,491	(126,741)	(132,375)	(107,294)	(436,839)	-
(2,888)	126,741	132,375	107,294	(4,860)	-
18,603	-	-	-	(441,699)	-

City of Nevada  
Combining Schedule of Cash Transactions  
Capital Projects Funds  
Year ended June 30, 2003

	Lincoln Highway - Indian Ridge Turning Lanes	Lincoln Highway Bridge	2000 Water Improve- ments
Other financing sources (uses):			
General obligation project note proceeds, net of \$13,200 discount	-	-	-
Operating transfers in (out):			
Special Revenue:			
Local Option Sales Tax	-	-	-
Urban Renewal Tax Increment	(38,927)	-	-
Capital Projects:			
Capital Improvement Reserve	-	-	-
Street Improvement Projects	-	-	-
Greenbelt Project	-	-	-
Lincoln Highway Bridge	-	-	-
2003 Sealcoat	-	(42,824)	-
Enterprise:			
Water	-	-	-
Sewer Rental	-	-	-
Water Improvement	-	-	(29,743)
Trust:			
S.C.O.R.E. Undesignated Trust	-	-	-
S.C.O.R.E. Pavilion	-	-	-
Total other financing sources (uses)	(38,927)	(42,824)	(29,743)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(192,299)	(42,155)	(29,158)
Balance beginning of year	192,299	42,155	29,158
Balance end of year	-	-	-

See accompanying independent auditor's report.



2002 Sidewalk/ Bike Trail	2002 Street Reconstruction	2003 Sealcoat	SEP Settlement	2003 Asphalt Overlay	West Industrial Park Storm Sewer	Total
55,374	862,189	-	-	100,977	-	1,186,800
-	-	-	-	-	-	4,000
150,000	-	-	-	-	60,000	219,138
-	-	-	-	-	-	35,582
-	-	108,997	-	-	-	108,997
-	-	-	-	-	-	(35,582)
-	-	42,824	-	-	-	42,824
-	-	-	-	-	-	(151,821)
-	212,753	-	-	-	-	212,753
-	18,976	-	5,600	-	-	24,576
-	-	-	-	-	-	(29,743)
-	-	-	-	-	-	241,566
-	-	-	-	-	-	36,286
205,374	1,093,918	151,821	5,600	100,977	60,000	1,895,376
31,598	79,107	143,165	5,661	82,335	60,652	(861,241)
-	(21,874)	-	-	-	-	942,654
31,598	57,233	143,165	5,661	82,335	60,652	81,413

City of Nevada  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Year ended June 30, 2003

	Water	Water Reserve	Water Revenue Sinking	Water Improvement	Water Deposits	Equipment Replacement- Water	West Industrial Park - Water
<b>Receipts:</b>							
Use of money and property:							
Interest on investments	\$ 52,724	5,826	7,672	2,524	-	1,116	2,916
Rent	8,640	-	-	-	-	-	-
	<u>61,364</u>	<u>5,826</u>	<u>7,672</u>	<u>2,524</u>	<u>-</u>	<u>1,116</u>	<u>2,916</u>
<b>Charges for service:</b>							
Sale of water	867,643	-	-	-	-	-	-
Installations and connections	9,291	-	-	-	-	-	-
Sewer rental fees	-	-	-	-	-	-	-
Miscellaneous	3,300	-	-	-	-	-	-
	<u>880,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous:</b>							
Gas tax refunds	1,596	-	-	-	-	-	-
Penalties	12,008	-	-	-	-	-	-
Sales tax collected	50,036	-	-	-	-	-	-
Accrued interest on sale of notes	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	19,170	-	-
	<u>63,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,170</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,005,238</u>	<u>5,826</u>	<u>7,672</u>	<u>2,524</u>	<u>19,170</u>	<u>1,116</u>	<u>2,916</u>
<b>Disbursements:</b>							
Business type activities:							
Personal services	265,446	-	-	-	-	-	-
Services and commodities	314,544	-	-	-	15,475	-	23,811
Capital outlay	119,069	-	-	-	-	250	59,363
Debt service:							
Principal redeemed	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-
	<u>699,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,475</u>	<u>250</u>	<u>83,174</u>

**Schedule 5**

Water Elevated Storage	Sewer Rental	Sewer Sinking	Sewer Reserve	Sewer Revolving Loan Sinking	Sewer Construction Reserve	Equipment Replacement-Wastewater	Wastewater Treatment EPA	Total
109	32,290	11,626	517	5,561	8,663	714	23,912	156,170
-	-	-	-	-	-	-	-	8,640
109	32,290	11,626	517	5,561	8,663	714	23,912	164,810
-	-	-	-	-	-	-	-	867,643
-	2,562	-	-	-	-	-	-	11,853
-	886,030	-	-	-	47,118	-	-	933,148
-	16	-	-	-	-	-	-	3,316
-	888,608	-	-	-	47,118	-	-	1,815,960
-	168	-	-	-	-	-	-	1,764
-	12,489	-	-	-	-	-	-	24,497
-	14,925	-	-	-	-	-	-	64,961
-	-	49	-	-	-	-	-	49
-	-	-	-	-	-	-	-	19,170
-	27,582	49	-	-	-	-	-	110,441
109	948,480	11,675	517	5,561	55,781	714	23,912	2,091,211
-	241,471	-	-	-	-	-	-	506,917
-	436,194	1,526	-	393	-	-	-	791,943
-	12,308	-	-	-	-	21,193	27,494	239,677
-	-	775,000	-	50,000	-	-	-	825,000
-	-	27,862	-	35,639	-	-	-	63,501
-	689,973	804,388	-	86,032	-	21,193	27,494	2,427,038

City of Nevada  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Year ended June 30, 2003

	Water	Water Reserve	Water Revenue Sinking	Water Improvement	Water Deposits	Equipment Replacement- Water	West Industrial Park - Water
Excess (deficiency) of receipts over (under) disbursements	306,179	5,826	7,672	2,524	3,695	866	(80,258)
Other financing sources (uses):							
Sewer revenue refunding note proceeds, net of \$9,600 discount	-	-	-	-	-	-	-
Operating transfers in (out):							
Special Revenue:							
Urban Renewal Tax Increment	-	-	-	-	-	-	300,000
Debt Service	-	-	-	-	-	-	-
Capital Projects:							
2000 Water Improvements	-	-	-	29,743	-	-	-
2002 Street Reconstruction	(212,753)	-	-	-	-	-	-
SEP Settlement	-	-	-	-	-	-	-
Enterprise:							
Water	-	-	-	-	-	-	-
Water Elevated Storage	(10,000)	-	-	-	-	-	-
Sewer Rental	-	-	-	-	-	-	-
Sewer Sinking	-	-	-	-	-	-	-
Sewer Reserve	-	-	-	-	-	-	-
Sewer Revolving Loan Sinking	-	-	-	-	-	-	-
Wastewater Treatment EPA	-	-	-	-	-	-	-
Internal Service:							
Equipment Replacement	-	-	-	-	-	102,655	-
Total other financing sources (uses)	(222,753)	-	-	29,743	-	102,655	300,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	83,426	5,826	7,672	32,267	3,695	103,521	219,742
Balance beginning of year	1,965,888	168,612	284,961	86,351	40,696	-	-
Balance end of year	\$ 2,049,314	174,438	292,633	118,618	44,391	103,521	219,742

See accompanying independent auditor's report.

**Schedule 5**

Water Elevated Storage	Sewer Rental	Sewer Sinking	Sewer Reserve	Sewer Revolving Loan Sinking	Sewer Construction Reserve	Equipment Replacement-Wastewater	Wastewater Treatment EPA	Total
109	258,507	(792,713)	517	(80,471)	55,781	(20,479)	(3,582)	(335,827)
-	-	630,400	-	-	-	-	-	630,400
-	-	-	-	-	-	-	-	300,000
-	(28,075)	-	-	-	-	-	-	(28,075)
-	-	-	-	-	-	-	-	29,743
-	(18,976)	-	-	-	-	-	-	(231,729)
-	(5,600)	-	-	-	-	-	-	(5,600)
10,000	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	(10,000)
-	-	180,655	(116,543)	86,032	-	-	55,000	205,144
-	(180,655)	-	-	-	-	-	-	(180,655)
-	116,543	-	-	-	-	-	-	116,543
-	(86,032)	-	-	-	-	-	-	(86,032)
-	(55,000)	-	-	-	-	-	-	(55,000)
-	-	-	-	-	-	82,114	-	184,769
10,000	(257,795)	811,055	(116,543)	86,032	-	82,114	55,000	879,508
10,109	712	18,342	(116,026)	5,561	55,781	61,635	51,418	543,681
-	979,216	310,513	354,401	143,840	296,704	-	850,167	5,481,349
10,109	979,928	328,855	238,375	149,401	352,485	61,635	901,585	6,025,030

**Schedule 6**

City of Nevada  
Combining Schedule of Cash Transactions  
Internal Service Funds  
Year ended June 30, 2003

	Equipment Replacement	Payroll Revolving	Flexible Benefits Revolving	Insurance Reserve	Total
Receipts:					
Use of money and property:					
Interest on investments	\$ 20,114	-	-	2,760	22,874
Intergovernmental:					
Federal Emergency Management Assistance grant	50,580	-	-	-	50,580
Miscellaneous	4,016	-	-	-	4,016
	54,596	-	-	-	54,596
Miscellaneous:					
Donations	-	-	-	-	-
Miscellaneous	5,504	23	-	-	5,527
Personal service costs from operating funds	-	1,522,073	7,963	-	1,530,036
	5,504	1,522,096	7,963	-	1,535,563
Total receipts	80,214	1,522,096	7,963	2,760	1,613,033
Disbursements:					
Public safety:					
Police	55,772	-	-	-	55,772
Fire	78,100	-	-	-	78,100
	133,872	-	-	-	133,872
Public works:					
Streets	4,750	-	-	-	4,750
Culture and recreation:					
Library	11,828	-	-	-	11,828
Parks and recreation administration	40,556	-	-	-	40,556
Cemetery	23,631	-	-	-	23,631
	76,015	-	-	-	76,015
Community and economic development:					
Planning and zoning	14,750	-	-	-	14,750
General government:					
Mayor, council and city administrator	246	-	-	-	246
Clerk and financial administration	20,740	-	-	-	20,740
	20,986	-	-	-	20,986

City of Nevada  
Combining Schedule of Cash Transactions  
Internal Service Funds  
Year ended June 30, 2003

	Equipment Replacement	Payroll Revolving	Flexible Benefits Revolving	Insurance Reserve	Total
Disbursements (continued):					
Non-program:					
Personal services	-	1,522,073	6,777	-	1,528,850
Total disbursements	250,373	1,522,073	6,777	-	1,779,223
Excess (deficiency) of receipts over (under) disbursements	(170,159)	23	1,186	2,760	(166,190)
Other financing sources (uses):					
Sale of general fixed assets	5,000	-	-	-	5,000
Operating transfers in (out):					
General	-	-	-	(32,806)	(32,806)
Special Revenue:					
Local Option Sales Tax	179,500	-	-	-	179,500
Enterprise:					
Equipment Replacement-Water	(102,655)	-	-	-	(102,655)
Equipment Replacement-Wastewater	(82,114)	-	-	-	(82,114)
Total other financing sources (uses)	(269)	-	-	(32,806)	(33,075)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(170,428)	23	1,186	(30,046)	(199,265)
Balance beginning of year	740,651	(23)	-	135,341	875,969
Balance end of year	\$ 570,223	-	1,186	105,295	676,704

See accompanying independent auditor's report.

City of Nevada  
Combining Schedule of Cash Transactions  
Trust Funds  
Year ended June 30, 2003

	Expendable Trusts				
	Gates Hall Piano	Parks and Recreation Open Space	Cemetery Foundation Trust	Sick and Vacation	DARE Trust
Receipts:					
Use of money and property:					
Interest and other investment earnings	\$ 443	929	154	7,530	2
Intergovernmental:					
Enrich Iowa grant	-	-	-	-	-
Open access grant	-	-	-	-	-
Miscellaneous:					
Donations and contributions	-	2,943	3,006	-	-
Perpetual care	-	-	-	-	-
Miscellaneous	-	6,806	-	-	-
Total receipts	443	10,678	3,160	7,530	2
Disbursements:					
Culture and recreation:					
Library:					
Services and commodities	-	-	-	-	-
Capital outlay	-	-	-	-	-
Parks and recreation administration:					
Services and commodities	-	152	-	-	-
Cemetery:					
Services and commodities	-	-	12,251	-	-
Gates hall:					
Services and commodities	155	-	-	-	-
Total disbursements	155	152	12,251	-	-
Excess (deficiency) of receipts over (under) disbursements	288	10,526	(9,091)	7,530	2
Other financing sources (uses):					
Operating transfers in (out):					
General	-	-	-	(61,734)	(80)
Capital Projects:					
Pool Project	-	-	-	-	-
Soccerfield/Restroom	-	-	-	-	-
Recreation/Athletic Buildings	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(61,734)	(80)



Expendable Trusts					Non-Expendable Trusts					Total
Library Trust	S.C.O.R.E. Pavilion	S.C.O.R.E. Undesignated Trust	Recreation/ Athletic Complex Operation/ Maintenance	Columbarium Maintenance	Parks Planting (Hattery)	Cemetery Perpetual Care	Cemetery Memorials	Gates Hall Trust		
3,249	246	379,428	60	-	254	-	83	4,212	396,590	
6,538	-	-	-	-	-	-	-	-	6,538	
2,581	-	-	-	-	-	-	-	-	2,581	
9,119	-	-	-	-	-	-	-	-	9,119	
6,612	-	259,865	-	121	-	-	-	-	272,547	
-	-	-	-	-	-	3,315	-	-	3,315	
297	18,000	-	-	-	-	-	-	-	25,103	
6,909	18,000	259,865	-	121	-	3,315	-	-	300,965	
19,277	18,246	639,293	60	121	254	3,315	83	4,212	706,674	
21,285	-	-	-	-	-	-	-	-	21,285	
6,283	-	-	-	-	-	-	-	-	6,283	
27,568	-	-	-	-	-	-	-	-	27,568	
-	-	-	-	-	-	-	-	-	152	
-	-	-	-	-	-	-	6,198	-	18,449	
-	-	-	-	-	-	-	-	115	270	
27,568	-	-	-	-	-	-	6,198	115	46,439	
(8,291)	18,246	639,293	60	121	254	3,315	(6,115)	4,097	660,235	
-	-	-	-	-	-	-	-	-	(61,814)	
-	-	198,037	-	-	-	-	-	-	198,037	
-	-	(439,603)	-	-	-	-	-	-	(439,603)	
-	(36,286)	-	-	-	-	-	-	-	(36,286)	
-	(36,286)	(241,566)	-	-	-	-	-	-	(339,666)	

---

City of Nevada

Trust Funds

Year ended June 30, 2003

	Expendable Trusts				
	Gates Hall Piano	Parks and Recreation Open Space	Cemetery Foundation Trust	Sick and Vacation	DARE Trust
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	288	10,526	(9,091)	(54,204)	(78)
Balance beginning of year	16,515	30,671	6,552	341,416	78
Balance end of year	\$ 16,803	41,197	(2,539)	287,212	-

See accompanying independent auditor's report.

Expendable Trusts					Non-Expendable Trusts				Total
Library Trust	S.C.O.R.E. Pavilion	S.C.O.R.E. Undesignated Trust	Recreation/ Athletic Complex Operation/ Maintenance	Columbarium Maintenance	Parks Planting (Hattery)	Cemetery Perpetual Care	Cemetery Memorials	Gates Hall Trust	
(8,291)	(18,040)	397,727	60	121	254	3,315	(6,115)	4,097	320,569
117,401	18,040	433,852	2,204	-	7,990	82,024	11,569	84,440	1,152,752
109,110	-	831,579	2,264	121	8,244	85,339	5,454	88,537	1,473,321

**Schedule 8**

City of Nevada  
Bond and Note Maturities  
June 30, 2003

Year Ending June 30,	General Obligation Notes							Urban Renewal Tax Increment Revenue Bonds		Urban Renewal Tax Increment Revenue Bonds		Total
	General Obligation Refunding Notes		General Obligation Gates Hall Notes		General Obligation Street Improvement		Issued Oct 1, 1999		Issued April 1, 2002			
	Issued May 1, 1999		Issued April 1, 2002		Issued April 1, 2003		Interest		Interest			
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount		
2004	4.10%	\$ 185,000	3.60%	\$ 45,000	1.50%	\$ 480,000	\$ 710,000	5.00%	\$ 100,000	3.85%	\$ 60,000	\$ 160,000
2005	4.15	190,000	3.85	45,000	1.80	235,000	470,000	5.10	110,000	4.10	65,000	175,000
2006	4.20	205,000	4.10	45,000	2.20	240,000	490,000	5.15	115,000	4.35	65,000	180,000
2007	4.25	215,000	4.30	50,000	2.55	245,000	510,000	5.20	120,000	4.55	70,000	190,000
2008	-	-	4.50	50,000	-	-	50,000	5.25	125,000	4.75	75,000	200,000
2009	-	-	4.70	50,000	-	-	50,000	5.30	135,000	4.95	75,000	210,000
2010	-	-	4.80	55,000	-	-	55,000	5.40	140,000	5.05	80,000	220,000
2011	-	-	4.90	60,000	-	-	60,000	-	-	5.15	85,000	85,000
2012	-	-	5.00	60,000	-	-	60,000	-	-	5.25	90,000	90,000
2013	-	-	5.10	65,000	-	-	65,000	-	-	-	-	-
2014	-	-	5.20	65,000	-	-	65,000	-	-	-	-	-
2015	-	-	5.30	70,000	-	-	70,000	-	-	-	-	-
2016	-	-	5.40	75,000	-	-	75,000	-	-	-	-	-
<b>Total</b>		<b>\$ 795,000</b>		<b>\$ 735,000</b>		<b>\$ 1,200,000</b>	<b>\$ 2,730,000</b>		<b>\$ 845,000</b>		<b>\$ 665,000</b>	<b>\$ 1,510,000</b>

Year Ending June 30,	Revenue Bonds and Notes					Local Option Sales and Services Tax Revenue Bonds	
	Sewer Revolving Bonds		Sewer Notes		Total	Issued Aug 1, 2002	
	Issued Jan 3, 1995		Issued Dec 1, 2002			Interest	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2004	4.54%	\$ 55,000	2.50%	\$ 160,000	\$ 215,000	4.50%	\$ 90,000
2005	4.54	55,000	2.85	160,000	215,000	4.50	90,000
2006	4.54	60,000	3.25	170,000	230,000	4.70	95,000
2007	4.54	60,000	-	-	60,000	4.80	100,000
2008	4.54	65,000	-	-	65,000	4.90	105,000
2009	4.54	65,000	-	-	65,000	5.00	110,000
2010	4.54	70,000	-	-	70,000	5.10	115,000
2011	4.54	70,000	-	-	70,000	5.20	120,000
2012	4.54	75,000	-	-	75,000	-	-
2013	4.54	80,000	-	-	80,000	-	-
2014	4.54	80,000	-	-	80,000	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
<b>Total</b>		<b>\$ 735,000</b>		<b>\$ 490,000</b>	<b>\$1,225,000</b>		<b>\$ 825,000</b>

See accompanying independent auditor's report.

## City of Nevada

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 1,718,176	1,748,820	1,756,625	1,685,102
Urban renewal tax increment financing	766,134	754,855	634,674	476,079
Other city tax:				
Mobile home tax	26,570	26,158	23,686	22,648
Utility tax replacement excise tax	69,754	73,101	72,099	-
Local option sales tax	638,774	617,660	546,018	696,869
Hotel/motel tax	7,551	-	-	-
	742,649	716,919	641,803	719,517
Intergovernmental:				
State allocation	95,574	100,765	101,399	101,697
Road use tax allocation	542,049	533,290	494,249	487,420
Grants	297,393	25,759	432,625	11,461
Bank franchise tax	29,883	12,471	20,772	33,242
Other	80,743	88,311	112,013	53,974
	1,045,642	760,596	1,161,058	687,794
Total	\$ 4,272,601	3,981,190	4,194,160	3,568,492

See accompanying independent auditor's report.

**City of Nevada**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Nevada, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 8, 2003. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance 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 non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items (5) and (10).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Nevada's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. Prior year reportable conditions have been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Nevada and other parties to whom the City of Nevada may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Nevada during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink, appearing to read "Warren Jenkins". The signature is fluid and cursive, with a large loop at the end of the last name.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 8, 2003



City of Nevada  
Schedule of Findings  
Year ended June 30, 2003

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over financial reporting were noted.

**Findings Related to Required Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Certified Budget – Disbursements during the year ended June 30, 2003 exceeded the amount budgeted for the debt service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amount as required by Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget was completed using estimated numbers prior to the sale of the debt and the budget was not amended to show actual expenditures necessary. Payment of the debt which exceeded the budget was done at the end of May for the June 1<sup>st</sup> payment and it was beyond the date when a budget could be amended.

Conclusion – Response acknowledged. A budget can be amended after June 1, and it should have been amended before expenditures exceeded the budget.

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Nevada

Schedule of Findings

Year ended June 30, 2003

- (5) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rhett Faaborg, Parks and Recreation Board Member, Owner of Country Landscapes	Trees, landscaping, per bids Supplies, landscaping	\$ 13,798 3,099
Ken Huffaker, Cemetery Board Member, Owner of Nevada Monument	Cemetery markers, stone repair, sign, per bids Supplies	24,510 295
Jerry Mitchell, City employee, Owner of Mitchell Saw Sharpening	Chains	102

In accordance with Chapter 362.5 of the Code of Iowa, the non-bid transaction with Parks and Recreation Board Member Faaborg appears to represent a conflict of interest since total transactions with the individual exceeds the \$1,500 limit during the fiscal year. The other non-bid transactions do not appear to represent conflicts of interest since the total non-bid transactions with each individual were less than \$1,500 during the year.

The remaining transactions do not appear to represent conflicts of interest since they were entered into through competitive bidding.

Recommendation – The City should comply with the requirements of the Code of Iowa. The City should ensure that bids are solicited for purchases that may benefit a city employee or officer, directly or indirectly, which exceed the \$1,500 limit within the fiscal year.

Response – The City bids the bulk of the purchases from Country Landscapes. Country Landscapes provided replacement trees under a negotiated agreement with an affected property owner on the 2002 Sidewalk/Path Project and donated the labor to plant the trees at a savings of \$1,713 to the City. Multiple departments use Country Landscapes and each department bids projects over \$1,500.

Conclusion – Response acknowledged. The City should bid all transactions exceeding the \$1,500 cumulative limit as required by the Code of Iowa.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

City of Nevada

Schedule of Findings

Year ended June 30, 2003

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (9) Revenue Notes – The City has complied with the sewer revenue bond and note requirements for the year ended June 30, 2003.
- (10) Payment of Special Obligation Loan Agreement – The Special Obligation loan agreement payments were paid from the Capital Projects Fund, Soccerfield/Restroom Account. In accordance with Chapter 384.4 of the Code of Iowa, payment of this obligation should have been disbursed from the Debt Service Fund.

Recommendation – The City should transfer funds available to service this obligation to the Debt Service Fund. Payments of the loan agreement should then be disbursed from the Debt Service Fund.

Response – This was a one-time payment to satisfy the loan agreement obligation. Future payments of this type will be made in the appropriate manner in the future.

Conclusion – Response accepted.

- (11) Financial Condition – The Capital Projects Fund, Recreation/Athletic Buildings Account had a deficit balance of \$441,699 at June 30, 2003. The Expendable Trust Fund, Cemetery Foundation Trust had a deficit balance of \$2,539 at June 30, 2003.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial position.

Response – The Capital Projects Fund, (Recreation/Athletic Buildings-Pavilion) deficit balance was corrected in July, 2003 when the CAT (Community, Attraction and Tourism) grant funds were received and the project was closed out.

The Cemetery Foundation Trust went into a deficit balance in order to purchase a new entrance sign for the 1<sup>st</sup> Street entrance of the cemetery. The Cemetery Board has agreed to continue to seek donations to pay for the balance of the sign.

Conclusion – Response accepted.

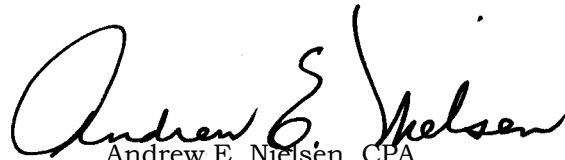
---

City of Nevada

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
Lesley R. Geary, CPA, Senior Auditor  
Sarah M. Wright, Staff Auditor  
Kristen E. Harang, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State