

City of Nevada, Missouri
Financial Statements
December 31, 2019



City of Nevada, Missouri
December 31, 2019

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City of Nevada, Missouri

Principal Officials

Mayor/City Council

George KnoxMayor

Dr. Carol Clyde-Gallagher Mayor Pro Tem/Council Member

Ryan Watts Council Member

Brian Leonard Council Member

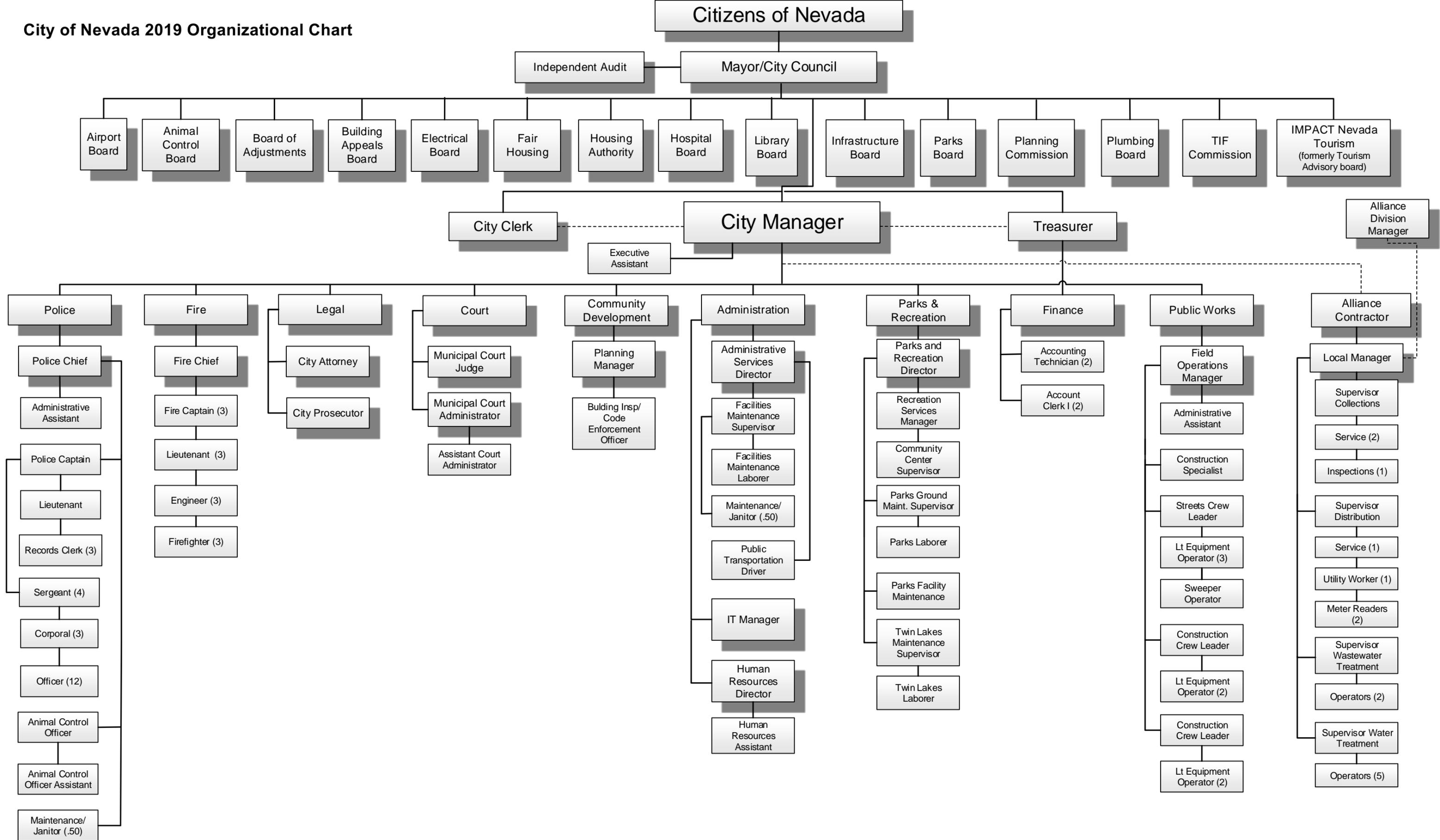
Lyndon Eberhard Council Member

Administration

JD Kehrman City Manager

Kristie Modlin City Treasurer

City of Nevada 2019 Organizational Chart





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

December 18, 2020

HONORABLE MAYOR AND CITY COUNCIL:

On behalf of the Finance Department, The City Manager is pleased to present this Annual Financial Report of the City of Nevada, Missouri (the City), for the fiscal year ended December 31, 2019. This report is required by Missouri State Statute (RSMo 105.145) and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report reflects changes required by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments* as well as other GASB statements issued before and since. The format and description of these reports are addressed in Management's Discussion and Analysis (MD&A) and in the notes to the financial statements. The MD&A can be found in the financial section of the report following the "Report of Independent Certified Public Accountants."

The report includes all activities of the City. All applicable funds, departments, and offices are included in these financial statements as part of the "primary government" of the City.

The City's financial statements have been audited by BKD, LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and statement presentation. The Independent Certified Public Accountants concluded, based upon the audit, that there was a reasonable basis for issuing an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2019, are fairly presented in conformity with generally accepted accounting principles (GAAP). The Report of the Certified Public Accountants is presented in the front of the Financial Section of this report.

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

The **financial section** begins with the independent auditors' report. The auditors' report discloses the opinion of the independent auditors with regard to the presentation of the financial statements and internal controls. This section also includes the MD&A, the Basic

Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statement for non-major funds, and other schedules that provide detailed information relative to the Basic Financial Statements.

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

Profile of the City

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

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

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

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

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

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

Financial Information

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

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

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

Factors Affecting Financial Condition

Local economy

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

The following table sets forth average annual unemployment figures for Vernon County compared to the State of Missouri. This information is a good indicator of economic activity in Nevada and other areas within the State.

AVERAGE ANNUAL UNEMPLOYMENT RATES

<u>Year</u>	Vernon County	MO Statewide	United States
2019	3.5%	3.3%	3.5%
2018	3.1%	3.2%	3.9%
2017	3.9%	3.4%	4.4%
2016	4.8%	4.5%	4.9%
2015	5.0%	5.0%	5.3%

Long-Term Financial Planning

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

Awards and Acknowledgements

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

Respectfully submitted,



Mark Mitchell
City Manager

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Nevada, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Nevada, Missouri (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Nevada City Hospital and Nevada City Nursing Home, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Nevada, Missouri, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 18, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Kansas City, Missouri
December 18, 2020

City of Nevada, Missouri

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2019

This section of the City of Nevada's Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2019 with selected comparative information for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements, and notes to the financial statements, to enhance their understanding of the activities and financial health of the City of Nevada.

Financial Highlights

- Net position of the City's primary government increased \$768,700 or about 2% during fiscal 2019 with a decrease of \$234,132 in governmental activities and an increase of \$1,002,832 in business-type activities.
- The primary government unrestricted net position decreased \$296,163 from \$2,387,144 to \$2,090,981. Unrestricted Governmental Activities net position decreased from the prior year by \$22,840 and unrestricted Business-type Activities decreased by \$273,323.
- Governmental expenditures of \$7,849,978 were \$663,270 greater than the \$7,186,708 generated in taxes and other revenues for governmental programs. Business-type expenses and transfers out of \$4,905,807 were \$1,002,832 less than the \$5,908,639 generated in taxes, other revenues and transfers in.

This discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for nonmajor governmental funds along with actual and budget comparison schedules.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - *Governmental Fund* statements tell how *general government* services like public safety, street, culture and recreation, and animal control were financed in the short-term as well as what remains for future spending.
 - *Proprietary Fund* statements offer short-term and long-term financial information about the activities the City government operates similar to a private business.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in single columns in each of the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when and how they have changed. Net position, the difference between the sum of the City's assets and deferred outflows of resources minus the sum of the City's liabilities and deferred inflows of resources, are one way to measure the City's financial health or current position.

- Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration should be given to additional factors such as changes in the City's property tax base, sale tax trends and the condition of the City streets.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities:* Most of the City's basic services are included here, such as public safety, roads and bridges, parks and recreation, and general administration. Sales and franchise taxes, property taxes, charges for services, and State and Federal grants finance most of these activities.
- *Business-type activities:* The City charges fees to customers to help cover the costs of certain services it provides. The City's only active business-type fund is the Water and Sewer Fund. The Landfill fund is open to record the cost of landfill closing requirements.
- *Component units:* The City currently has relationships with the Nevada City Hospital and the Nevada City Nursing Home which are classified as component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of and segregate specific sources of funding and spending for particular purposes.

- Some funds are required by state law and/or by bond covenants.
- The City Treasurer establishes other funds to control and manage resources for particular purposes (*i.e.* Debt Service and Capital Projects Funds) or to show that certain taxes and grants are used appropriately (*i.e.*, Special Revenue Funds).
- *Governmental funds:* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the

City's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.

- *Proprietary funds:* Operations which the City desires to view like it would a separate business are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long-term and short-term financial information.
- *The City's Proprietary Funds* are classified as a business-type activity on the government-wide financial statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

Government-Wide Financial Analysis

Net Position. As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2019, the City's total assets and deferred outflows of resources were \$53,746,548. Table A provides a summary of the City's governmental and business-type net position for fiscal 2019 and 2018:

Table A
Combined Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets and Deferred Outflows of Resources						
Cash, other assets and deferred outflows of resources	\$ 7,035,868	\$ 7,265,332	\$ 4,022,728	\$ 4,243,051	\$ 11,058,596	\$ 11,508,383
Capital assets	20,118,287	20,437,525	22,569,665	22,204,485	42,687,952	42,642,010
Total assets and deferred outflows of resources	\$ 27,154,155	\$ 27,702,857	\$ 26,592,393	\$ 26,447,536	\$ 53,746,548	\$ 54,150,393
Liabilities and Deferred Inflows of Resources						
Current, other liabilities and deferred inflows of resources	\$ 2,790,265	\$ 2,557,997	\$ 1,523,474	\$ 1,458,939	\$ 4,313,739	\$ 4,016,936
Long-term liabilities	5,750,635	6,297,473	8,621,029	9,543,539	14,371,664	15,841,012
Total liabilities and deferred inflows of resources	\$ 8,540,900	\$ 8,855,470	\$ 10,144,503	\$ 11,002,478	\$ 18,685,403	\$ 19,857,948
Net Position						
Net Investment in Capital Assets	\$ 15,392,524	\$ 15,216,284	\$ 13,223,217	\$ 11,947,208	\$ 28,615,741	\$ 27,163,492
Restricted:						
Capital projects & other	1,070,249	1,399,558	-	-	1,070,249	1,399,558
Debt service	76,826	76,618	1,094,830	1,090,479	1,171,656	1,167,097
Pension benefits	2,044,940	2,103,371	67,578	71,783	2,112,518	2,175,154
Unrestricted	28,716	51,556	2,062,265	2,335,588	2,090,981	2,387,144
Total net position	\$ 18,613,255	\$ 18,847,387	\$ 16,447,890	\$ 15,445,058	\$ 35,061,145	\$ 34,292,445

Total net position for the City at December 31, 2019, was \$35,061,145 with \$16,447,890 attributable to business-type activities and \$18,613,255 attributable to governmental activities.

At the end of fiscal 2019, the City had \$42,687,952 invested in a variety of capital assets, including land, buildings, construction in progress, law enforcement equipment, heavy equipment for the maintenance of roads and bridges, as well as infrastructure improvements. This was an increase of \$45,942 from fiscal 2018 and is primarily due to depreciation.

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

Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities. Table B (below) compares fiscal 2019 and 2018 revenues and expenditures for the primary government as they are reported in the Statement of Activities in the basic financial statements. The revenues and expenditures include the Governmental Activities (General Fund, Special Revenue Funds, and Capital Projects Funds) and Proprietary Funds (Water and Sewer Fund and Landfill Fund).

Sales taxes increased 1.5% compared to fiscal 2018 reflecting somewhat stagnant retail growth. Sales taxes are the largest revenue source at 47% of revenues in the governmental activities.

Franchise and other taxes decreased 4% from fiscal 2018 due to receipt of unpaid taxes from prior years. Franchise and other taxes are 21% of governmental activities revenues.

Property taxes and taxes paid in lieu of property taxes in the aggregate decreased \$26,561 or 3% in fiscal 2019. Total assessed valuation decreased 2%. Real estate assessed valuation decreased less than 1% while personal property assessed valuation decreased 5%. Property taxes are 12% of revenue in the governmental activities revenues.

Business-type Activities: Water and Sewer charges for services increased 7% and operating expenses increased less than 1%. Water and sewer rates were increased 1% to ensure that the system generated adequate revenues to pay the costs of operations and maintenance including replacement costs.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 1,045,519	\$ 1,010,834	\$ 4,712,861	\$ 4,392,246	\$ 5,758,380	\$ 5,403,080
Operating grants and contributions	112,701	120,579	-	-	112,701	120,579
Capital grants and contributions	7,000	-	-	-	7,000	-
<u>General Revenues</u>						
Taxes:						
Property taxes-general purposes	788,609	790,824	-	-	788,609	790,824
Property taxes-specific purposes	2,500	30,812	-	-	2,500	30,812
Franchise and other taxes	1,515,973	1,585,106	-	-	1,515,973	1,585,106
Sales taxes	3,392,976	3,340,501	865,684	809,750	4,258,660	4,150,251
Payment in lieu of tax	38,489	34,523	-	-	38,489	34,523
Investment earnings	114,363	53,796	275,467	263,021	389,830	316,817
Miscellaneous	168,578	77,904	54,627	50,552	223,205	128,456
Total revenues	7,186,708	7,044,879	5,908,639	5,515,569	13,095,347	12,560,448
Expenses						
Governmental Activities:						
General government	1,437,885	1,548,479	-	-	1,437,885	1,548,479
Municipal court	140,257	134,270	-	-	140,257	134,270
Public transportation	50,921	51,507	-	-	50,921	51,507
Public safety	2,968,662	3,071,388	-	-	2,968,662	3,071,388
Animal control	167,465	149,387	-	-	167,465	149,387
Planning and zoning	107,031	114,514	-	-	107,031	114,514
Culture and recreation	1,513,974	1,529,509	-	-	1,513,974	1,529,509
Street	1,176,731	1,135,168	-	-	1,176,731	1,135,168
Interest on long-term debt	287,052	249,781	-	-	287,052	249,781
Business-type Activities	-	-	4,514,328	4,512,727	4,514,328	4,512,727
Total expenses	7,849,978	7,984,003	4,514,328	4,512,727	12,364,306	12,496,730
Change in net position before transfers	(663,270)	(939,124)	1,394,311	1,002,842	731,041	63,718
Transfers & gain (loss) on disposal of assets	429,138	486,602	(391,479)	(435,984)	37,659	50,618
Change in net position	(234,132)	(452,522)	1,002,832	566,858	768,700	114,336
Net Position at beginning of year	18,847,387	19,299,909	15,445,058	14,878,200	34,292,445	34,178,109
Net Position at end of year	\$ 18,613,255	\$ 18,847,387	\$ 16,447,890	\$ 15,445,058	\$ 35,061,145	\$ 34,292,445

Financial Analysis of the City's Funds

Governmental Funds Overview. The City of Nevada uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section (Table B).

At the end of fiscal 2019, the City of Nevada reported a combined fund balance of \$3,335,570 in the Governmental Funds which is a 12% decrease from the prior year. Of the total combined fund balance, \$853,644 or 26% is unassigned. This is the portion of fund balance which serves as a measure of current available financial resources.

The non-spendable and restricted fund balance of \$2,481,926 represents resources not available for spending or those on which legal restriction have been placed.

The General Fund, Street Fund and Parks Fund are the City's three major governmental funds. The other major fund is the Water and Sewer Fund, a proprietary or "business-type" fund.

General Fund – The General Fund accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes, sales tax, franchise tax and charges for services. The General Fund completed the year with a fund balance of \$1,031,048, a decrease of \$150,191 from the prior year. Pooled cash and investments decreased 10%. The fund balance is 83% unassigned while the remaining 17% is non-spendable or restricted.

Street Fund – The Street Fund is used to account for collection of the one-half cent Transportation Sales Tax, other motor vehicle related revenue and to record the cost of maintaining and improving the streets, sidewalks and public parking lots of the City. The Street Fund completed the year with a fund balance of \$655,615 which is a decrease of \$254,022 from the prior year. Budgeted expenditures were greater than budgeted revenues resulting in a reduction of the fund balance.

Parks Fund – The Parks Fund is used to account for one-half cent sales tax, cigarette tax, user fees and to record the cost of recreational programs and operating, maintaining and improving park facilities. The fund balance is \$331,066 compared to the prior year balance of \$402,128. Assets are slightly less than 2018.

Water and Sewer Fund – The Water and Sewer Fund is a proprietary fund used to account for the sale of water and sewerage treatment and the costs associated with these services. The net position of the Water and Sewer Fund is \$16,550,026 which is an increase of \$979,954 compared to the prior year. Total assets increased slightly while total liabilities decreased 8% or \$845,061. The net position is 13% unrestricted and 87% for net investment in capital assets and restricted for: debt service and pension benefits.

General Fund Budgetary Highlights

Expenditures were \$5,320,954 or \$768,306 more than revenues. Other financing sources offset the deficit resulting in a net change in fund balance of (\$150,191).

Actual revenues were \$31,014 more than budgeted revenues. Budget significantly varied from actual in the following categories:

- Taxes fell short of budget: \$282,696
- Charges for services exceeded budget: \$384,118
- Payment in lieu of tax fell short of budget: \$199,200

Capital Assets and Debt Administration

Capital Assets. The City’s investment in capital assets for governmental and business-type activities for fiscal 2019 is \$42,687,952 net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress and represents an increase of \$45,942 or less than 1% from fiscal 2018. Major capital assets funded this year are as follows:

- Police and Fire vehicles
- Street and parking lot improvements
- Fire Turnout Gear
- Water and Sewer main improvements

Additional information on the City’s capital assets can be found in *Note 4*.

Debt Administration. The City of Nevada had various forms of debt during fiscal 2019. Table C below shows the City’s outstanding debt by type:

	Governmental		Business-type		Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 33,898	\$ 38,818	\$ -	\$ -	\$ 33,898	\$ 38,818
Certificates of participation	3,850,000	4,080,000	-	-	3,850,000	4,080,000
Sewerage revenue bonds	-	-	6,590,000	7,175,000	6,590,000	7,175,000
2015 SRF Loan	-	-	2,272,300	2,388,900	2,272,300	2,388,900
Capital leases	2,042,626	2,277,965	369,479	565,904	2,412,105	2,843,869
Total	\$ 5,926,524	\$ 6,396,783	\$ 9,231,779	\$ 10,129,804	\$ 15,158,303	\$ 16,526,587

Primary government debt decreased \$1,368,284 or 8%.

The City’s debt for governmental activities decreased \$470,259 or 7% from fiscal 2018.

Debt for business-type activities decreased \$898,025 or 9% due to state revolving loan payments made during the year.

Additional information on the City’s long-term debt can be found in *Note 7*.

Budget and Tax Rates

- General Fund budgeted revenues were 1% less than fiscal 2018 budget while budgeted expenditures were 6% more than fiscal 2018. Actual revenues in the general fund decreased less than 1% compared to fiscal 2018 actual revenues. Actual expenditures increased 4% compared to fiscal 2018.

- The City has a one cent general sales tax, one-half cent parks sales tax, one-half cent transportation sales tax, one-half cent capital improvement sales tax and a three cent occupancy tax. Sales tax revenue decreased less than 1%.
- The City's property tax levy increased from \$0.9218 to \$0.9346 per \$100 of assessed valuation. The levy is comprised of two components: General Revenue levy of \$0.7346 and Library levy of \$0.2000. The Parks and Recreation levy was rolled back to zero in favor of a permanent park's sales tax beginning fiscal 2015.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Mark Mitchell, City Manager, City of Nevada, 110 South Ash, Nevada, Missouri 64772.

City of Nevada, Missouri
Statement of Net Position
December 31, 2019

	Primary Government			As of 6/30/2019
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
ASSETS				
Pooled cash and investments	\$ 3,206,225	\$ 2,084,693	\$ 5,290,918	\$ 4,302,427
Cash and investments-restricted	80,021	1,094,830	1,174,851	3,070,618
Taxes receivable, net	1,063,929	66,356	1,130,285	-
Accounts receivable	101,569	529,223	630,792	6,436,196
Special assessments receivable	23,994	-	23,994	-
Inventories	32,666	134,940	167,606	837,782
Prepaid expenses	146,707	31,044	177,751	2,127,051
Net pension asset	2,044,940	67,578	2,112,518	8,094,015
Capital assets, nondepreciable	790,712	464,057	1,254,769	63,483
Capital assets, depreciable, net	<u>19,327,575</u>	<u>22,105,608</u>	<u>41,433,183</u>	<u>11,932,024</u>
Total assets	<u>26,818,338</u>	<u>26,578,329</u>	<u>53,396,667</u>	<u>36,863,596</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	-	-	-	1,263,961
Pensions	288,955	14,064	303,019	464,794
Other post-employment benefits	<u>46,862</u>	<u>-</u>	<u>46,862</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 27,154,155</u>	<u>\$ 26,592,393</u>	<u>\$ 53,746,548</u>	<u>\$ 38,592,351</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 340,934	\$ 72,144	\$ 413,078	\$ 5,304,380
Salaries and benefits payable	236,641	9,456	246,097	896,130
Liabilities payable from restricted assets	9,402	287,036	296,438	-
Due to other governments	-	-	-	122,943
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	674,636	897,021	1,571,657	1,037,566
Compensated absences	39,000	1,100	40,100	861,951
Accrued interest	49,059	241,490	290,549	158,886
Due in more than one year:				
Bonds, capital leases, and contracts	5,207,177	8,449,427	13,656,604	16,650,050
Compensated absences	263,914	14,276	278,190	-
Total other post-employment benefits liability	279,544	-	279,544	-
Post closure costs	<u>-</u>	<u>157,326</u>	<u>157,326</u>	<u>-</u>
Total liabilities	<u>7,100,307</u>	<u>10,129,276</u>	<u>17,229,583</u>	<u>25,031,906</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	679,301	-	679,301	-
Pensions	751,018	15,227	766,245	1,704,271
Other post-employment benefits	<u>10,274</u>	<u>-</u>	<u>10,274</u>	<u>-</u>
Total deferred inflows of resources	<u>1,440,593</u>	<u>15,227</u>	<u>1,455,820</u>	<u>1,704,271</u>
NET POSITION				
Net investment in capital assets	15,392,524	13,223,217	28,615,741	(588,807)
Restricted for:				
Parks and recreation	304,247	-	304,247	-
Airport	15,682	-	15,682	-
Debt service	76,826	1,094,830	1,171,656	742,299
Street	601,611	-	601,611	-
Economic development	127,432	-	127,432	-
Police and court	21,277	-	21,277	-
Pension benefits	2,044,940	67,578	2,112,518	8,094,015
Unrestricted	<u>28,716</u>	<u>2,062,265</u>	<u>2,090,981</u>	<u>3,608,667</u>
Total net position	<u>18,613,255</u>	<u>16,447,890</u>	<u>35,061,145</u>	<u>11,856,174</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 27,154,155</u>	<u>\$ 26,592,393</u>	<u>\$ 53,746,548</u>	<u>\$ 38,592,351</u>

City of Nevada, Missouri
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			As of 6/30/19 Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,437,885	\$ 625,307	\$ 6,429	\$ -	\$ (806,149)	\$ -	\$ (806,149)	\$ -
Public transportation	50,921	-	50,221	-	(700)	-	(700)	-
Public safety	2,965,592	8,462	56,051	-	(2,901,079)	-	(2,901,079)	-
Emergency management	3,070	-	-	-	(3,070)	-	(3,070)	-
Municipal court	140,257	124,303	-	-	(15,954)	-	(15,954)	-
Animal control	167,465	3,753	-	-	(163,712)	-	(163,712)	-
Planning and zoning	107,031	5,494	-	-	(101,537)	-	(101,537)	-
Culture and recreation	1,513,974	278,200	-	7,000	(1,228,774)	-	(1,228,774)	-
Street	1,176,731	-	-	-	(1,176,731)	-	(1,176,731)	-
Interest on long-term debt	287,052	-	-	-	(287,052)	-	(287,052)	-
Total governmental activities	<u>7,849,978</u>	<u>1,045,519</u>	<u>112,701</u>	<u>7,000</u>	<u>(6,684,758)</u>	<u>-</u>	<u>(6,684,758)</u>	<u>-</u>
Business-type activities:								
Water and sewer	4,514,299	4,712,861	-	-	-	198,562	198,562	-
Landfill	29	-	-	-	-	(29)	(29)	-
Total business-type activities	<u>4,514,328</u>	<u>4,712,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,533</u>	<u>198,533</u>	<u>-</u>
Total primary government	<u>\$ 12,364,306</u>	<u>\$ 5,758,380</u>	<u>\$ 112,701</u>	<u>\$ 7,000</u>	<u>(6,684,758)</u>	<u>198,533</u>	<u>(6,486,225)</u>	<u>-</u>
Total component units	<u>\$ 46,949,362</u>	<u>\$ 44,492,177</u>	<u>\$ -</u>	<u>\$ 75,076</u>	<u>-</u>	<u>-</u>	<u>(2,382,109)</u>	<u>-</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					788,609	-	788,609	\$ -
Property taxes, levied for specific purposes					2,500	-	2,500	-
Franchise and other taxes					1,515,973	-	1,515,973	-
Sales taxes					3,392,976	865,684	4,258,660	-
Payment in lieu of tax					38,489	-	38,489	-
Investment earnings					114,363	275,467	389,830	80,920
Miscellaneous					168,578	54,627	223,205	-
Gain (loss) on disposal of assets					31,880	5,779	37,659	-
Transfers					397,258	(397,258)	-	-
Total general revenues and transfers					<u>6,450,626</u>	<u>804,299</u>	<u>7,254,925</u>	<u>80,920</u>
Change in net position					(234,132)	1,002,832	768,700	(2,301,189)
Net position - Beginning of year					18,847,387	15,445,058	34,292,445	14,157,363
Net position - End of year					<u>\$ 18,613,255</u>	<u>\$ 16,447,890</u>	<u>\$ 35,061,145</u>	<u>\$ 11,856,174</u>

City of Nevada, Missouri
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Street Fund	Parks Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 854,327	\$ 776,875	\$ 267,627	\$ 1,307,396	\$ 3,206,225
Cash and investments-restricted	80,021	-	-	-	80,021
Taxes receivable, net	918,778	66,356	72,599	6,196	1,063,929
Special assessments receivable	-	-	-	23,994	23,994
Other receivables	72,082	28,336	1,050	101	101,569
Inventories	-	32,666	-	-	32,666
Prepaid expenses	97,383	21,338	26,819	1,167	146,707
Total assets	<u>\$ 2,022,591</u>	<u>\$ 925,571</u>	<u>\$ 368,095</u>	<u>\$ 1,338,854</u>	<u>\$ 4,655,111</u>
LIABILITIES					
Accounts payable	\$ 69,536	\$ 252,381	\$ 17,176	\$ 1,841	\$ 340,934
Salaries and benefits payable	199,213	17,575	19,853	-	236,641
Payable from restricted assets	9,402	-	-	-	9,402
Total liabilities	<u>278,151</u>	<u>269,956</u>	<u>37,029</u>	<u>1,841</u>	<u>586,977</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	679,301	-	-	-	679,301
Unavailable revenues	34,091	-	-	19,172	53,263
Total deferred inflows of resources	<u>713,392</u>	<u>-</u>	<u>-</u>	<u>19,172</u>	<u>732,564</u>
FUND BALANCES					
Nonspendable:					
Prepays	97,383	21,338	26,819	836	146,376
Inventories	-	32,666	-	-	32,666
Restricted:					
Capital projects	-	-	-	1,156,050	1,156,050
Parks and recreation	-	-	304,247	-	304,247
Airport	-	-	-	15,682	15,682
Debt service	76,826	-	-	-	76,826
Street	-	601,611	-	-	601,611
Economic development	-	-	-	127,191	127,191
Police and court	3,195	-	-	18,082	21,277
Unassigned	853,644	-	-	-	853,644
Total fund balances	<u>1,031,048</u>	<u>655,615</u>	<u>331,066</u>	<u>1,317,841</u>	<u>3,335,570</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,022,591</u>	<u>\$ 925,571</u>	<u>\$ 368,095</u>	<u>\$ 1,338,854</u>	<u>\$ 4,655,111</u>

City of Nevada, Missouri
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2019

Fund balances - total governmental funds \$ 3,335,570

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position 20,118,287

Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are deferred in the funds 53,263

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. This amount represents the net of discounts and premiums on long-term obligations and the City's net pension asset:

Net premiums and discounts	44,711
Net pension asset	2,044,940
	2,089,651

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (49,059)

Deferred pension and other post-employment benefits inflows and outflows are not included in the fund financial statements, but are included in the governmental activities Statement of Net Position:

Inflows	(761,292)
Outflows	335,817
	(425,475)

Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the government-wide statements:

Bonds and capital leases	(5,926,524)
Compensated absences	(302,914)
Other post-employment benefits	(279,544)
	(6,508,982)

Net Position of Governmental Activities in the Statement of Net Position \$ 18,613,255

City of Nevada, Missouri
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Street Fund	Parks Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,515,298	\$ 1,194,748	\$ 891,648	\$ 98,364	\$ 5,700,058
Licenses and permits	99,604	-	-	-	99,604
Intergovernmental	111,575	-	-	1,126	112,701
Charges for services	519,118	-	278,200	6,585	803,903
Fees and fines	135,383	-	-	-	135,383
Investment earnings	39,718	31,999	13,071	29,575	114,363
Payment in lieu of tax	38,489	-	-	-	38,489
Other	93,463	19,804	31,329	23,985	168,581
	<u>4,552,648</u>	<u>1,246,551</u>	<u>1,214,248</u>	<u>159,635</u>	<u>7,173,082</u>
Total revenues					
EXPENDITURES					
General government	1,136,608	-	-	4,240	1,140,848
Municipal court	143,759	-	-	-	143,759
Public transportation	51,884	-	-	-	51,884
Public safety	2,762,374	-	-	-	2,762,374
Emergency management	3,070	-	-	-	3,070
Animal control	170,289	-	-	-	170,289
Planning and zoning	110,002	-	-	-	110,002
Culture and recreation	-	-	1,150,864	98,845	1,249,709
Street	-	885,339	-	-	885,339
Capital outlay	242,790	586,439	12,917	1,168	843,314
Debt service:					
Principal	479,107	8,163	118,579	4,920	610,769
Interest and other charges	221,071	166	27,027	1,533	249,797
	<u>5,320,954</u>	<u>1,480,107</u>	<u>1,309,387</u>	<u>110,706</u>	<u>8,221,154</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(768,306)</u>	<u>(233,556)</u>	<u>(95,139)</u>	<u>48,929</u>	<u>(1,048,072)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from capital lease	151,372	-	-	-	151,372
Sale of capital assets	8,300	20,600	2,980	-	31,880
Transfers in	471,776	9,076	14,097	-	494,949
Transfers out	(13,333)	(50,142)	-	(34,216)	(97,691)
	<u>618,115</u>	<u>(20,466)</u>	<u>24,077</u>	<u>(34,216)</u>	<u>587,510</u>
Total other financing sources and uses					
Net change in fund balance	(150,191)	(254,022)	(71,062)	14,713	(460,562)
Fund balances - beginning of year	<u>1,181,239</u>	<u>909,637</u>	<u>402,128</u>	<u>1,303,128</u>	<u>3,796,132</u>
Fund balances - end of year	<u>\$ 1,031,048</u>	<u>\$ 655,615</u>	<u>\$ 331,066</u>	<u>\$ 1,317,841</u>	<u>\$ 3,335,570</u>

City of Nevada, Missouri
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds: \$ (460,562)

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

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

Capital outlay	843,314
Loss on disposal of assets	(6,900)
Depreciation expense	(1,155,652)
	(319,238)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned (13,830)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Position reports repayment as a reduction to long-term liabilities. This is the amount by which repayments exceed proceeds:

Other financing sources-proceeds from capital lease	(151,372)
Repayment of principal	621,631
	470,259

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

Amortization of premiums/discounts	(3,726)
	(3,726)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net pension asset	(58,431)
Other post-employment benefits	28,701
Deferred inflow and outflow - pensions and other-postemployment benefits	156,950
Accrued interest not reflected on governmental funds	(33,529)
Compensated absences	(726)
	92,965

Change in net position of governmental activities \$ (234,132)

City of Nevada, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2019

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
ASSETS			
Current assets:			
Pooled cash and investments	\$ 2,029,517	\$ 55,176	\$ 2,084,693
Cash and investments-restricted	1,094,830	-	1,094,830
Accounts receivable	529,223	-	529,223
Taxes receivable	66,356	-	66,356
Inventories	134,940	-	134,940
Prepaid expenses	31,030	14	31,044
Total current assets	<u>3,885,896</u>	<u>55,190</u>	<u>3,941,086</u>
Noncurrent assets:			
Net pension asset	67,578	-	67,578
Capital assets:			
Construction in progress	374,274	-	374,274
Land and improvements	89,783	-	89,783
Improvements other than buildings	15,574,553	-	15,574,553
Buildings	19,427,850	-	19,427,850
Equipment and vehicles	4,097,045	-	4,097,045
Total capital assets at cost	39,563,505	-	39,563,505
Less accumulated depreciation	(16,993,840)	-	(16,993,840)
Capital assets, net	<u>22,569,665</u>	<u>-</u>	<u>22,569,665</u>
Total noncurrent assets	<u>22,637,243</u>	<u>-</u>	<u>22,637,243</u>
Total assets	<u>26,523,139</u>	<u>55,190</u>	<u>26,578,329</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	14,064	-	14,064
Total assets and deferred outflows of resources	<u>\$ 26,537,203</u>	<u>\$ 55,190</u>	<u>\$ 26,592,393</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 72,144	\$ -	\$ 72,144
Salaries and benefits payable	9,456	-	9,456
Accrued interest payable	241,490	-	241,490
Customer deposits	287,036	-	287,036
Compensated absences	1,100	-	1,100
Bonds, notes, and loans payable	897,021	-	897,021
Total current liabilities	<u>1,508,247</u>	<u>-</u>	<u>1,508,247</u>
Noncurrent liabilities:			
Compensated absences	14,276	-	14,276
Postclosure costs	-	157,326	157,326
Bonds, notes, and loans payable	8,449,427	-	8,449,427
Total noncurrent liabilities	<u>8,463,703</u>	<u>157,326</u>	<u>8,621,029</u>
Total liabilities	<u>9,971,950</u>	<u>157,326</u>	<u>10,129,276</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	15,227	-	15,227
NET POSITION			
Net investment in capital assets	13,223,217	-	13,223,217
Restricted for:			
Debt service	1,094,830	-	1,094,830
Pension benefits	67,578	-	67,578
Unrestricted	2,164,401	(102,136)	2,062,265
Total net position	<u>16,550,026</u>	<u>(102,136)</u>	<u>16,447,890</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 26,537,203</u>	<u>\$ 55,190</u>	<u>\$ 26,592,393</u>

City of Nevada, Missouri
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 4,712,861	\$ -	\$ 4,712,861
OPERATING EXPENSES			
Personnel services	278,581	-	278,581
Contractual services	1,479,435	-	1,479,435
Materials and supplies	143,640	-	143,640
Maintenance and repairs	273,700	-	273,700
Insurance	60,951	29	60,980
Utilities	325,573	-	325,573
Depreciation and amortization	948,834	-	948,834
Administration	<u>517,592</u>	<u>-</u>	<u>517,592</u>
	<u>4,028,306</u>	<u>29</u>	<u>4,028,335</u>
Operating income (loss)	<u>684,555</u>	<u>(29)</u>	<u>684,526</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	275,467	-	275,467
Miscellaneous income	37,499	22,907	60,406
Sales tax	865,684	-	865,684
Interest expense	<u>(485,993)</u>	<u>-</u>	<u>(485,993)</u>
Net nonoperating revenues	<u>692,657</u>	<u>22,907</u>	<u>715,564</u>
Income before transfers	<u>1,377,212</u>	<u>22,878</u>	<u>1,400,090</u>
Transfers in	8,356	-	8,356
Transfers out	<u>(405,614)</u>	<u>-</u>	<u>(405,614)</u>
Net transfers	<u>(397,258)</u>	<u>-</u>	<u>(397,258)</u>
Increase in net position	979,954	22,878	1,002,832
Total Net Position - Beginning of year	<u>15,570,072</u>	<u>(125,014)</u>	<u>15,445,058</u>
Total Net Position - End of year	<u>\$ 16,550,026</u>	<u>\$ (102,136)</u>	<u>\$ 16,447,890</u>

City of Nevada, Missouri
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2019

	Water and Sewer	Landfill (Nonmajor)	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers and users	\$ 4,683,100	\$ -	\$ 4,683,100
Payments to employees and fringe benefits	(283,923)	-	(283,923)
Payments to suppliers	(2,822,803)	-	(2,822,803)
Other receipts	<u>47,060</u>	<u>14,374</u>	<u>61,434</u>
Net cash provided by operating activities	<u>1,623,434</u>	<u>14,374</u>	<u>1,637,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net transfers to other funds	<u>(397,258)</u>	<u>-</u>	<u>(397,258)</u>
Net cash used in noncapital financing activities	<u>(397,258)</u>	<u>-</u>	<u>(397,258)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,314,014)	-	(1,314,014)
Principal paid on capital debt and leases	(898,025)	-	(898,025)
Proceeds from capital sales tax receipts	865,684	-	865,684
Interest paid on capital debt and leases	<u>(411,376)</u>	<u>-</u>	<u>(411,376)</u>
Net cash used in capital and related financing activities	<u>(1,757,731)</u>	<u>-</u>	<u>(1,757,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>275,467</u>	<u>-</u>	<u>275,467</u>
Net cash provided by investing activities	<u>275,467</u>	<u>-</u>	<u>275,467</u>
Net increase (decrease) in cash and cash equivalents	(256,088)	14,374	(241,714)
Cash and cash equivalents, beginning of year	<u>3,380,435</u>	<u>40,802</u>	<u>3,421,237</u>
Cash and cash equivalents, end of year	<u>\$ 3,124,347</u>	<u>\$ 55,176</u>	<u>\$ 3,179,523</u>
Components of cash and cash equivalents			
Unrestricted	\$ 2,029,517	\$ 55,176	\$ 2,084,693
Restricted	<u>1,094,830</u>	<u>-</u>	<u>1,094,830</u>
	<u>\$ 3,124,347</u>	<u>\$ 55,176</u>	<u>\$ 3,179,523</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 684,555</u>	<u>\$ (29)</u>	<u>\$ 684,526</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	936,030	-	936,030
Miscellaneous nonoperating income	37,499	22,907	60,406
Changes in assets and liabilities:			
Receivables, net	(29,761)	50	(29,711)
Net pension asset	4,205	-	4,205
Deferred inflows - pensions	(4,360)	-	(4,360)
Deferred outflows - pensions	(1,056)	-	(1,056)
Meter deposits	9,561	-	9,561
Inventory and other prepayments	5,171	-	5,171
Accounts payable and accrued liabilities	(14,279)	-	(14,279)
Postclosure costs	-	(8,554)	(8,554)
Compensated absences	<u>(4,131)</u>	<u>-</u>	<u>(4,131)</u>
Total adjustments	<u>938,879</u>	<u>14,403</u>	<u>953,282</u>
Net cash provided by operating activities	<u>\$ 1,623,434</u>	<u>\$ 14,374</u>	<u>\$ 1,637,808</u>

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2019

	COMPONENT UNITS		
	Medical Center	Nursing Home	Total
ASSETS			
Pooled cash and investments	\$ 1,367,313	\$ 2,935,114	\$ 4,302,427
Cash and investments-restricted	3,070,618	-	3,070,618
Accounts receivable	5,364,155	1,072,041	6,436,196
Inventories	818,584	19,198	837,782
Prepaid expenses	889,068	1,237,983	2,127,051
Net pension asset	6,978,146	1,115,869	8,094,015
Capital assets, net	<u>10,360,928</u>	<u>1,634,579</u>	<u>11,995,507</u>
Total assets	<u>28,848,812</u>	<u>8,014,784</u>	<u>36,863,596</u>
DEFERRED OUTFLOWS OF RESOURCES			
Debt refunding	1,263,961	-	1,263,961
Pensions	<u>390,513</u>	<u>74,281</u>	<u>464,794</u>
Total assets and deferred outflows of resources	<u>\$ 30,503,286</u>	<u>\$ 8,089,065</u>	<u>\$ 38,592,351</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 4,947,302	\$ 357,078	\$ 5,304,380
Salaries and benefits payable	712,275	183,855	896,130
Due to other governments	-	122,943	122,943
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,037,566	-	1,037,566
Compensated absences	697,405	164,546	861,951
Accrued interest	158,886	-	158,886
Due in more than one year:			
Bonds, capital leases, and contracts	<u>16,650,050</u>	<u>-</u>	<u>16,650,050</u>
Total liabilities	<u>24,203,484</u>	<u>828,422</u>	<u>25,031,906</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>1,519,620</u>	<u>184,651</u>	<u>1,704,271</u>
NET POSITION			
Net investment in capital assets	(2,223,386)	1,634,579	(588,807)
Restricted for:			
Debt service	742,299	-	742,299
Pension benefits	6,978,146	1,115,869	8,094,015
Unrestricted	<u>(716,877)</u>	<u>4,325,544</u>	<u>3,608,667</u>
Total net position	<u>4,780,182</u>	<u>7,075,992</u>	<u>11,856,174</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 30,503,286</u>	<u>\$ 8,089,065</u>	<u>\$ 38,592,351</u>

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Medical Center</u>	<u>Nursing Home</u>	<u>Total</u>
Component Units							
Medical Center	\$ 38,282,902	\$ 36,463,500	\$ -	\$ 75,076	\$ (1,744,326)	\$ -	\$ (1,744,326)
Nursing Home	8,666,460	8,028,677	-	-	-	(637,783)	(637,783)
Total component units	<u>\$ 46,949,362</u>	<u>\$ 44,492,177</u>	<u>\$ -</u>	<u>\$ 75,076</u>	<u>(1,744,326)</u>	<u>(637,783)</u>	<u>(2,382,109)</u>
General revenues:							
Investment earnings					72,836	8,084	80,920
Total general revenues					<u>72,836</u>	<u>8,084</u>	<u>80,920</u>
Change in net position					<u>(1,671,490)</u>	<u>(629,699)</u>	<u>(2,301,189)</u>
Net position - beginning of year					<u>6,451,672</u>	<u>7,705,691</u>	<u>14,157,363</u>
Net position - end of year					<u>\$ 4,780,182</u>	<u>\$ 7,075,992</u>	<u>\$ 11,856,174</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Nevada, Missouri (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity

The City of Nevada, Missouri, located in Vernon County, Missouri, is a municipal corporation incorporated under the Home Rule provision of the Constitution of the State of Missouri. Nevada is a charter city and operates under a Council/Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants. The City Manager is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

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

Discretely Presented Component Units

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

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

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

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Blended Component Unit

The following legally separate entity is a component unit that is, in substance, a part of the City's general operations.

Nevada Animal Shelter Corporation (the Animal Shelter) is governed by the City Council. Although it is legally separate from the City, the Animal Shelter is reported as if it were part of the primary government because its sole function is to house animals for the City. The activities of the Animal Shelter are included in the accompanying financial statements as a part of the general fund. The Animal Shelter does not have separately issued financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the City and its component units. *Governmental activities* which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred,

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the following year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represents the 2019 levy plus any uncollected amounts from the 2018 levy. Property taxes that are not available for current year operations are shown as a deferred inflow.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

The government reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as police and fire protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel, and general administration of the City.

Revenue sources include taxes, which include property taxes, sales taxes, and franchise taxes. Other revenues include other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Street Fund accounts for the operation and maintenance of streets, curbs, etc.

The Parks Fund accounts for taxes collected and expended for operations and improvements to the City's parks, pool, and golf course.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City's proprietary funds are as follows:

Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing, collection, and related debt service.

Landfill Fund (nonmajor) accounts for activities of the landfill.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, *i.e.*, charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Nonoperating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Net Position - Government-Wide Statements

Net Position is displayed in three components:

- (1) Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted: Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- (1) *Nonspendable* - This classification reflects the amounts of resources that cannot be spent. Examples of nonspendable resources are inventory and prepaids.
- (2) *Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- (4) *Assigned fund balance* - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and the City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- (5) *Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order, as needed.

Budgets

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to be adopted for all governmental funds. The City prepares its budgets on the modified accrual basis of accounting for its governmental funds and the accrual basis for its proprietary funds. The City Council has performed the following procedures in establishing the City's budget:

- (1) Prior to November 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

- (3) Prior to January 1, the budget is legally enacted through the passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. This constitutes the City's legal level of budgetary control.
- (5) Appropriations lapse at year-end, but may be reappropriated in the following fiscal year.

Pooled Cash, Investments and Restricted Assets

State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At December 31, 2019, the City's cash was deposited in demand accounts and certificates of deposit. Investments with maturities of less than one year are stated at amortized cost, which approximates fair value. All other investments are stated at fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting period and will not be recognized as outflow of resources, or expense/expenditure, until then.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future reporting period and will not be recognized as an inflow of resources, until then.

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

Statement of Cash Flows

A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Accounts Receivable

Accounts receivable for water and sewer services are accounted for in the Water and Sewer Funds and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through December 31, 2019. Accounts receivable in the General Fund represents charges for the mowing of weeds and fire protection. All accounts receivable are stated net of allowances.

Interfund Receivables and Payables

Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables. Short-term amounts owed between funds are classified as due to/from other funds.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Prepaid Items

Prepaid items consist of expenditures paid in the current year but will be used in the following year(s).

Inventory

Inventory, which consists principally of maintenance supplies, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

Buildings	40 years
Plant, structure and lines	50-60 years
Infrastructure	50 years
Equipment and vehicles	3-10 years

Compensated Absences

Accumulated vacation and sick leave, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a liability within the proprietary fund type and the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-Term Liabilities

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

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

Use of Estimates

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

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties other than the City’s taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses, permits, fees and grants
Municipal court	Fines
Public transportation	Grants
Public safety	Fees, fines and grants
Animal control	Licenses
Planning and zoning	Fees
Culture and recreation	Fees

Pensions

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Deposits and Investments

At December 31, 2019, the carrying amount of the City’s cash on hand, demand deposits and certificates of deposit in financial institutions was \$1,767, \$2,360,309 and \$4,089,299, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At December 31, 2019, the City’s investments consisted of the following:

	Carrying Amount	Fair Value	Investment Rating
Money Market	<u>\$ 14,394</u>	<u>\$ 14,394</u>	Not Applicable

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City’s policy is to collateralize demand deposits with securities held by the financial institution’s agent and in the City’s name.

At December 31, 2019, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Investment type, Money market	\$ 14,394	\$ 14,394	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor’s and Moody’s. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

The City's general credit risk policy is to apply the prudent person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probability safety of their capital, as well as the probable income to be derived.

At December 31, 2019, the carrying value of deposits and investments are summarized as follows:

Investments	\$ 14,394
Deposits	<u>6,451,375</u>
 Total	 <u><u>\$ 6,465,769</u></u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Government-wide statement of net position:	
Pooled cash and investments	\$ 5,290,918
Restricted cash	<u>1,174,851</u>
 Total	 <u><u>\$ 6,465,769</u></u>

Note 3: Accounts Receivable

As a result of providing water and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$10,490 for the Water and Sewer Fund.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2019, consisted of the following:

	Balance 1/1/2019	Additions	Retirements	Transfers	Balance 12/31/2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 732,429	\$ 12,917	\$ -	\$ -	\$ 745,346
Construction in progress	63,491	1,875	20,000	-	45,366
Total capital assets not being depreciated	<u>795,920</u>	<u>14,792</u>	<u>20,000</u>	<u>-</u>	<u>790,712</u>
Capital assets being depreciated:					
Buildings	11,745,719	-	-	-	11,745,719
Equipment and vehicles	5,787,445	242,083	102,847	-	5,926,681
Software	307,615	-	-	-	307,615
Infrastructure	12,751,641	606,439	-	-	13,358,080
Total capital assets being depreciated	<u>30,592,420</u>	<u>848,522</u>	<u>102,847</u>	<u>-</u>	<u>31,338,095</u>
Less accumulated depreciation:					
Buildings	3,492,268	275,459	-	67,627	3,835,354
Equipment and vehicles	3,635,723	349,794	95,947	(75,031)	3,814,539
Software	282,923	7,336	-	7,404	297,663
Infrastructure	3,539,901	523,063	-	-	4,062,964
Total accumulated depreciation	<u>10,950,815</u>	<u>1,155,652</u>	<u>95,947</u>	<u>-</u>	<u>12,010,520</u>
Total capital assets being depreciated, net	<u>19,641,605</u>	<u>(307,130)</u>	<u>6,900</u>	<u>-</u>	<u>19,327,575</u>
Governmental activities capital assets, net	<u>\$ 20,437,525</u>	<u>\$ (292,338)</u>	<u>\$ 26,900</u>	<u>\$ -</u>	<u>\$ 20,118,287</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

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

Government activities:	
General government	\$ 101,845
Police	144,440
Fire	138,391
Culture and recreation	277,229
Airport	202,355
Street	<u>291,392</u>
 Total depreciation expense, governmental	 <u>\$ 1,155,652</u>

Capital asset activity for the year ended December 31, 2019, consisted of the following:

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	<u>164,769</u>	<u>209,505</u>	<u>-</u>	<u>374,274</u>
Total capital assets not being depreciated	<u>254,552</u>	<u>209,505</u>	<u>-</u>	<u>464,057</u>
Capital assets being depreciated:				
Buildings	19,422,038	5,812	-	19,427,850
Equipment and vehicles	4,090,371	6,674	-	4,097,045
Plant, structure and lines	<u>14,482,530</u>	<u>1,092,023</u>	<u>-</u>	<u>15,574,553</u>
Total capital assets being depreciated	<u>37,994,939</u>	<u>1,104,509</u>	<u>-</u>	<u>39,099,448</u>
Less accumulated depreciation,				
Water and sewer	<u>16,045,006</u>	<u>948,834</u>	<u>-</u>	<u>16,993,840</u>
Total accumulated depreciation	<u>16,045,006</u>	<u>948,834</u>	<u>-</u>	<u>16,993,840</u>
Total capital assets being depreciated, net	<u>21,949,933</u>	<u>155,675</u>	<u>-</u>	<u>22,105,608</u>
Business-type activities capital assets, net	<u>\$ 22,204,485</u>	<u>\$ 365,180</u>	<u>\$ -</u>	<u>\$ 22,569,665</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Capital asset activity for the year ended June 30, 2019, consisted of the following:

	Balance 7/1/2018	Additions	Disposals	Transfers	Balance 6/30/2019
Nursing Home					
Land and land improvements	\$ 304,962	\$ 29,000	\$ -	\$ -	\$ 333,962
Buildings and leasehold improvements	6,313,117	-	-	-	6,313,117
Furnishings and equipment	1,886,313	102,978	-	-	1,989,291
Construction in progress	-	35,847	-	(35,847)	-
	<u>8,504,392</u>	<u>167,825</u>	<u>-</u>	<u>(35,847)</u>	<u>8,636,370</u>
Less accumulated depreciation					
Land improvements	282,142	1,728	-	-	283,870
Buildings and leasehold improvements	4,884,700	133,799	-	-	5,018,499
Furnishings and equipment	1,603,678	95,744	-	-	1,699,422
	<u>6,770,520</u>	<u>231,271</u>	<u>-</u>	<u>-</u>	<u>7,001,791</u>
	<u>\$ 1,733,872</u>	<u>\$ (63,446)</u>	<u>\$ -</u>	<u>\$ (35,847)</u>	<u>\$ 1,634,579</u>
	Balance 7/1/2018	Additions	Disposals	Transfers	Balance 6/30/2019
Medical Center					
Land and land improvements	\$ 1,062,275	\$ -	\$ -	\$ -	\$ 1,062,275
Buildings and leasehold improvements	31,123,075	-	-	-	31,123,075
Furnishings and equipment	20,044,781	218,647	-	124,965	20,388,393
Construction in progress	7,036	181,412	-	(124,965)	63,483
	<u>52,237,167</u>	<u>400,059</u>	<u>-</u>	<u>-</u>	<u>52,637,226</u>
Less accumulated depreciation					
Land improvements	280,924	15,592	-	-	296,516
Buildings and leasehold improvements	23,165,102	1,010,930	-	-	24,176,032
Furnishings and equipment	17,411,219	392,531	-	-	17,803,750
	<u>40,857,245</u>	<u>1,419,053</u>	<u>-</u>	<u>-</u>	<u>42,276,298</u>
	<u>\$ 11,379,922</u>	<u>\$ (1,018,994)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,360,928</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 5: Pension Plan

General Information about the Pension Plan

Plan Description

The City of Nevada’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Nevada participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credit services. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of five years of credit service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

2019 Valuation

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

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

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Primary Government

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	99
Inactive employees entitled to but not yet receiving benefits	56
Active employees	76
	231

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 9.6% General, 12.8% Police and 2.3% Fire of annual covered payroll. The City contributed \$283,775 for the year-ended December 31, 2019.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2019, rolled forward to June 30, 2019.

Actuarial Assumptions

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage; 2.5% price inflation
Salary increase	3.25% to 7.15% including wage inflation
Investment rate of return	7.25%

Mortality rates were based on the RP-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year 2006.

The actuarial assumptions used in the February 28, 2019 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	39.00%	4.16%
Fixed Income	28.00%	0.89%
Real Assets	33.00%	2.09%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Changes in Net Pension Liability (Asset) (a) - (b)
Balances as of January 1, 2019	\$ 16,141,649	\$ 18,316,803	\$ (2,175,154)
Changes for the year:			
Service cost	312,193	-	312,193
Interest on total pension liability	1,151,937	-	1,151,937
Difference between expected and actual experience	(243)	-	(243)
Benefit payments	(826,934)	(826,934)	-
Employer contributions	-	283,775	(283,775)
Net investment income (loss)	-	1,148,396	(1,148,396)
Administrative expenses	-	(24,984)	24,984
Other changes	-	(5,936)	5,936
Net changes	<u>636,953</u>	<u>574,317</u>	<u>62,636</u>
Balances as of December 31, 2019	<u>\$ 16,778,602</u>	<u>\$ 18,891,120</u>	<u>\$ (2,112,518)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%), or one percentage point higher (8.25%), than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
	Net pension liability (asset)	\$ 193,359	\$ (2,112,518)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

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

For the year ended December 31, 2019, the employer recognized a pension expense of \$183,423. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,731	\$ (383,886)
Changes of assumptions	32,157	-
Net difference between projected and actual earnings on pension plan investments	-	(382,359)
Contributions subsequent to the measurement date*	144,131	-
Total	\$ 303,019	\$ (766,245)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset for the year ending December 31, 2020.

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

Year Ending	Net Deferred Inflows of Resources
2020	\$ (155,950)
2021	(322,571)
2022	(140,166)
2023	11,330
Total	\$ (607,357)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Discretely Presented Component Units

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	256
Inactive employees entitled to but not yet receiving benefits	154
Active employees	314
	724

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 5.04% for the Nursing Home and 3.7% for the Medical Center of annual covered payroll. The Nursing Home contributed \$123,428 and the Medical Center contributed \$477,031 for the year-ended June 30, 2019.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2019, rolled forward to June 30, 2019.

Actuarial Assumptions

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage; 2.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%

Mortality rates were based on the RP-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year 2006.

The actuarial assumptions used in the February 28, 2019 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	39.00%	4.16%
Fixed Income	28.00%	0.89%
Real Assets	33.00%	2.09%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability – Discretely Presented Component Units

	Increase (Decrease)		Changes in Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of July 1, 2018	\$ 37,098,390	\$ 45,762,034	\$ (8,663,644)
Changes for the year:			
Service cost	950,300	-	950,300
Interest on total pension liability	2,658,462	-	2,658,462
Difference between expected and actual experience	222,993	-	222,993
Benefit payments	(1,825,511)	(1,825,511)	-
Employer contributions	-	600,459	(600,459)
Net investment income (loss)	-	2,952,840	(2,952,840)
Administrative expenses	-	(81,260)	81,260
Other changes	-	(209,913)	209,913
Net changes	2,006,244	1,436,615	569,629
Balances as of June 30, 2019	\$ 39,104,634	\$ 47,198,649	\$ (8,094,015)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%), or one percentage point higher (8.25%), than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ (2,284,615)	\$ (8,094,015)	\$ (12,818,719)

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

For the year ended June 30, 2019, the employer recognized a pension expense of \$966,857. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,216	\$ (555,594)
Changes of assumptions	257,578	-
Net difference between projected and actual earnings on pension plan investments	-	(1,148,677)
Total	\$ 464,794	\$ (1,704,271)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

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

Year Ending	Net Deferred Inflows of Resources
2020	\$ (67,093)
2021	(815,242)
2022	(444,761)
2023	87,619
Total	\$ (1,239,477)

Note 6: Postemployment Benefits Other than Pensions

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical, dental and vision coverage. Participants include retirees of the City.

The City requires the retirees to pay the carrier-charged premium. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other post-employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 75 (GASB Statement 75). The City does not have assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Policy

Retirees and their dependents have the same benefits as active employees. The retiree may continue coverage until death. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or 36 months after the death of the retiree under COBRA law. Premium payments are made to the plan on a pay-as-you-go basis.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>84</u>
Total	<u>87</u>

Total OPEB Liability

The total OPEB liability of \$279,554 was measured as of December 31, 2018, and was determined by an actuarial valuation as of July 1, 2017, rolled forward to December 31, 2019.

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

Discount rate:	3.68% per annum
Salary increases:	2.00% per annum
Healthcare cost trend rate:	Medical: 7.00% graded down to 5.00% over 6 years

The discount rate used for the plan was the average of the S&P Municipal Bond 20-Year High Grade Index and the Fidelity GO AA-20 Year Index as of December 31, 2018.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-weighted Mortality Tables using Scale MP-2019 full generational improvement scale.

The actuarial cost method was Entry Age Normal Level Percent of Salary.

Changes in Total OPEB Liability

Balance at 12/31/2018	\$ 308,245
Service costs	28,348
Interest costs	10,710
Changes of benefit terms	(50,759)
Changes in assumptions	(11,130)
Difference between expected and actual experience	4,140
Benefits payments	(10,000)
Net change	<u>(28,691)</u>
Balance at 12/31/2019	<u>\$ 279,554</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the total OPEB liability calculated using the stated health care cost trend assumption, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	Healthcare cost trend rate		
	1% Decrease 6% decreasing to 4% over 6 years	Current 7% decreasing to 5% over 6 years	1% Increase 8% decreasing to 6% over 6 years
Total OPEB Liability	\$ 240,016	\$ 279,554	\$ 327,726

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount rate		
	1% Decrease 2.68%	Current 3.68%	1% Increase 4.68%
Total OPEB Liability	\$ 312,799	\$ 279,554	\$ 250,480

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of (\$9,145). At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources in relation to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,822	\$ -
Changes in assumptions	34,040	10,274
Benefit premium payments subsequent to the measurement date	9,000	-
Total	\$ 46,862	\$ 10,274

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

At December 31, 2019, the City reported \$9,000 as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the total OPEB liability at December 31, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Years Ending December 31:	
2020	\$ 2,556
2021	2,556
2022	2,556
2023	2,556
2024	2,556
Thereafter	14,808
	\$ 27,588

Note 7: Long-Term Obligations

Changes in long-term obligations of the City for the year ended December 31, 2019, consisted of the following:

	Governmental Activities				
	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amounts Due Within One Year
Bonds payable	\$ 38,818	\$ -	\$ 4,920	\$ 33,898	\$ 5,110
Certificates of participation	4,080,000	-	230,000	3,850,000	240,000
Capital leases	2,277,965	151,372	386,713	2,042,626	429,526
Bond premium/discount	(48,437)	-	(3,726)	(44,711)	-
	6,348,346	151,372	617,907	5,881,813	674,636
Other liabilities,					
Compensated absences	302,188	39,726	39,000	302,914	39,000
	\$ 6,650,534	\$ 191,098	\$ 656,907	\$ 6,184,727	\$ 713,636

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Business-Type Activities					
	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amounts Due Within One Year
Revenue bonds	\$ 7,175,000	\$ -	\$ 585,000	\$ 6,590,000	\$ 595,000
2015 SRF Loan	2,388,900	-	116,600	2,272,300	118,600
Capital leases	565,904	-	196,425	369,479	183,421
Bond premium/discount	<u>127,473</u>	<u>-</u>	<u>12,804</u>	<u>114,669</u>	<u>-</u>
	<u>10,257,277</u>	<u>-</u>	<u>910,829</u>	<u>9,346,448</u>	<u>897,021</u>
Other liabilities					
Compensated absences	<u>19,507</u>	<u>-</u>	<u>4,130</u>	<u>15,376</u>	<u>1,100</u>
	<u>\$ 10,276,784</u>	<u>\$ -</u>	<u>\$ 914,959</u>	<u>\$ 9,361,824</u>	<u>\$ 898,121</u>

Changes in long-term obligations of the Component Units for the year ended June 30, 2019, consisted of the following:

Component Units					
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Bonds payable	\$ 15,680,000	\$ -	\$ 885,000	\$ 14,795,000	\$ 925,000
Capital leases	1,120,098	218,647	96,129	1,242,616	112,566
Nursing Home loan	<u>1,000,000</u>	<u>650,000</u>	<u>-</u>	<u>1,650,000</u>	<u>-</u>
Total long-term debt	<u>\$ 17,800,098</u>	<u>\$ 868,647</u>	<u>\$ 981,129</u>	<u>\$ 17,687,616</u>	<u>\$ 1,037,566</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences has been calculated using the vesting method, which leaves amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Total City debt at December 31, 2019, consisted of the following:

Governmental activities:

\$96,940, Series 2005A neighborhood improvement district bond, issued for road and curb improvements, due in annual installments of \$6,442, through March 1, 2025; interest at 3.95%	\$ 33,898
\$165,000, Series 2014 refunding certificates of participation, issued to refund Series 2011 certificates of participation, due in annual installments of \$7,013, through December 2033, with a balloon payment of \$165,000 due in 2033; interest at 4.25%	165,000
\$4,150,000, Series 2011 certificates of participation, issued for construction of a Public Safety Building, due in annual installments of \$145,000 to \$295,000, through December 2031; interest at 1.1% to 5%	2,810,000
\$895,000, Series 2012 certificates of participation, issued for construction of a Public Safety Building and payments of 2011 certificates of participation, due in annual installments of \$40,000 to \$75,000, through December 2031; interest at 2% to 4%	715,000
\$160,000, Series 2013 refunding certificates of participation, issued to refund Series 2011 certificates of participation, due in annual installments of \$8,800 to \$8,922, through December 2032; interest at 5.5%	160,000
Various capital leases with U.S. Bancorp and Clayton Holdings through March 2028 with interest rates ranging from 1.47% to 3.21%	<u>2,042,626</u>
Total governmental activities	<u><u>\$ 5,926,524</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Business-type activities:

\$12,000,000, Series 2007B Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), due in annual installments of \$500,000 to \$715,000, through January 1, 2029; interest at 4% to 5%	\$ 6,590,000
\$2,722,000, Series 2015 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program), due in semi-annual installments through July 1, 2035; interest at 1.3%	2,272,300
Various capital leases with U.S. Bancorp and Commerce Bank through February 2022 with interest ranging from 1.72% to 1.94%	<u>369,479</u>
Total business-type activities	<u><u>\$ 9,231,779</u></u>

Discretely presented component units:

\$21,730,800, Series 2007 Revenue Bonds payable consists of health facilities revenue bonds due in annual installments through October 1, 2031; interest at 3.70% to 4.375%	\$ 14,795,000
Various capital leases through 2034 with interest ranging from 1.50% to 6.71%	1,242,616
Total discretely presented component units unsecured note with no interest; due if meets certain days cash on hand amounts	<u>1,650,000</u>
	<u><u>\$ 17,687,616</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending December 31,	Principal	Interest	NID Bonds
2020	\$ 5,110	\$ 1,343	\$ 6,453
2021	5,316	1,137	6,453
2022	5,526	927	6,453
2023	5,744	709	6,453
2024	5,970	483	6,453
2025	<u>6,232</u>	<u>247</u>	<u>6,479</u>
	<u>\$ 33,898</u>	<u>\$ 4,846</u>	<u>\$ 38,744</u>

Years ending December 31,	Principal	Interest	Certificates of Participation
2020	\$ 240,000	\$ 164,279	\$ 404,279
2021	245,000	156,886	401,886
2022	255,000	148,695	403,695
2023	260,000	139,775	399,775
2024	270,000	130,143	400,143
2025-2029	1,535,000	472,987	2,007,987
2030-2033	<u>1,045,000</u>	<u>106,750</u>	<u>1,151,750</u>
	<u>\$ 3,850,000</u>	<u>\$ 1,319,515</u>	<u>\$ 5,169,515</u>

Years ending December 31,	Principal	Interest	Water/Sewer Revenue Bonds
2020	\$ 713,600	\$ 320,737	\$ 1,034,337
2021	731,600	294,403	1,026,003
2022	744,400	265,897	1,010,297
2023	762,400	235,245	997,645
2024	780,400	203,461	983,861
2025-2029	4,178,000	504,903	4,682,903
2030-2034	782,300	39,449	821,749
2035	<u>169,600</u>	<u>1,663</u>	<u>171,263</u>
	<u>\$ 8,862,300</u>	<u>\$ 1,865,758</u>	<u>\$ 10,728,058</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Years ending June 30,	Principal	Interest	Component Units
2020	\$ 900,000	\$ 616,981	\$ 1,516,981
2021	925,000	579,225	1,504,225
2022	965,000	539,766	1,504,766
2023	1,005,000	498,145	1,503,145
2024	1,045,000	454,583	1,499,583
2025-2029	5,860,000	1,550,054	7,410,054
2030-2032	4,095,000	272,890	4,367,890
	<u>\$ 14,795,000</u>	<u>\$ 4,511,644</u>	<u>\$ 19,306,644</u>

Bond Reserve Accounts

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

At December 31, 2019, the City was in compliance with the requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the Water and Sewer Fund for the year ended December 31, 2019.

Conduit Debt

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The debt is payable solely from payments received from the private businesses involved. As of December 31, 2019, there were two issues of industrial revenue bonds outstanding. These issues have an aggregate original issue amount of approximately \$51 million and a balance as of December 31, 2019 of approximately \$28.8 million.

Revenue Bonds Payable of the Component Unit

The Medical Center did not meet the days cash on hand requirement as of June 30, 2019. The bond indenture requires the Medical Center to obtain a consultant's report with recommendations to improve operations. The revenue bonds of the Medical Center are payable, both as to principal and interest, solely out of the net income and revenues arising from the operation of the Medical Center facility after providing for the costs of operation and maintenance thereof, and from all other income made available to the Board of Directors of the Medical Center including investment income and gifts, bequests, contributions, grants and all other monies, except to the extent otherwise limited by the donor or grantor. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 8: Capital Leases

The City has entered into lease agreements for financing capital equipment. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset		
Deep South Freightliner tanker	\$	119,000
Fire pumper truck		395,955
2014 Caterpillar backhoe		85,801
2014 Caterpillar skid steer		31,870
2014 phone system		84,082
2015 police vehicles		155,585
2015 public works equipment		248,138
2016 parks mower		14,375
Court software		35,225
5 police vehicles		165,550
Fire pickup truck		43,668
Parks vehicle		43,602
John Deere fairway mower		50,309
Dump truck, loader, crawler		165,508
City Hall improvements		428,241
4 police vehicles		127,552
Animal control vehicle		34,100
Fire vehicle		34,548
Parks pool interior painting		65,000
Golf course irrigation system		645,200
Golf course turf fans		30,000
Golf course drive pump		10,000
Parks mowers		45,000
3 public works vehicles		120,000
2 public works dump trucks		190,000
Public works wheel loader		150,000
2 public works backhoes		181,667
3 parks mowers		43,740
Storage shed		15,000
4 police vehicles		136,548
HVAC system		16,783
Freightliner pumper truck		294,952
4 police vehicles		156,386
Total assets acquired	\$	4,363,385

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2019, are as follows for the primary government:

Years Ending December 31,		
2020	\$	671,954
2021		603,669
2022		349,535
2023		251,007
2024		212,503
2025-2028		515,413
		2,604,081
Less: amount representing interest		191,976
Present value of future minimum lease payments	\$	2,412,105

Years Ending June 30,		Component Units
2020	\$	139,050
2021		139,926
2022		139,926
2023		139,926
2024		139,926
2025-2029		460,714
2030-2034		230,532
Total minimum lease payments		1,390,000
Less: amount representing interest		147,384
Present value of future minimum lease payments	\$	1,242,616

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 9: Restricted Cash

Restricted cash and investments at December 31, 2019, consisted of the following:

Account	General Fund	Water & Sewer Fund	Total
Municipal court	\$ 3,195	\$ -	\$ 3,195
Reserve for debt service	<u>76,826</u>	<u>1,094,830</u>	<u>1,171,656</u>
	<u>\$ 80,021</u>	<u>\$ 1,094,830</u>	<u>\$ 1,174,851</u>

Note 10: Legal Matters

There are a number of claims and/or lawsuits to which the City is a party as a result of certain law enforcement activities, injuries, and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel believe that the potential claims against the City not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the City.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 11: Tax Revenues

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2019, is as follows:

Type	General Fund	Special Revenue Funds	Water & Sewer Fund
Property	\$ 746,775	\$ -	\$ -
Railroad	41,834	7,322	-
Franchise	1,078,928	-	-
Cigarette	-	68,260	-
City Sales	1,647,761	-	-
Capital Improvement Sales	-	-	865,684
Park Sales	-	823,388	-
Transportation Sales	-	823,463	-
Motor Vehicle	-	368,785	-
Occupancy	-	93,542	-
	<u>\$ 3,515,298</u>	<u>\$ 2,184,760</u>	<u>\$ 865,684</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2019, was as follows:

Real estate	\$ 71,644,411
Personal property	<u>23,128,813</u>
	<u>\$ 94,773,224</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2019 was as follows:

General Fund	\$ 0.7344
Library	<u>0.2000</u>
	<u>\$ 0.9344</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

Note 12: Interfund Transactions

There were no interfund receivable and payable balances at December 31, 2019.

Transfers during the year ended December 31, 2019, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 471,776	\$ 13,333
Special Revenue Funds:		
Street	9,076	50,142
Parks	14,097	-
Nonmajor	-	34,216
Proprietary Fund,		
Water and sewer	8,356	405,614
	\$ 503,305	\$ 503,305

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

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

In addition to these payments, and not included on the above transfer schedule, the Water and Sewer Fund makes payments to the General Fund for certain administration, data processing and accounting services totaling \$405,613 during the year ended December 31, 2019.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 13: Intergovernmental Revenue

Intergovernmental revenue during the year ended December 31, 2019, consisted of the following:

	General Fund	Non-major Governmental Funds
Federal:		
U.S. Department of Justice:		
Stop Violence Against Women	\$ 30,973	\$ -
Bullet Proof Vest Grant	384	-
U.S. Department of Transportation:		
HMV Enforcement	4,117	-
DWI Enforcement	4,152	-
Taxi Grant	47,218	-
State:		
Department of Revenue:		
Other State Grants	24,731	1,126
	\$ 111,575	\$ 1,126

Note 14: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 15: Self-Insurance

The City is a member of MPR (formerly MARCIT), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability and workers' compensation. The City participates in property, casualty, general liability and workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations. In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment. Management of the City is not aware of any deficit situation in MPR which would require an accrual of a liability as of December 31, 2019.

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

Note 16: Deferred Compensation Plan

The City offers its full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$16,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City does not make a contribution for employees participating in the plan.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 17: Pledged Revenues

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay a debt issue totaling \$10,247,324. Proceeds from the bonds were used to fund the infrastructure for the sewer system. The bonds are payable from the Water and Sewer Fund. Net revenues are payable through 2035. The total interest and principal remaining to be paid on the bonds is \$10,728,058. Principal and interest paid for the current year is \$1,050,681.

The City has pledged a portion of its sales tax to repay its certificates of participation. The outstanding principal on these certificates as of December 31, 2019, amounted to \$3,850,000. The certificates were used for the construction of the new fire station and annexation of police, municipal court and council chambers to City Hall. Principal and interest paid for the current year is \$400,811.

Note 18: Landfill Closure and Postclosure Care Costs

The City officially closed the public landfill on October 2, 1993. State and Federal laws and regulations required the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for postclosure care costs, which consisted of the estimated cost of all equipment, facilities and services required to close, monitor, and maintain the landfill for this 30 year period was \$1,283,200, which was recorded as a liability in the Landfill Fund. The remaining liability at December 31, 2019 is \$157,326.

Note 19: Contingencies

Substantially all of the City's water and sewer utilities are subject to federal and state regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the City expect such compliance to have, any material effect upon the financial condition of the City. Management of the City believes that its current practices and procedures for the control and disposition of such wastes comply with all applicable federal and state requirements.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Note 20: Federal and State Grants

The City participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2019, a significant amount of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based upon oversight by the governmental units will not have a material effect on any of the governmental funds or the overall financial position of the City.

Note 21: Water and Wastewater Service Contract

On December 28, 2010, the City entered into a contract with Alliance Water Resources, Inc. to perform certain operation and maintenance services at the City's water and wastewater plants. In January 2016 the agreement was amended and extended five years, compensation under the amended agreement shall be negotiated annually. The amount due in 2019 is \$1,437,324 and allowance reimbursement of \$82,200 for repairs and chemicals.

Note 22: Tax Abatements

The City enters into property tax abatement agreements pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri, as amended to purchase, construct, extend, equip and improve certain projects and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporation for manufacturing, commercial, research and development, office industry, warehousing and industrial development purposes upon such terms and conditions as the City shall deem advisable.

For the year ended December 31, 2019, the City had agreements for abated property taxes totaling \$109,646 under this program. A 100% tax abatement was provided for a company to purchase equipment. Under the agreement, the company has agreed to pay 25% in PILOT taxes which amounted to \$26,468 for the year ended December 31, 2019. The net effect is a property tax abatement of \$83,178.

Note 23: Subsequent Events

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, the changes in financial position and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2019

Subsequent to year-end, the City issued its combined waterworks and sewerage system revenue bonds in the amount of \$15,000,000 for the purpose of extending and improving the waterworks of the City, including acquiring land and right of way, the cost of operation and maintenance of said combined waterworks and sewerage and the principal of and interest on said revenue bond to be payable solely from the revenues derived by the City of the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto.

Subsequent to year-end, the 2011 certificates of participation were refinanced through the 2020 certificates of participation, which have an interest rate of 2.75% and mature in December 2031.

Subsequent to year-end, the contract in *Note 21* with Alliance Water Resources, Inc. was not renewed.

City of Nevada, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios
Last Five Fiscal Years

<i>Fiscal year ending June 30,</i>	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 1,262,493	\$ 1,199,419	\$ 1,131,932	\$ 283,533	\$ 287,548
Interest on the total pension liability	3,810,399	3,687,008	3,574,011	1,078,667	1,047,094
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	222,750	(705,166)	(790,527)	(324,977)	(1,079)
Assumption changes	-	-	-	446,730	-
Benefit payments	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	<u>2,643,197</u>	<u>1,808,213</u>	<u>1,509,051</u>	<u>587,233</u>	<u>438,068</u>
Total Pension Liability beginning	<u>53,240,039</u>	<u>51,431,826</u>	<u>49,922,775</u>	<u>15,179,402</u>	<u>14,741,334</u>
Total Pension Liability ending	<u>\$ 55,883,236</u>	<u>\$ 53,240,039</u>	<u>\$ 51,431,826</u>	<u>\$ 15,766,635</u>	<u>\$ 15,179,402</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 884,234	\$ 786,993	\$ 683,769	\$ 291,950	\$ 292,173
Contributions-employee	-	-	-	-	18,290
Pension plan net investment income	4,101,236	7,123,536	6,404,126	(46,138)	329,923
Benefit payments	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-
Pension plan administrative expense	(106,244)	(75,717)	(73,156)	(16,314)	(17,988)
Other	(215,849)	(616,221)	(306,801)	(74,381)	(248,478)
Net Change in Plan Fiduciary Net Position	<u>2,010,932</u>	<u>4,845,543</u>	<u>4,301,573</u>	<u>(741,603)</u>	<u>(521,575)</u>
Plan Fiduciary Net Position beginning	<u>64,078,837</u>	<u>59,233,294</u>	<u>54,931,721</u>	<u>16,837,989</u>	<u>17,359,564</u>
Plan Fiduciary Net Position ending	<u>\$ 66,089,769</u>	<u>\$ 64,078,837</u>	<u>\$ 59,233,294</u>	<u>\$ 16,096,386</u>	<u>\$ 16,837,989</u>
City's Net Pension (Asset) Liability	<u>\$ (10,206,533)</u>	<u>\$ (10,838,798)</u>	<u>\$ (7,801,468)</u>	<u>\$ (329,751)</u>	<u>\$ (1,658,587)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	118.26%	120.36%	115.17%	102.09%	110.93%
Covered Payroll	\$ 18,841,555	\$ 18,495,999	\$ 17,427,017	\$ 2,739,663	\$ 2,777,752
City's Net Pension (Asset) Liability as a percentage of covered payroll	-54.17%	-58.60%	-44.77%	-12.04%	-59.71%

Notes to schedule:

Only the 2015 through 2019 years are being shown, as other years become available they will be included until 10 years of data is shown.

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

City of Nevada, Missouri
Required Supplementary Information
Schedule of City Contributions
Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 896,192	\$ 785,221	\$ 692,714	\$ 271,957	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513	\$ 319,293	\$ 382,355
Contributions in relation to the actuarially determined contribution	891,739	786,993	693,141	271,957	288,801	293,369	283,412	257,276	233,974	250,232
Contribution deficiency (excess)	\$ 4,453	\$ (1,772)	\$ (427)	\$ -	\$ -	\$ 12,837	\$ 37,908	\$ 111,237	\$ 85,319	\$ 132,123
Covered payroll	\$ 18,727,975	\$ 17,427,017	\$ 17,812,320	\$ 2,739,663	\$ 2,777,752	\$ 2,840,370	\$ 2,727,544	\$ 2,623,147	\$ 2,658,555	\$ 3,231,437
Contributions as a percentage of covered payroll	4.8%	4.5%	3.9%	9.9%	10.40%	10.33%	10.4%	9.8%	8.80%	7.74%

Notes to Schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 10 to 15 years
Asset valuation method	5 year smoothed market, 20% corridor
Inflation	3.25% wage inflation, 2.5% price inflation
Salary increases	3.25% to 7.15%, including wage inflation
Net investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2015 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2015 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2015 employees mortality table for males and females.

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

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

City of Nevada, Missouri
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Fiscal Year Ended December 31

	2019	2018
Total OPEB Liability		
Service cost	\$ 28,348	\$ 22,562
Interest on total OPEB liability	10,710	9,930
Changes in benefit terms	(50,759)	-
Differences between actual and expected experience	4,140	-
Change of assumptions	(11,130)	40,228
Benefit Payments/Refunds	(10,000)	(12,000)
Change in total OPEB liability	(28,691)	60,720
Total OPEB liability, beginning	308,245	247,525
Total OPEB liability, ending	\$ 279,554	\$ 308,245
Covered payroll	\$ 3,100,838	\$ 3,100,838
Total OPEB liability as a percentage of covered payroll	9.02%	9.94%

Notes to Schedule:

Benefit Changes:

2019 – Effective July 1, 2018, retirees are charged 135% of group plan premiums rather than 125%.

2018 – There were not any changes to benefit terms in 2018.

Changes of Assumptions:

2019 – The discount rate changed from 3.23% to 3.68%. Mortality tables updated.

2018 – Actual retiree contribution premium rates and admin fee rates for July 1, 2017 to June 30, 2018 were valued for the end of year measurement. The discount rate changed from 3.76% to 3.23%.

This schedule is ultimately required to show information for ten years. Only the data for years currently available is displayed. The information presented is as of the measurement date.

City of Nevada, Missouri
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,797,994	\$ 3,797,994	\$ 3,515,298	\$ (282,696)
Licenses and permits	100,600	100,600	99,604	(996)
Intergovernmental	83,051	83,051	111,575	28,524
Charges for services	135,000	135,000	519,118	384,118
Fees and fines	105,700	105,700	135,383	29,683
Investment earnings	17,000	17,000	39,718	22,718
Paid in lieu of tax	237,689	237,689	38,489	(199,200)
Other	44,600	44,600	93,463	48,863
	<u>4,521,634</u>	<u>4,521,634</u>	<u>4,552,648</u>	<u>31,014</u>
EXPENDITURES				
Current:				
General government	985,446	985,446	1,136,608	(151,162)
Municipal court	206,647	206,647	143,759	62,888
Public transportation	57,332	57,332	51,884	5,448
Public safety	2,757,349	2,757,349	2,762,374	(5,025)
Emergency management	5,360	5,360	3,070	2,290
Animal control	149,627	149,627	170,289	(20,662)
Planning and zoning	113,510	113,510	110,002	3,508
Capital outlay	899,482	899,482	242,790	656,692
Debt service:				
Principal	485,428	485,428	479,107	6,321
Interest and other charges	212,477	212,477	221,071	(8,594)
	<u>5,872,658</u>	<u>5,872,658</u>	<u>5,320,954</u>	<u>551,704</u>
Excess (deficiency) of revenues over expenditures	<u>(1,351,024)</u>	<u>(1,351,024)</u>	<u>(768,306)</u>	<u>582,718</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	871,000	871,000	151,372	(719,628)
Proceeds from sale of capital assets	4,800	4,800	8,300	3,500
Transfers in	488,844	488,844	471,776	(17,068)
Transfers out	(13,620)	(13,620)	(13,333)	287
Total other financing sources and uses	<u>1,351,024</u>	<u>1,351,024</u>	<u>618,115</u>	<u>(732,909)</u>
Net change in fund balances	-	-	(150,191)	(150,191)
Fund balances - beginning of year	<u>1,181,239</u>	<u>1,181,239</u>	<u>1,181,239</u>	-
Fund balances - end of year	<u>\$ 1,181,239</u>	<u>\$ 1,181,239</u>	<u>\$ 1,031,048</u>	<u>\$ (150,191)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Street Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
Taxes	\$ 1,179,500	\$ 1,179,500	\$ 1,194,748	\$ 15,248
Investment earnings	20,000	20,000	31,999	11,999
Miscellaneous	1,000	1,000	19,804	18,804
	<u>1,200,500</u>	<u>1,200,500</u>	<u>1,246,551</u>	<u>46,051</u>
EXPENDITURES				
Street	857,801	857,801	885,339	(27,538)
Capital outlay	556,300	556,300	586,439	(30,139)
Debt service:				
Principal	8,164	8,164	8,163	-
Interest and other charges	166	166	166	-
	<u>1,422,431</u>	<u>1,422,431</u>	<u>1,480,107</u>	<u>(57,677)</u>
Excess (deficiency) of revenues over expenditures	<u>(221,931)</u>	<u>(221,931)</u>	<u>(233,556)</u>	<u>(11,626)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,000	20,600	19,600
Transfers in	10,800	10,800	9,076	(1,724)
Transfers out	(52,881)	(52,881)	(50,142)	(2,739)
Total other financing sources and uses	<u>(41,081)</u>	<u>(41,081)</u>	<u>(20,466)</u>	<u>15,137</u>
Net change in fund balances	(263,012)	(263,012)	(254,022)	8,990
Fund balances - beginning of year	<u>909,637</u>	<u>909,637</u>	<u>909,637</u>	<u>-</u>
Fund balances - end of year	<u>\$ 646,625</u>	<u>\$ 646,625</u>	<u>\$ 655,615</u>	<u>\$ 8,990</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 877,000	\$ 877,000	\$ 891,648	\$ 14,648
Charges for services	366,200	366,200	278,200	(88,000)
Investment earnings	4,700	4,700	13,071	8,371
Miscellaneous	<u>2,300</u>	<u>2,300</u>	<u>31,329</u>	<u>29,029</u>
	<u>1,250,200</u>	<u>1,250,200</u>	<u>1,214,248</u>	<u>(35,952)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,192,821	1,192,821	1,150,864	41,957
Capital outlay	5,000	5,000	12,917	(7,917)
Debt service:				
Principal	108,142	108,142	118,579	(10,437)
Interest and other charges	<u>20,386</u>	<u>20,386</u>	<u>27,027</u>	<u>(6,641)</u>
	<u>1,326,349</u>	<u>1,326,349</u>	<u>1,309,387</u>	<u>16,962</u>
Excess (deficiency) of revenues over expenditures	<u>(76,149)</u>	<u>(76,149)</u>	<u>(95,139)</u>	<u>(18,990)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	2,500	2,500	2,980	480
Transfers in	<u>17,825</u>	<u>17,825</u>	<u>14,097</u>	<u>(3,728)</u>
Total other financing sources and uses	<u>20,325</u>	<u>20,325</u>	<u>24,077</u>	<u>3,752</u>
Net change in fund balances	(55,824)	(55,824)	(71,062)	(15,238)
Fund balances - beginning of year	<u>402,128</u>	<u>402,128</u>	<u>402,128</u>	<u>-</u>
Fund balances - end of year	<u>\$ 346,304</u>	<u>\$ 346,304</u>	<u>\$ 331,066</u>	<u>\$ (15,238)</u>

City of Nevada, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Parks Construction Fund	Special Projects Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total Governmental Funds
ASSETS								
Cash and investments	\$ 275,299	\$ 872,762	\$ 15,925	\$ 2,421	\$ 15,661	\$ 122,161	\$ 3,167	\$ 1,307,396
Taxes receivable, net	-	-	-	-	-	6,196	-	6,196
Special assessments receivable	-	-	-	-	-	-	23,994	23,994
Other receivables	-	-	101	-	-	-	-	101
Prepays	-	-	836	-	-	331	-	1,167
Total assets	<u>\$ 275,299</u>	<u>\$ 872,762</u>	<u>\$ 16,862</u>	<u>\$ 2,421</u>	<u>\$ 15,661</u>	<u>\$ 128,688</u>	<u>\$ 27,161</u>	<u>\$ 1,338,854</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ -	\$ -	\$ 344	\$ -	\$ -	\$ 1,497	\$ -	\$ 1,841
Total liabilities	<u>-</u>	<u>-</u>	<u>344</u>	<u>-</u>	<u>-</u>	<u>1,497</u>	<u>-</u>	<u>1,841</u>
DEFERRED INFLOWS OF RESOURCES								
Other receivables	-	-	-	-	-	-	19,172	19,172
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,172</u>	<u>19,172</u>
FUND BALANCES								
Nonspendable:								
Prepays	-	-	836	-	-	-	-	836
Restricted:								
Capital projects	275,299	872,762	-	-	-	-	7,989	1,156,050
Airport	-	-	15,682	-	-	-	-	15,682
Economic development	-	-	-	-	-	127,191	-	127,191
Police and court	-	-	-	2,421	15,661	-	-	18,082
Total fund balances	<u>275,299</u>	<u>872,762</u>	<u>16,518</u>	<u>2,421</u>	<u>15,661</u>	<u>127,191</u>	<u>7,989</u>	<u>1,317,841</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 275,299</u>	<u>\$ 872,762</u>	<u>\$ 16,862</u>	<u>\$ 2,421</u>	<u>\$ 15,661</u>	<u>\$ 128,688</u>	<u>\$ 27,161</u>	<u>\$ 1,338,854</u>

City of Nevada, Missouri
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Parks Construction Fund	Special Projects Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total-Other Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,542	\$ 4,822	\$ 98,364
Intergovernmental	-	-	1,126	-	-	-	-	1,126
Charges for services	-	-	-	1,622	4,863	100	-	6,585
Investment earnings	-	29,575	-	-	-	-	-	29,575
Other	-	1,001	15,583	-	-	7,401	-	23,985
Total revenues	-	30,576	16,709	1,622	4,863	101,043	4,822	159,635
EXPENDITURES								
General government	-	-	-	500	3,740	-	-	4,240
Culture and recreation	-	-	19,270	-	-	79,575	-	98,845
Capital outlay	-	-	-	-	-	1,168	-	1,168
Debt service:								
Principal	-	-	-	-	-	-	4,920	4,920
Interest and fiscal charges	-	-	-	-	-	-	1,533	1,533
Total expenditures	-	-	19,270	500	3,740	80,743	6,453	110,706
Excess (deficiency) of revenues over expenditures	-	30,576	(2,561)	1,122	1,123	20,300	(1,631)	48,929
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	(34,216)	-	(34,216)
Total other financing sources and uses	-	-	-	-	-	(34,216)	-	(34,216)
Net change in fund balances	-	30,576	(2,561)	1,122	1,123	(13,916)	(1,631)	14,713
Fund balances - beginning of year	275,299	842,186	19,079	1,299	14,538	141,107	9,620	1,303,128
Fund balances - end of year	\$ 275,299	\$ 872,762	\$ 16,518	\$ 2,421	\$ 15,661	\$ 127,191	\$ 7,989	\$ 1,317,841

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Construction Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	<u>275,299</u>	<u>275,299</u>	<u>275,299</u>	-
Fund balances - end of year	<u>\$ 275,299</u>	<u>\$ 275,299</u>	<u>\$ 275,299</u>	<u>\$ -</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Special Projects Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 14,000	\$ 14,000	\$ 29,575	\$ 15,575
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,001</u>	<u>1</u>
	<u>15,000</u>	<u>15,000</u>	<u>30,576</u>	<u>15,576</u>
Net change in fund balances	15,000	15,000	30,576	15,576
Fund balances - beginning of year	<u>842,186</u>	<u>842,186</u>	<u>842,186</u>	<u>-</u>
Fund balances - end of year	<u>\$ 857,186</u>	<u>\$ 857,186</u>	<u>\$ 872,762</u>	<u>\$ 15,576</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Airport Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,126	\$ 1,126
Miscellaneous	<u>14,012</u>	<u>14,012</u>	<u>15,583</u>	<u>1,571</u>
	<u>14,012</u>	<u>14,012</u>	<u>16,709</u>	<u>2,697</u>
EXPENDITURES				
Culture and recreation	<u>14,012</u>	<u>14,124</u>	<u>19,270</u>	<u>(5,146)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(112)</u>	<u>(2,561)</u>	<u>(2,449)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(112)</u>	<u>(2,561)</u>	<u>(2,449)</u>
Fund balances - beginning of year	<u>19,079</u>	<u>19,079</u>	<u>19,079</u>	<u>-</u>
Fund balances - end of year	<u>\$ 19,079</u>	<u>\$ 18,967</u>	<u>\$ 16,518</u>	<u>\$ (2,449)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Judicial Education Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,400	\$ 1,400	\$ 1,622	\$ 222
EXPENDITURES				
Current:				
General government	1,400	1,400	500	900
Excess (deficiency) of revenues over expenditures	-	-	1,122	1,122
Net change in fund balances	-	-	1,122	1,122
Fund balances - beginning of year	1,299	1,299	1,299	-
Fund balances - end of year	\$ 1,299	\$ 1,299	\$ 2,421	\$ 1,122

City of Nevada, Missouri
Budgetary Comparison Schedule – Post Commission Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 4,100	\$ 4,100	\$ 4,863	\$ 763
EXPENDITURES				
Current:				
General government	4,100	4,100	3,740	360
Excess (deficiency) of revenues over expenditures	-	-	1,123	1,123
Net change in fund balances	-	-	1,123	1,123
Fund balances - beginning of year	14,538	14,538	14,538	-
Fund balances - end of year	<u>\$ 14,538</u>	<u>\$ 14,538</u>	<u>\$ 15,661</u>	<u>\$ 1,123</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Tourism Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 93,542	\$ (6,458)
Charges for services	3,000	3,000	100	(2,900)
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>7,401</u>	<u>(2,599)</u>
	<u>113,000</u>	<u>113,000</u>	<u>101,043</u>	<u>(11,957)</u>
EXPENDITURES				
Current:				
Culture and recreation	77,776	77,776	79,575	(1,799)
Capital outlay	<u>14,500</u>	<u>14,500</u>	<u>1,168</u>	<u>13,332</u>
	<u>92,276</u>	<u>92,276</u>	<u>80,743</u>	<u>11,533</u>
Excess of revenues over expenditures	<u>20,724</u>	<u>20,724</u>	<u>20,300</u>	<u>(424)</u>
OTHER FINANCING USES				
Transfers out	<u>(38,764)</u>	<u>(38,764)</u>	<u>(34,216)</u>	<u>4,548</u>
Net change in fund balances	(18,040)	(18,040)	(13,916)	4,124
Fund balances - beginning of year	<u>141,107</u>	<u>141,107</u>	<u>141,107</u>	<u>-</u>
Fund balances - end of year	<u>\$ 123,067</u>	<u>\$ 123,067</u>	<u>\$ 127,191</u>	<u>\$ 4,124</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – NID - Ashland Estates Sewer Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,959	\$ 3,959	\$ 4,822	\$ 863
EXPENDITURES				
Current:				
General government	200	200	-	200
Debt service:				
Principal	4,920	4,920	4,920	-
Interest and other charges	1,534	1,534	1,533	1
	<u>6,654</u>	<u>6,654</u>	<u>6,453</u>	<u>201</u>
Deficiency of revenues over expenditures	<u>(2,695)</u>	<u>(2,695)</u>	<u>(1,631)</u>	<u>1,064</u>
Net change in fund balances	(2,695)	(2,695)	(1,631)	1,064
Fund balances - beginning of year	<u>9,620</u>	<u>9,620</u>	<u>9,620</u>	<u>-</u>
Fund balances - end of year	<u>\$ 6,925</u>	<u>\$ 6,925</u>	<u>\$ 7,989</u>	<u>\$ 1,064</u>

**Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Nevada, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Nevada, Missouri (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2020. The financial statements of Nevada City Hospital and Nevada City Nursing Home, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Nevada City Hospital or Nevada City Nursing Home.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
December 18, 2020

City of Nevada, Missouri
Schedule of Findings and Responses
Year Ended December 31, 2019

Reference Number	Finding
2019-001	<p>Criteria or Specific Requirement – The City is responsible for establishing and monitoring effective internal controls and financial reporting.</p> <p>Condition – The City does not appear to have controls designed to adequately close the books for the City in a timely manner.</p> <p>Effect – Audited financials were not capable of being produced timely and multiple audit adjustments occurred during the audit process.</p> <p>Cause – Internal controls over financial reporting were ineffective as described in the condition above.</p> <p>Recommendation – We recommend the City review the controls surrounding the adjusted areas to ensure the proper recording in future years.</p> <p>View of Responsible Officials and Planned Corrective Action – Management agrees with the audit findings and recommendation. Corrective internal review action and appropriate training will occur during 2020.</p>