

City of Nevada, Missouri

Annual Financial Report

December 31, 2020



City of Nevada, Missouri
December 31, 2020

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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

Mark Mitchell..... City Manager

William Denman City Treasurer



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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, 2020, 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, component units included in the aggregate discretely presented component units, 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, 2020, 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.

Substantial Doubt About the Nursing Home's Ability to Continue as a Going Concern

The Nevada City Nursing Home (the Nursing Home), a discretely presented component unit included with the aggregate discretely presented component units have been prepared assuming that the Nursing Home will continue as a going concern. As discussed in *Note 21*, the Nursing Home has suffered recurring losses from operations and negative cash flows from operating activities, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in *Note 21*. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in *Note 22* to the financial statements, in 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

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 managements 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 May 16, 2023 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.

FORVIS,LLP

Kansas City, Missouri
May 16, 2023

City of Nevada, Missouri

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

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, 2020 with selected comparative information for the fiscal year ended December 31, 2019. 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 \$1,056,874 or about 3% during fiscal 2020. Governmental activities increased \$75,478, while the net position of business-type activities increased \$981,396.
- The primary government unrestricted net position increased from \$2,090,981 to \$4,035,459. Unrestricted Governmental Activities net position increased from the prior year by \$1,062,452, and unrestricted Business-type Activities increased by \$882,026.
- Governmental funds expenditures of \$7,926,388 exceeded the \$6,957,958 revenues generated in taxes and other revenues for governmental programs by \$968,430. Business-type activities expenses and transfers out of \$4,859,374 were \$981,396 less than the \$5,840,770 generated in operating revenues, taxes, non-operating 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 *Required Supplementary Information*, an *Other Information* section that presents *combining statements* for nonmajor governmental funds along with actual and budgetary comparison schedules for nonmajor governmental funds.

The basic financial statements include two kinds of statements that present different views of the City plus fiduciary statements that present resources held for others:

- 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 next 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 remaining statements are *fiduciary fund statements* that are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund, which is the custodial fund.

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, 2020, the City's total assets and deferred outflows of resources were \$52,262,804, a 2.8% decrease. Liabilities and deferred inflows declined by \$2,540,618 to \$16,144,785, a 14% decrease. Table A provides a summary of the City's governmental and business-type net position for fiscal 2020 and 2019:

Table A
Combined Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets and Deferred Outflows of Resources						
Cash and other assets	\$ 5,395,650	\$ 6,700,051	\$ 4,764,758	\$ 4,008,664	\$ 10,160,408	\$ 10,708,715
Deferred outflows	773,386	335,817	26,465	14,064	799,851	349,881
Capital assets	19,522,569	20,118,287	21,779,976	22,569,665	41,302,545	42,687,952
Total assets and deferred outflows of resources	\$ 25,691,605	\$ 27,154,155	\$ 26,571,199	\$ 26,592,393	\$ 52,262,804	\$ 53,746,548
Liabilities and Deferred Inflows of Resources						
Current and other liabilities	\$ 1,210,610	\$ 1,349,672	\$ 1,393,658	\$ 1,508,247	\$ 2,604,268	\$ 2,857,919
Deferred inflows	952,790	1,440,593	7,394	15,227	960,184	1,455,820
Long-term liabilities	4,839,472	5,750,635	7,740,861	8,621,029	12,580,333	14,371,664
Total liabilities and deferred inflows of resources	\$ 7,002,872	\$ 8,540,900	\$ 9,141,913	\$ 10,144,503	\$ 16,144,785	\$ 18,685,403
Net Position						
Net Investment in Capital Assets	\$ 14,234,056	\$ 15,392,524	\$ 13,342,554	\$ 13,223,217	\$ 27,576,610	\$ 28,615,741
Restricted:						
Capital projects & other	2,011,728	1,070,249	-	-	2,011,728	1,070,249
Debt service	16,488	76,826	1,101,961	1,094,830	1,118,449	1,171,656
Pension benefits	1,335,293	2,044,940	40,480	67,578	1,375,773	2,112,518
Unrestricted	1,091,168	28,716	2,944,291	2,062,265	4,035,459	2,090,981
Total net position	\$ 18,688,733	\$ 18,613,255	\$ 17,429,286	\$ 16,447,890	\$ 36,118,019	\$ 35,061,145

Total net position for the City at December 31, 2020, was \$36,118,019 with \$17,429,286 attributable to business-type activities and \$18,688,733 attributable to governmental activities.

At the end of fiscal 2020, the City had \$41,302,545 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 a decrease of \$1,385,407 from fiscal 2019 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 2020 and 2019 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).

Franchise and other taxes declined nine percent from fiscal 2019, continuing a long-term trend of declining franchise taxes due mainly to less use of landline telephone service. Franchise and other taxes are 19.7% of governmental activities revenues.

Property taxes and taxes paid in lieu of property taxes in the aggregate increased approximately \$4,900 or 0.6% in fiscal 2020 due to a higher levy, as total assessed valuation decreased 0.42%. Real estate assessed valuation increased 0.41%. Personal property assessed valuation decreased 3.7%. Railroad and Utility valuation increased 4.5% but is less than four percent of total property valuation. Property taxes account for 11.3% of revenue in the governmental activities revenues.

Business-type Activities: Water and Sewer charges for services declined 2.5% and operating expenses dropped by 3.0%, due largely to the termination of a management agreement.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 841,634	\$ 1,045,519	\$ 4,596,304	\$ 4,712,861	\$ 5,437,938	\$ 5,758,380
Operating grants and contributions	113,864	112,701	-	-	113,864	112,701
Capital grants and contributions	-	7,000	-	-	-	7,000
<u>General Revenues</u>						
Taxes:						
Property taxes-general purposes	792,866	788,609	-	-	792,866	788,609
Property taxes-specific purposes	2,500	2,500	-	-	2,500	2,500
Franchise and other taxes	1,379,935	1,515,973	-	-	1,379,935	1,515,973
Sales taxes	3,650,192	3,392,976	897,953	865,684	4,548,145	4,258,660
Payment in lieu of tax	39,119	38,489	-	-	39,119	38,489
Investment earnings	52,457	114,363	301,523	275,467	353,980	389,830
Miscellaneous	133,594	168,578	24,169	54,627	157,763	223,205
Total revenues	7,006,161	7,186,708	5,819,949	5,908,639	12,826,110	13,095,347
Expenses						
Governmental Activities:						
General government	1,256,583	1,437,885	-	-	1,256,583	1,437,885
Municipal court	131,911	140,257	-	-	131,911	140,257
Public transportation	55,896	50,921	-	-	55,896	50,921
Public safety	2,583,282	2,968,662	-	-	2,583,282	2,968,662
Animal control	146,532	167,465	-	-	146,532	167,465
Planning and zoning	117,515	107,031	-	-	117,515	107,031
Culture and recreation	1,221,201	1,513,974	-	-	1,221,201	1,513,974
Street	1,683,989	1,176,731	-	-	1,683,989	1,176,731
Interest on long-term febt	194,904	287,052	-	-	194,904	287,052
Business-type Activities	-	-	4,378,811	4,514,328	4,378,811	4,514,328
Total expenses	7,391,813	7,849,978	4,378,811	4,514,328	11,770,624	12,364,306
Change in net position before transfers	(385,652)	(663,270)	1,441,138	1,394,311	1,055,486	731,041
Transfers & gain (loss) on disposal of assets	461,130	429,138	(459,742)	(391,479)	1,388	37,659
Change in net position	75,478	(234,132)	981,396	1,002,832	1,056,874	768,700
Net Position at beginning of year	18,613,255	18,847,387	16,447,890	15,445,058	35,061,145	34,292,445
Net Position at end of year	\$ 18,688,733	\$ 18,613,255	\$ 17,429,286	\$ 16,447,890	\$ 36,118,019	\$ 35,061,145

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 2020, the City of Nevada reported a combined fund balance of \$2,831,889 in the Governmental Funds which is a 15.1% decrease from the prior year. Of the total combined fund balance, \$609,330 or 21.5% 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 \$2,222,559 represents resources not available for undesignated 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 \$734,111, a decrease of \$296,937 from the prior year. Pooled cash and investments decreased 26%. The fund balance is 83% unrestricted 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 \$395,266 a decrease of \$260,349 from the prior year. Budgeted expenditures were greater than budgeted revenues resulting in a reduction of the fund balance.

Parks and Recreation Fund – The Parks and Recreation 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 increased \$74,629 to \$405,695 from the prior year balance of \$331,066. Pooled Cash and Investments increased 20.5%.

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 \$17,530,852 which is an increase of \$980,826 compared to the prior year. Total assets decreased slightly while total liabilities decreased 10% or \$994,757. The net position is 17.4% unrestricted and 82.6% for net investment in capital assets and restricted for: debt service and pension benefits.

Nursing Home Going Concern Consideration

As a result of the COVID-19 outbreak and ongoing trends the City's Nursing Home which is presented as a discretely presented component unit continues to see a significant reduction in occupancy. Management is working diligently to ensure the safety of patients and employees, in addition to evaluating the ongoing impact from these negative trends. See *Note 21* regarding management's consideration for going concern as it relates to the Nursing Home.

Capital Assets and Debt Administration

Capital Assets. The City’s investment in capital assets for governmental and business-type activities for fiscal 2020 is \$41,302,545 net of accumulated depreciation, a \$1,385,407 decrease from 2019. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress. 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 2020. Table C below shows the City’s outstanding debt by type:

	Governmental		Business-type		Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 28,788	\$ 33,898	\$ -	\$ -	\$ 28,788	\$ 33,898
Certificates of participation	3,650,000	3,850,000	-	-	3,650,000	3,850,000
Sewerage revenue bonds	-	-	5,995,000	6,590,000	5,995,000	6,590,000
2015 SRF Loan	-	-	2,153,700	2,272,300	2,153,700	2,272,300
Capital leases	1,613,619	2,042,626	185,259	369,479	1,798,878	2,412,105
Total	\$ 5,292,407	\$ 5,926,524	\$ 8,333,959	\$ 9,231,779	\$ 13,626,366	\$ 15,158,303

Primary government debt decreased \$1,531,138 or 10%.

The City’s debt for governmental activities decreased \$634,117 or 10.7% from fiscal 2019.

Debt for business-type activities decreased \$897,021 or 9.7% due to state revolving loan payments made during the year.

Additional information on the City’s long-term debt can be found in *Note 6*.

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, 2020

	Primary Government			As of 6/30/2020
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
ASSETS				
Pooled cash and investments	\$ 2,559,696	\$ 2,409,420	\$ 4,969,116	\$ 21,603,248
Cash and investments-restricted	13,233	1,562,991	1,576,224	2,628,558
Taxes receivable, net	1,170,369	72,674	1,243,043	-
Accounts receivable	102,681	508,746	611,427	5,473,299
Special assessments receivable	20,035	-	20,035	-
Inventories	22,750	139,868	162,618	786,217
Prepaid expenses	171,593	30,579	202,172	2,054,015
Net pension asset	1,335,293	40,480	1,375,773	5,979,264
Capital assets, nondepreciable	790,712	518,804	1,309,516	329,704
Capital assets, depreciable, net	<u>18,731,857</u>	<u>21,261,172</u>	<u>39,993,029</u>	<u>10,955,091</u>
Total assets	<u>24,918,219</u>	<u>26,544,734</u>	<u>51,462,953</u>	<u>49,809,396</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	65,032	-	65,032	1,160,781
Pensions	<u>708,354</u>	<u>26,465</u>	<u>734,819</u>	<u>1,347,931</u>
Total assets and deferred outflows of resources	<u>\$ 25,691,605</u>	<u>\$ 26,571,199</u>	<u>\$ 52,262,804</u>	<u>\$ 52,318,108</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 204,829	\$ 64,592	\$ 269,421	\$ 18,708,680
Salaries and benefits payable	194,957	9,526	204,483	1,022,870
Liabilities payable from restricted assets	39,887	295,811	335,698	-
Due to other governments	-	-	-	134,217
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	686,201	866,188	1,552,389	4,057,449
Compensated absences	59,290	3,075	62,365	908,520
Accrued interest	25,446	154,466	179,912	149,605
Due in more than one year:				
Bonds, capital leases, and contracts	4,602,312	7,571,234	12,173,546	15,749,013
Compensated absences	237,160	12,301	249,461	-
Post closure costs	-	157,326	157,326	-
Total liabilities	<u>6,050,082</u>	<u>9,134,519</u>	<u>15,184,601</u>	<u>40,730,354</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	681,440	-	681,440	-
Pensions	<u>271,350</u>	<u>7,394</u>	<u>278,744</u>	<u>783,349</u>
Total deferred inflows of resources	<u>952,790</u>	<u>7,394</u>	<u>960,184</u>	<u>783,349</u>
NET POSITION				
Net investment in capital assets	14,234,056	13,342,554	27,576,610	(995,107)
Restricted for:				
Parks and recreation	372,302	-	372,302	-
Capital projects	1,134,168	-	1,134,168	-
Airport	8,838	-	8,838	-
Debt service	16,488	1,101,961	1,118,449	720,875
Street	346,602	-	346,602	-
Economic development	130,282	-	130,282	-
Police and court	19,536	-	19,536	-
Pension benefits	1,335,293	40,480	1,375,773	5,979,264
Unrestricted	<u>1,091,168</u>	<u>2,944,291</u>	<u>4,035,459</u>	<u>5,099,373</u>
Total net position	<u>18,688,733</u>	<u>17,429,286</u>	<u>36,118,019</u>	<u>10,804,405</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 25,691,605</u>	<u>\$ 26,571,199</u>	<u>\$ 52,262,804</u>	<u>\$ 52,318,108</u>

City of Nevada, Missouri

Statement of Activities

For the Year Ended December 31, 2020

City of Nevada, Missouri
Statement of Activities
for the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			As of 6/30/20 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	\$ 1,251,645	\$ 565,678	\$ 20,818	\$ -	\$ (665,149)	\$ -	\$ (665,149)	\$ -
Public transportation	55,896	-	56,704	-	808	-	808	-
Public safety	2,583,282	4,232	36,342	-	(2,542,708)	-	(2,542,708)	-
Emergency management	4,938	-	-	-	(4,938)	-	(4,938)	-
Municipal court	131,911	82,672	-	-	(49,239)	-	(49,239)	-
Animal control	146,532	3,156	-	-	(143,376)	-	(143,376)	-
Planning and zoning	117,515	6,284	-	-	(111,231)	-	(111,231)	-
Culture and recreation	1,221,201	179,612	-	-	(1,041,589)	-	(1,041,589)	-
Street	1,683,989	-	-	-	(1,683,989)	-	(1,683,989)	-
Interest on long-term debt	194,904	-	-	-	(194,904)	-	(194,904)	-
Total governmental activities	<u>7,391,813</u>	<u>841,634</u>	<u>113,864</u>	<u>-</u>	<u>(6,436,315)</u>	<u>-</u>	<u>(6,436,315)</u>	<u>-</u>
Business-type activities:								
Water and sewer	4,378,781	4,596,304	-	-	-	217,523	217,523	-
Landfill	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>	<u>-</u>
Total business-type activities	<u>4,378,811</u>	<u>4,596,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,493</u>	<u>217,493</u>	<u>-</u>
Total primary government	<u>\$ 11,770,624</u>	<u>\$ 5,437,938</u>	<u>\$ 113,864</u>	<u>\$ -</u>	<u>(6,436,315)</u>	<u>217,493</u>	<u>(6,218,822)</u>	<u>-</u>
Total component units	<u>\$ 44,954,444</u>	<u>\$ 43,050,516</u>	<u>\$ 212,775</u>	<u>\$ 65,960</u>				<u>\$ (1,625,193)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					792,866	-	792,866	\$ -
Property taxes, levied for specific purposes					2,500	-	2,500	-
Franchise and other taxes					1,379,935	-	1,379,935	-
Sales taxes					3,650,192	897,953	4,548,145	164,461
Payment in lieu of tax					39,119	-	39,119	-
Investment earnings					52,457	301,523	353,980	56,443
Miscellaneous					133,594	24,169	157,763	352,520
Gain (loss) on disposal of assets					153	1,235	1,388	-
Transfers					460,977	(460,977)	-	-
Total general revenues and transfers					<u>6,511,793</u>	<u>763,903</u>	<u>7,275,696</u>	<u>573,424</u>
Change in net position					75,478	981,396	1,056,874	(1,051,769)
Net position - Beginning of year					<u>18,613,255</u>	<u>16,447,890</u>	<u>35,061,145</u>	<u>11,856,174</u>
Net position - End of year					<u>\$ 18,688,733</u>	<u>\$ 17,429,286</u>	<u>\$ 36,118,019</u>	<u>\$ 10,804,405</u>

See Notes to Financial Statements

City of Nevada, Missouri
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Street Fund	Parks Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 630,718	\$ 311,022	\$ 322,492	\$ 1,295,464	\$ 2,559,696
Cash and investments-restricted	13,233	-	-	-	13,233
Taxes receivable, net	1,012,582	72,674	78,917	6,196	1,170,369
Special assessments receivable	-	-	-	20,035	20,035
Other receivables	72,179	28,686	1,635	181	102,681
Inventories	-	22,750	-	-	22,750
Prepaid expenses	110,991	25,914	33,393	1,295	171,593
	<u>1,839,703</u>	<u>461,046</u>	<u>436,437</u>	<u>1,323,171</u>	<u>4,060,357</u>
Total assets	<u>\$ 1,839,703</u>	<u>\$ 461,046</u>	<u>\$ 436,437</u>	<u>\$ 1,323,171</u>	<u>\$ 4,060,357</u>
LIABILITIES					
Accounts payable	\$ 130,012	\$ 50,002	\$ 14,902	\$ 9,913	\$ 204,829
Salaries and benefits payable	164,534	14,583	15,840	-	194,957
Payable from restricted assets	39,887	-	-	-	39,887
	<u>334,433</u>	<u>64,585</u>	<u>30,742</u>	<u>9,913</u>	<u>439,673</u>
Total liabilities	<u>334,433</u>	<u>64,585</u>	<u>30,742</u>	<u>9,913</u>	<u>439,673</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	681,440	-	-	-	681,440
Unavailable revenues	89,719	1,195	-	16,441	107,355
	<u>771,159</u>	<u>1,195</u>	<u>-</u>	<u>16,441</u>	<u>788,795</u>
Total deferred inflows of resources	<u>771,159</u>	<u>1,195</u>	<u>-</u>	<u>16,441</u>	<u>788,795</u>
FUND BALANCES					
Nonspendable:					
Prepays	110,991	25,914	33,393	1,295	171,593
Inventories	-	22,750	-	-	22,750
Restricted:					
Capital projects	-	-	-	1,134,168	1,134,168
Parks and recreation	-	-	372,302	-	372,302
Airport	-	-	-	8,838	8,838
Debt service	12,365	-	-	4,123	16,488
Street	-	346,602	-	-	346,602
Economic development	-	-	-	130,282	130,282
Police and court	1,425	-	-	18,111	19,536
Unassigned	609,330	-	-	-	609,330
	<u>734,111</u>	<u>395,266</u>	<u>405,695</u>	<u>1,296,817</u>	<u>2,831,889</u>
Total fund balances	<u>734,111</u>	<u>395,266</u>	<u>405,695</u>	<u>1,296,817</u>	<u>2,831,889</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,839,703</u>	<u>\$ 461,046</u>	<u>\$ 436,437</u>	<u>\$ 1,323,171</u>	<u>\$ 4,060,357</u>

City of Nevada, Missouri
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2020

Fund balances - total governmental funds \$ 2,831,889

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 19,522,569

Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are recorded as unavailable revenues in the funds 107,355

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	3,895
Net pension asset	1,335,293
	1,339,188

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (25,446)

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

Deferred inflows	(271,350)
Deferred outflows	708,354
	437,004

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:

Deferred loss on refunding	65,032
Bonds, capital leases and contracts	(5,292,408)
Compensated absences	(296,450)
	(5,523,826)

Net Position of Governmental Activities in the Statement of Net Position \$ 18,688,733

City of Nevada, Missouri
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Street Fund	Parks Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,537,119	\$ 1,244,916	\$ 962,726	\$ 80,731	\$ 5,825,492
Licenses and permits	63,172	-	-	-	63,172
Intergovernmental	97,972	-	14,883	1,009	113,864
Charges for services	498,736	-	179,612	3,769	682,117
Fees and fines	92,390	-	-	-	92,390
Investment earnings	20,640	11,788	4,484	15,545	52,457
Payment in lieu of tax	39,119	-	-	-	39,119
Other	34,659	647	32,918	21,123	89,347
	<u>4,383,807</u>	<u>1,257,351</u>	<u>1,194,623</u>	<u>122,177</u>	<u>6,957,958</u>
Total revenues					
EXPENDITURES					
General government	1,088,004	-	-	3,740	1,091,744
Municipal court	145,720	-	-	-	145,720
Public transportation	59,556	-	-	-	59,556
Public safety	2,567,459	-	-	-	2,567,459
Emergency management	4,938	-	-	-	4,938
Animal control	157,470	-	-	-	157,470
Planning and zoning	129,382	-	-	-	129,382
Culture and recreation	-	-	929,459	65,240	994,699
Street	-	837,595	-	-	837,595
Capital outlay	264,789	647,091	74,523	15,359	1,001,762
Debt service:					
Principal	560,496	-	127,625	5,110	693,231
Interest and other charges	159,852	-	16,506	1,343	177,701
Bond issuance costs	65,131	-	-	-	65,131
	<u>5,202,797</u>	<u>1,484,686</u>	<u>1,148,113</u>	<u>90,792</u>	<u>7,926,388</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(818,990)</u>	<u>(227,335)</u>	<u>46,510</u>	<u>31,385</u>	<u>(968,430)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt	2,875,000	-	-	-	2,875,000
Payments to refunding escrow agent	(2,871,381)	-	-	-	(2,871,381)
Sale of capital assets	39	114	-	-	153
Transfers in	554,906	19,682	28,119	-	602,707
Transfers out	(36,511)	(52,810)	-	(52,409)	(141,730)
	<u>522,053</u>	<u>(33,014)</u>	<u>28,119</u>	<u>(52,409)</u>	<u>464,749</u>
Total other financing sources and uses					
Net change in fund balance	(296,937)	(260,349)	74,629	(21,024)	(503,681)
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 734,111</u>	<u>\$ 395,266</u>	<u>\$ 405,695</u>	<u>\$ 1,296,817</u>	<u>\$ 2,831,889</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, 2020

Net change in fund balances - total governmental funds: \$ (503,681)

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	558,248
Depreciation expense	(1,153,966)
	(595,718)

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

60,427

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:

Proceeds from debt issuance	(2,875,000)
Payment to bond escrow agent	2,871,381
Interest component on debt defeasance	(61,831)
Repayment of principal	693,231
	627,781

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	(40,816)
	(40,816)

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:

Change in net pension asset	(709,647)
Change in other post-employment benefits	279,544
Change in deferred inflow and outflow - pensions and OPEB	862,479
Change in accrued interest not reflected on governmental funds	23,613
Change in compensated absences	6,464
Change in deferred gain/loss on refunding	65,032
	65,032

527,485

Change in net position of governmental activities

\$ 75,478

City of Nevada, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2020

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
ASSETS			
Current assets:			
Pooled cash and investments	\$ 2,353,675	\$ 55,745	\$ 2,409,420
Cash and investments-restricted	1,562,991	-	1,562,991
Accounts receivable	508,746	-	508,746
Taxes receivable	72,674	-	72,674
Inventories	139,868	-	139,868
Prepaid expenses	<u>30,564</u>	<u>15</u>	<u>30,579</u>
Total current assets	<u>4,668,518</u>	<u>55,760</u>	<u>4,724,278</u>
Noncurrent assets:			
Net pension asset	40,480	-	40,480
Capital assets:			
Construction in progress	429,021	-	429,021
Land and improvements	89,783	-	89,783
Improvements other than buildings	15,604,416	-	15,604,416
Buildings	19,427,850	-	19,427,850
Equipment and vehicles	<u>4,184,506</u>	<u>-</u>	<u>4,184,506</u>
Total capital assets at cost	<u>39,735,576</u>	<u>-</u>	<u>39,735,576</u>
Less accumulated depreciation	<u>(17,955,600)</u>	<u>-</u>	<u>(17,955,600)</u>
Capital assets, net	<u>21,779,976</u>	<u>-</u>	<u>21,779,976</u>
Total noncurrent assets	<u>21,820,456</u>	<u>-</u>	<u>21,820,456</u>
Total assets	<u>26,488,974</u>	<u>55,760</u>	<u>26,544,734</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>26,465</u>	<u>-</u>	<u>26,465</u>
Total assets and deferred outflows of resources	<u>\$ 26,515,439</u>	<u>\$ 55,760</u>	<u>\$ 26,571,199</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 64,592	\$ -	\$ 64,592
Salaries and benefits payable	9,526	-	9,526
Accrued interest payable	154,466	-	154,466
Customer deposits	295,811	-	295,811
Compensated absences	3,075	-	3,075
Bonds, notes, and loans payable	<u>866,188</u>	<u>-</u>	<u>866,188</u>
Total current liabilities	<u>1,393,658</u>	<u>-</u>	<u>1,393,658</u>
Noncurrent liabilities:			
Compensated absences	12,301	-	12,301
Postclosure costs	-	157,326	157,326
Bonds, notes, and loans payable	<u>7,571,234</u>	<u>-</u>	<u>7,571,234</u>
Total noncurrent liabilities	<u>7,583,535</u>	<u>157,326</u>	<u>7,740,861</u>
Total liabilities	<u>8,977,193</u>	<u>157,326</u>	<u>9,134,519</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>7,394</u>	<u>-</u>	<u>7,394</u>
NET POSITION			
Net investment in capital assets	13,342,554	-	13,342,554
Restricted for:			
Debt service	1,101,961	-	1,101,961
Pension benefits	40,480	-	40,480
Unrestricted	<u>3,045,857</u>	<u>(101,566)</u>	<u>2,944,291</u>
Total net position	<u>17,530,852</u>	<u>(101,566)</u>	<u>17,429,286</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 26,515,439</u>	<u>\$ 55,760</u>	<u>\$ 26,571,199</u>

City of Nevada, Missouri
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended December 31, 2020

	Water and Sewer	Landfill (Nonmajor)	Total
OPERATING REVENUES			
Charges for services	\$ 4,596,304	\$ -	\$ 4,596,304
OPERATING EXPENSES			
Personnel services	260,936	-	260,936
Contractual services	1,490,053	-	1,490,053
Materials and supplies	138,094	-	138,094
Maintenance and repairs	322,757	-	322,757
Insurance	58,242	30	58,272
Utilities	309,209	-	309,209
Depreciation and amortization	948,834	-	948,834
Administration	497,629	-	497,629
	4,025,754	30	4,025,784
Operating income (loss)	570,550	(30)	570,520
NONOPERATING REVENUES (EXPENSES)			
Interest income	301,523	-	301,523
Miscellaneous income	24,804	600	25,404
Sales tax	897,953	-	897,953
Interest expense	(353,027)	-	(353,027)
Net nonoperating revenues	871,253	600	871,853
Income before transfers	1,441,803	570	1,442,373
Transfers in	19,586	-	19,586
Transfers out	(480,563)	-	(480,563)
Net transfers	(460,977)	-	(460,977)
Increase in net position	980,826	570	981,396
Total Net Position - Beginning of year	16,550,026	(102,136)	16,447,890
Total Net Position - End of year	\$ 17,530,852	\$ (101,566)	\$ 17,429,286

City of Nevada, Missouri
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2020

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers and users	\$ 4,610,463	\$ -	\$ 4,610,463
Payments to employees and fringe benefits	(254,072)	-	(254,072)
Payments to suppliers	(2,827,928)	(1)	(2,827,929)
Other receipts	<u>33,579</u>	<u>570</u>	<u>34,149</u>
Net cash provided by operating activities	<u>1,562,042</u>	<u>569</u>	<u>1,562,611</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net transfers to other funds	<u>(460,977)</u>	<u>-</u>	<u>(460,977)</u>
Net cash used in noncapital financing activities	<u>(460,977)</u>	<u>-</u>	<u>(460,977)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(159,145)	-	(159,145)
Principal paid on capital debt and leases	(896,222)	-	(896,222)
Proceeds from capital sales tax receipts	897,953	-	897,953
Interest paid on capital debt and leases	<u>(452,855)</u>	<u>-</u>	<u>(452,855)</u>
Net cash used in capital and related financing activities	<u>(610,269)</u>	<u>-</u>	<u>(610,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>301,523</u>	<u>-</u>	<u>301,523</u>
Net cash provided by investing activities	<u>301,523</u>	<u>-</u>	<u>301,523</u>
Net increase in cash and cash equivalents	792,319	569	792,888
Cash and cash equivalents, beginning of year	<u>3,124,347</u>	<u>55,176</u>	<u>3,179,523</u>
Cash and cash equivalents, end of year	<u>\$ 3,916,666</u>	<u>\$ 55,745</u>	<u>\$ 3,972,411</u>
Components of cash and cash equivalents			
Unrestricted	\$ 2,353,675	\$ 55,745	\$ 2,409,420
Restricted	<u>1,562,991</u>	<u>-</u>	<u>1,562,991</u>
	<u>\$ 3,916,666</u>	<u>\$ 55,745</u>	<u>\$ 3,972,411</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 583,354	\$ (30)	\$ 583,324
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	948,834	-	948,834
Miscellaneous nonoperating income	12,000	600	12,600
Changes in assets and liabilities:			
Receivables, net	14,159	-	14,159
Net pension asset	27,098	-	27,098
Deferred inflows - pensions	(7,833)	-	(7,833)
Deferred outflows - pensions	(12,401)	-	(12,401)
Meter deposits	8,775	-	8,775
Inventory and other prepayments	(4,462)	(1)	(4,463)
Accounts payable and accrued liabilities	<u>(7,482)</u>	<u>-</u>	<u>(7,482)</u>
Total adjustments	<u>978,688</u>	<u>599</u>	<u>979,287</u>
Net cash provided by operating activities	<u>\$ 1,562,042</u>	<u>\$ 569</u>	<u>\$ 1,562,611</u>

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2020

	COMPONENT UNITS		
	Medical Center	Nursing Home	Total
ASSETS			
Pooled cash and investments	\$ 17,789,472	\$ 3,813,776	\$ 21,603,248
Cash and investments-restricted	2,628,558	-	2,628,558
Accounts receivable	4,779,119	694,180	5,473,299
Inventories	768,104	18,113	786,217
Prepaid expenses	915,453	1,138,562	2,054,015
Net pension asset	5,265,795	713,469	5,979,264
Capital assets, net	9,767,763	1,517,032	11,284,795
Total assets	<u>41,914,264</u>	<u>7,895,132</u>	<u>49,809,396</u>
DEFERRED OUTFLOWS OF RESOURCES			
Debt refunding	1,160,781	-	1,160,781
Pensions	1,126,007	221,924	1,347,931
Total assets and deferred outflows of resources	<u>\$ 44,201,052</u>	<u>\$ 8,117,056</u>	<u>\$ 52,318,108</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 18,013,803	\$ 694,877	\$ 18,708,680
Salaries and benefits payable	834,710	188,160	1,022,870
Due to other governments	-	134,217	134,217
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	4,057,449	-	4,057,449
Compensated absences	728,876	179,644	908,520
Accrued interest	149,605	-	149,605
Due in more than one year:			
Bonds, capital leases, and contracts	15,749,013	-	15,749,013
Total liabilities	<u>39,533,456</u>	<u>1,196,898</u>	<u>40,730,354</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>782,650</u>	<u>699</u>	<u>783,349</u>
NET POSITION			
Net investment in capital assets	(2,512,139)	1,517,032	(995,107)
Restricted for:			
Debt service	720,875	-	720,875
Pension benefits	5,265,795	713,469	5,979,264
Unrestricted	410,415	4,688,958	5,099,373
Total net position	<u>3,884,946</u>	<u>6,919,459</u>	<u>10,804,405</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 44,201,052</u>	<u>\$ 8,117,056</u>	<u>\$ 52,318,108</u>

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Activities
June 30, 2020

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Medical Center	Nursing Home	Total
Component Units							
Medical Center	\$ 36,898,582	\$ 35,374,604	\$ -	\$ 65,960	\$ (1,458,018)	\$ -	\$ (1,458,018)
Nursing Home	8,055,862	7,675,912	212,775	-	-	(167,175)	(167,175)
Total component units	\$ 44,954,444	\$ 43,050,516	\$ 212,775	\$ 65,960	(1,458,018)	(167,175)	(1,625,193)
General revenues:							
Sales taxes				164,461	-	-	164,461
Investment earnings				45,801	10,642	-	56,443
Miscellaneous				352,520	-	-	352,520
Total general revenues				562,782	10,642	-	573,424
Change in net position				(895,236)	(156,533)	-	(1,051,769)
Net position - beginning of year				4,780,182	7,075,992	-	11,856,174
Net position - end of year				\$ 3,884,946	\$ 6,919,459	-	\$ 10,804,405

City of Nevada, Missouri
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ <u>570</u>
Total assets	\$ <u><u>570</u></u>
LIABILITIES	
Due to others	\$ <u>570</u>
Total liabilities	\$ <u><u>570</u></u>

City of Nevada, Missouri
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Custodial Funds
Additions	
Taxes	\$ 709,131
Investment earnings	152
Total additions	709,283
Deductions	
Payments to other organizations	709,283
Total deductions	\$ 709,283

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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, 2020

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, proprietary funds and fiduciary 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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 and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the following year for which they are levied. Property taxes that are not available for current year operations are shown as a deferred inflow. 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 2020 levy plus any uncollected amounts from the 2019 levy. Property taxes that are not available for current year operations are shown as a deferred inflow of resources in the governmental fund statements.

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, 2020

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.

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Fiduciary funds are custodial in nature and apply the accrual basis of accounting.

Custodial Funds: These are used to account for assets that the City holds for others in a custodial capacity. The City has the following custodial funds:

Hospital Custodial Fund – To account for the sales tax remitted to the City held for the benefit of the Hospital.

Inmate Security Fund – To account for funds held for the benefit of individuals.

Library Custodial Fund – To account for the property tax levies remitted to the City held for the benefit of the Library, a separate entity.

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

- (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.

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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.
- (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, 2020, 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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 No. 9 for the Proprietary Funds. 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.

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, 2020. 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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.

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:

<u>Major Assets</u>	
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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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.

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, 2020, the carrying amount of the City's cash on hand, demand deposits and certificates of deposit in financial institutions was \$1,767, \$2,640,292 and \$3,324,684, respectively. Approximately \$274,000 of the bank balances of demand deposits were uninsured and uncollateralized at December 31, 2020. The remaining demand deposits were insured with a combination of FDIC insurance and an irrevocable letter of credit issued by FHLB. All deposits were held by a qualified depository.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

At December 31, 2020, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money Market	\$ 330,204	\$ 330,204	Not Applicable
U.S. Agency bonds	<u>248,963</u>	<u>248,963</u>	Aaa
Total investments	<u><u>\$ 579,167</u></u>	<u><u>\$ 579,167</u></u>	

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.

At December 31, 2020, the City had the following investments and maturities:

	<u>Investment maturities (in years)</u>			
	<u>Value</u>	<u>Less than one</u>	<u>1-5</u>	<u>> 5</u>
Investment type,				
Money market	\$ 330,204	\$ 330,204	\$ -	\$ -
U.S. Agency bonds	<u>248,963</u>	<u>-</u>	<u>248,963</u>	<u>-</u>
	<u><u>\$ 579,167</u></u>	<u><u>\$ 330,204</u></u>	<u><u>\$ 248,963</u></u>	<u><u>\$ -</u></u>

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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.

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, 2020, the carrying value of deposits and investments are summarized as follows:

Investments	\$ 579,167
Deposits	<u>5,966,743</u>
Total	<u><u>\$ 6,545,910</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	\$ 4,613,116
Restricted cash	1,932,224
Custodial funds	<u>570</u>
Total	<u><u>\$ 6,545,910</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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 \$3,409 for the Water and Sewer Fund.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2020, consisted of the following:

	Balance 1/1/2020	Additions	Retirements	Transfers	Balance 12/31/2020
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 745,346	\$ -	\$ -	\$ -	\$ 745,346
Construction in progress	45,366	-	-	-	45,366
Total capital assets not being depreciated	<u>790,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,712</u>
Capital assets being depreciated:					
Buildings	11,745,719	-	-	-	11,745,719
Equipment and vehicles	5,926,681	204,255	-	-	6,130,936
Software	307,615	-	-	-	307,615
Infrastructure	13,358,080	353,993	-	-	13,712,073
Total capital assets being depreciated	<u>31,338,095</u>	<u>558,248</u>	<u>-</u>	<u>-</u>	<u>31,896,343</u>
Less accumulated depreciation:					
Buildings	3,835,354	260,340	-	-	4,095,694
Equipment and vehicles	3,814,539	366,236	-	-	4,180,775
Software	297,663	7,025	-	-	304,688
Infrastructure	4,062,964	520,365	-	-	4,583,329
Total accumulated depreciation	<u>12,010,520</u>	<u>1,153,966</u>	<u>-</u>	<u>-</u>	<u>13,164,486</u>
Total capital assets being depreciated, net	<u>19,327,575</u>	<u>(595,718)</u>	<u>-</u>	<u>-</u>	<u>18,731,857</u>
Governmental activities capital assets, net	<u>\$ 20,118,287</u>	<u>\$ (595,718)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,522,569</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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

Government activities:	
General government	\$ 293,868
Public safety	300,399
Culture and recreation	271,553
Street	<u>288,146</u>
 Total depreciation expense, governmental	 <u><u>\$ 1,153,966</u></u>

Capital asset activity for the year ended December 31, 2020, consisted of the following:

	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	<u>374,274</u>	<u>84,610</u>	<u>29,863</u>	<u>429,021</u>
Total capital assets not being depreciated	<u>464,057</u>	<u>84,610</u>	<u>29,863</u>	<u>518,804</u>
Capital assets being depreciated:				
Buildings	19,427,850	-	-	19,427,850
Equipment and vehicles	4,097,045	87,461	-	4,184,506
Plant, structure and lines	<u>15,574,553</u>	<u>29,863</u>	<u>-</u>	<u>15,604,416</u>
Total capital assets being depreciated	<u>39,099,448</u>	<u>117,324</u>	<u>-</u>	<u>39,216,772</u>
Less accumulated depreciation,				
Water and sewer	<u>16,993,840</u>	<u>961,760</u>	<u>-</u>	<u>17,955,600</u>
Total accumulated depreciation	<u>16,993,840</u>	<u>961,760</u>	<u>-</u>	<u>17,955,600</u>
Total capital assets being depreciated, net	<u>22,105,608</u>	<u>(844,436)</u>	<u>-</u>	<u>21,261,172</u>
Business-type activities capital assets, net	<u><u>\$ 22,569,665</u></u>	<u><u>\$ (759,826)</u></u>	<u><u>\$ 29,863</u></u>	<u><u>\$ 21,779,976</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Capital asset activity for the year ended June 30, 2020, consisted of the following:

	Balance 7/1/2019	Additions	Disposals	Transfers	Balance 6/30/2020
Nursing Home					
Land and land improvements	\$ 333,962	\$ -	\$ -	\$ -	\$ 333,962
Buildings and leasehold improvements	6,313,117	47,112	(338,582)	-	6,021,647
Furnishings and equipment	1,989,291	7,083	(1,061,471)	24,988	959,891
Construction in progress	-	34,926	-	(24,988)	9,938
	<u>8,636,370</u>	<u>89,121</u>	<u>(1,400,053)</u>	<u>-</u>	<u>7,325,438</u>
Less accumulated depreciation					
Land improvements	283,870	1,970	-	-	285,840
Buildings and leasehold improvements	5,018,499	124,191	(338,582)	-	4,804,108
Furnishings and equipment	1,699,422	80,507	(1,061,471)	-	718,458
	<u>7,001,791</u>	<u>206,668</u>	<u>(1,400,053)</u>	<u>-</u>	<u>5,808,406</u>
	<u>\$ 1,634,579</u>	<u>\$ (117,547)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,517,032</u>
	Balance 7/1/2019	Additions	Disposals	Transfers	Balance 6/30/2020
Medical Center					
Land and land improvements	\$ 1,062,275	\$ -	\$ -	\$ -	\$ 1,062,275
Buildings and leasehold improvements	31,123,075	28,528	-	-	31,151,603
Furnishings and equipment	20,388,393	449,020	(118,541)	86,027	20,804,899
Construction in progress	63,483	352,248	-	(86,027)	329,704
	<u>52,637,226</u>	<u>829,796</u>	<u>(118,541)</u>	<u>-</u>	<u>53,348,481</u>
Less accumulated depreciation					
Land improvements	296,516	12,551	-	-	309,067
Buildings and leasehold improvements	24,176,032	878,248	-	-	25,054,280
Furnishings and equipment	17,803,750	531,970	(118,349)	-	18,217,371
	<u>42,276,298</u>	<u>1,422,769</u>	<u>(118,349)</u>	<u>-</u>	<u>43,580,718</u>
	<u>\$ 10,360,928</u>	<u>\$ (592,973)</u>	<u>\$ (192)</u>	<u>\$ -</u>	<u>\$ 9,767,763</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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.

2020 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, 2020

Primary Government

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	58
Active employees	75
	235

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 8.8% General, 13.1% Police and 3.3% Fire of annual covered payroll. The City contributed \$281,293 for the year-ended December 31, 2020.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2020, rolled forward to June 30, 2020.

Actuarial Assumptions

The total pension liability in the February 29, 2020 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. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the aforementioned tables.

The actuarial assumptions used in the February 29, 2020 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, 2020

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.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Changes in Net Pension Liability (Asset) (a) - (b)
Balances as of January 1, 2020	\$ 16,778,602	\$ 18,891,120	\$ (2,112,518)
Changes for the year:			
Service cost	322,091	-	322,091
Interest on total pension liability	1,196,553	-	1,196,553
Difference between expected and actual experience	(163,833)	-	(163,833)
Benefit payments	(880,703)	(880,703)	-
Employer contributions	-	281,293	(281,293)
Net investment income (loss)	-	245,315	(245,315)
Administrative expenses	-	(28,226)	28,226
Other changes	-	119,684	(119,684)
Net changes	474,108	(262,637)	736,745
Balances as of December 31, 2020	\$ 17,252,710	\$ 18,628,483	\$ (1,375,773)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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)	\$ 988,689	\$ (1,375,773)	\$ (3,315,866)

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

For the year ended December 31, 2020, the employer recognized a pension expense of \$98,736. 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	\$ 84,372	\$ (278,744)
Changes of assumptions	1,718	-
Net difference between projected and actual earnings on pension plan investments	521,215	-
Contributions subsequent to the measurement date*	127,514	-
Total	\$ 734,819	\$ (278,744)

* 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, 2021.

City of Nevada, Missouri
Notes to Basic Financial Statements
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 Outflows of Resources
2021	\$ (160,173)
2022	26,174
2023	238,463
2024	224,097
Total	\$ 328,561

Discretely Presented Component Units

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	260
Inactive employees entitled to but not yet receiving benefits	166
Active employees	319
	745

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 5.17% for the Nursing Home and 3.4% for the Medical Center of annual covered payroll. The Nursing Home contributed \$143,807 and the Medical Center contributed \$445,235 for the year-ended June 30, 2020.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2020, rolled forward to June 30, 2020.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Actuarial Assumptions

The total pension liability in the February 29, 2020 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 29, 2020 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 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, 2020

Changes in the Net Pension Liability – Discretely Presented Component Units

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Changes in Net Pension Liability (Asset) (a) - (b)
Balances as of July 1, 2019	\$ 39,104,634	\$ 47,198,649	\$ (8,094,015)
Changes for the year:			
Service cost	963,048	-	963,048
Interest on total pension liability	2,803,456	-	2,803,456
Difference between expected and actual experience	(594,651)	-	(594,651)
Benefit payments	(1,851,139)	(1,851,139)	-
Employer contributions	-	589,042	(589,042)
Net investment income (loss)	-	615,321	(615,321)
Administrative expenses	-	(94,525)	94,525
Other changes	-	(52,736)	52,736
Net changes	1,320,714	(794,037)	2,114,751
Balances as of June 30, 2020	\$ 40,425,348	\$ 46,404,612	\$ (5,979,264)

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 (Asset) 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.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Net pension liability (asset)	\$ (68,321)	\$ (5,979,264)	\$ (10,793,667)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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

For the year ended June 30, 2020, the employer recognized a pension expense of \$899,734. 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	\$ 140,578	\$ (783,349)
Changes of assumptions	19,880	-
Net difference between projected and actual earnings on pension plan investments	1,187,473	-
Total	\$ 1,347,931	\$ (783,349)

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

Year Ending	Net Deferred Outflows of Resources
2021	\$ (390,473)
2022	(19,992)
2023	512,412
2024	462,635
Total	\$ 564,582

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Note 6: Long-Term Obligations

Changes in long-term obligations of the City for the year ended December 31, 2020, consisted of the following:

Governmental Activities						
	Balance January 1, 2020	Additions	Refundings	Retirements	Balance December 31, 2020	Amounts Due Within One Year
Bonds payable	\$ 33,898	\$ -	\$ -	\$ 5,110	\$ 28,788	\$ 5,316
Certificates of participation	3,850,000	2,875,000	2,810,000	265,000	3,650,000	260,000
Capital leases	2,042,626	-	-	428,956	1,613,619	420,885
Bond premium/discount	<u>(44,711)</u>	<u>-</u>	<u>(37,090)</u>	<u>(3,725)</u>	<u>(3,896)</u>	<u>-</u>
	<u>5,881,813</u>	<u>2,875,000</u>	<u>2,772,910</u>	<u>695,341</u>	<u>5,288,511</u>	<u>686,201</u>
Other liabilities, Compensated absences	<u>302,914</u>	<u>32,536</u>	<u>-</u>	<u>39,000</u>	<u>296,450</u>	<u>59,290</u>
	<u>\$ 6,184,727</u>	<u>\$ 2,907,536</u>	<u>\$ 2,772,910</u>	<u>\$ 734,341</u>	<u>\$ 5,584,961</u>	<u>\$ 745,491</u>
Business-Type Activities						
	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020	Amounts Due Within One Year	
2007B SRF revenue bonds	\$ 6,590,000	\$ -	\$ 595,000	\$ 5,995,000	\$ 610,000	
2015 SRF revenue bonds	2,272,300	-	118,600	2,153,700	121,600	
Capital leases	369,479	-	183,421	185,259	134,588	
Bond premium/discount	<u>114,669</u>	<u>-</u>	<u>12,804</u>	<u>101,865</u>	<u>-</u>	
	<u>9,346,448</u>	<u>-</u>	<u>909,825</u>	<u>8,436,623</u>	<u>866,188</u>	
Other liabilities Compensated absences	<u>15,376</u>	<u>1,100</u>	<u>1,100</u>	<u>15,376</u>	<u>3,075</u>	
	<u>\$ 9,361,824</u>	<u>\$ 1,100</u>	<u>\$ 910,925</u>	<u>\$ 8,451,999</u>	<u>\$ 870,063</u>	

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Changes in long-term obligations of the Component Units for the year ended June 30, 2020, consisted of the following:

	Component Units				
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amounts Due Within One Year
Bonds payable	\$ 14,795,000	\$ -	\$ 900,000	\$ 13,895,000	\$ 925,000
Paycheck protection program loan	-	3,000,000	-	3,000,000	1,312,504
Capital leases	1,242,616	174,949	156,103	1,261,462	169,945
Nursing Home loan	1,650,000	-	-	1,650,000	1,650,000
Total long-term debt	<u>\$ 17,687,616</u>	<u>\$ 3,174,949</u>	<u>\$ 1,056,103</u>	<u>\$ 19,806,462</u>	<u>\$ 4,057,449</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, 2020

Total City debt at December 31, 2020, 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%	\$ 28,788
\$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
\$2,875,000, Series 2020 certificates of participation, issued to refinance the Series 2011 certificates of participation, due in annual installments of \$137,000 to \$230,000, through December 2031; interest at 2.75%	2,660,000
\$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%	665,000
\$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>1,613,619</u>
Total governmental activities	<u><u>\$ 5,292,407</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

\$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%	\$ 5,995,000
\$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%	2,153,700
Various capital leases with U.S. Bancorp and Commerce Bank through February 2022 with interest ranging from 1.72% to 1.94%	<u>185,259</u>
Total business-type activities	<u>\$ 8,333,959</u>
\$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%	\$ 13,895,000
Payroll protection program loan; monthly installments through April 30, 2022 at 1.0%	3,000,000
Various capital leases through 2034 with interest ranging from 1.50% to 6.71%	1,261,462
Total discretely presented component units unsecured note with no interest; due if meets certain days cash on hand amounts	<u>1,650,000</u>
Total component units	<u>\$ 19,806,462</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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

Years ending December 31,	Principal	Interest	NID Bonds
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>246</u>	<u>6,478</u>
	<u>\$ 28,788</u>	<u>\$ 3,502</u>	<u>\$ 32,290</u>

Years ending December 31,	Principal	Interest	Certificates of Participation
2021	\$ 260,000	\$ 111,910	\$ 371,910
2022	270,000	104,573	374,573
2023	275,000	96,873	371,873
2024	285,000	88,911	373,911
2025	290,000	80,744	370,744
2026-2030	1,595,000	269,150	1,864,150
2031-2035	<u>675,000</u>	<u>47,344</u>	<u>722,344</u>
	<u>\$ 3,650,000</u>	<u>\$ 799,505</u>	<u>\$ 4,449,505</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Years ending December 31,	Principal	Interest	Water/Sewer Revenue Bonds
2021	\$ 731,600	\$ 294,403	\$ 1,026,003
2022	744,400	265,898	1,010,298
2023	762,400	235,245	997,645
2024	780,400	203,461	983,861
2025	798,400	170,521	968,921
2026-2030	3,529,600	346,272	3,875,872
2031-2035	<u>801,900</u>	<u>29,221</u>	<u>831,121</u>
	<u>\$ 8,148,700</u>	<u>\$ 1,545,021</u>	<u>\$ 9,693,721</u>

Years ending June 30,	Principal	Interest	Component Units - Bonds
2021	\$ 925,000	\$ 616,981	\$ 1,541,981
2022	965,000	579,225	1,544,225
2023	1,005,000	539,766	1,544,766
2024	1,045,000	498,145	1,543,145
2025	1,085,000	409,049	1,494,049
2026-2030	6,095,000	1,291,286	7,386,286
2031-2032	<u>2,775,000</u>	<u>122,609</u>	<u>2,897,609</u>
	<u>\$ 13,895,000</u>	<u>\$ 4,057,061</u>	<u>\$ 17,952,061</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 principal and interest payments when they come due. 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, 2020, 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, 2020.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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, 2020, 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, 2020 of approximately \$25.8 million.

Revenue Bonds Payable of the Component Unit

The Medical Center did not meet the days cash on hand requirement as of June 30, 2020. 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.

Payroll Protection Program (PPP) Loan of the Component Unit

The note payable is dated April 30, 2020, in the amount of \$3,000,000 at 1.0% interest with monthly payments of \$167,971 payable for a period of 17 months beginning on November 30, 2020 with a final payment on April 30, 2022.

If certain provisions are met by the Medical Center, the loan could be forgiven in future periods. PPP Loans are subject to audit and acceptance by the U.S. Department of the Treasury, Small Business Administration and/or the lender.

Refunding and Defeased Debt

The City completed a defeasance and redemption of the outstanding certificate of participation-series 2011 by placing deposits in an irrevocable trust to provide all future debt service payments on these series. Accordingly, neither the trust accounts nor the liability for the COP defeased are included in the City's financial statements. The amount of outstanding debt from this series that is still outstanding at December 31, 2020 is \$2,620,000. The refunding resulted in a net present value savings of approximately \$190,000 to the City of the life of the COP and approximately \$265,000 in savings in cash outflows.

Note 7: Capital Leases

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

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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, 2020

The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2020, are as follows for the primary government:

<u>Years Ending December 31,</u>		
2021	\$	598,951
2022		347,530
2023		251,007
2024		212,503
2025		194,018
2026-2029		<u>328,138</u>
		1,932,147
Less: amount representing interest		<u>133,269</u>
Present value of future minimum lease payments	\$	<u><u>1,798,878</u></u>

<u>Years Ending June 30,</u>	<u>Component Units</u>
2021	\$ 201,501
2022	201,501
2023	155,320
2024	139,926
2025	95,591
2026-2030	446,190
2031-2034	<u>141,294</u>
Total minimum lease payments	1,381,323
Less: amount representing interest	<u>119,861</u>
Present value of future minimum lease payments	<u><u>\$ 1,261,462</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Note 8: Restricted Cash

Restricted cash and investments at December 31, 2020, consisted of the following:

Account	General Fund	Water & Sewer Fund	Total
Municipal court	\$ 868	\$ -	\$ 868
Bond reserve accounts	-	817,030	817,030
Reserve for debt service	<u>12,365</u>	<u>1,101,961</u>	<u>1,114,326</u>
	<u>\$ 13,233</u>	<u>\$ 1,918,991</u>	<u>\$ 1,932,224</u>

Note 9: 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, 2020

Note 10: Tax Revenues

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2020, is as follows:

Type	General Fund	Special Revenue Funds	Water & Sewer Fund
Property	\$ 750,668	\$ -	\$ -
Railroad	42,198	5,088	-
Franchise	958,600	-	-
Cigarette	-	70,822	-
City Sales	1,785,653	-	-
Capital Improvement Sales	-	-	897,953
Park Sales	-	891,903	-
Transportation Sales	-	891,904	-
Motor Vehicle	-	350,512	-
Occupancy	-	78,144	-
	<u>\$ 3,537,119</u>	<u>\$ 2,288,373</u>	<u>\$ 897,953</u>

The assessed valuation of the tangible property for the purpose of local taxation as of 2020 was as follows:

Real estate	\$ 71,918,396
Personal property	<u>21,123,394</u>
	<u>\$ 93,041,790</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2020 was as follows:

General Fund	\$ 0.7398
Library	<u>0.2000</u>
	<u>\$ 0.9398</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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 11: Interfund Transactions

There were no interfund receivable and payable balances at December 31, 2020.

Transfers during the year ended December 31, 2020, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 554,906	\$ 36,511
Special Revenue Funds:		
Street	19,682	52,810
Parks	28,119	-
Nonmajor	-	52,409
Proprietary Fund,		
Water and sewer	19,586	480,563
	\$ 622,293	\$ 622,293

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 \$397,168 during the year ended December 31, 2020.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Note 12: Intergovernmental Revenue

Intergovernmental revenue during the year ended December 31, 2020, consisted of the following:

	General Fund	Parks Fund	Non-major Governmental Funds
Federal:			
U.S. Department of Justice:			
Stop Violence Against Women	\$ 11,234	\$ -	\$ -
Bullet Proof Vest Grant	3,074	-	-
U.S. Department of Transportation:			
HMV Enforcement	4,117	-	-
DWI Enforcement	1,234	-	-
Taxi Grant	53,221	-	-
State:			
Department of Revenue:			
Other State Grants	-	14,883	1,009
	\$ 97,972	\$ 14,883	\$ 1,009

Note 13: 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 settled claims have not exceeded insurance coverage during the past three fiscal years.

Note 14: Self-Insurance

The City is a member of Midwest Public Risk (MPR), 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

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, 2020.

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

Note 15: 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.

Note 16: 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 \$9,693,721. Principal and interest paid for the current year is \$1,034,337.

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, 2020, amounted to \$3,650,000. 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 \$404,279.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

Note 17: 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, 2020 is \$157,326.

Note 18: 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.

Note 19: 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, 2020, 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 20: 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

For the year ended December 31, 2020, the City had agreements for abated property taxes totaling \$123,591 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 \$13,416 for the year ended December 31, 2020. The net effect is a property tax abatement of \$110,175.

Note 21: Nevada City Nursing Home

During the Nursing Home's 2021 fiscal year-end ending June 30, 2021, the Nursing Home incurred an operating loss of \$1,592,455, a decrease in net position of \$700,618, net cash used in operating activities of \$1,550,761, and experienced a decrease in cash of \$1,107,597 due to decreased occupancy and increases in labor and supply costs. Subsequent to year-end, the Nursing Home has experienced significant turnover in those charged with governance and various management and administrative positions. The Nursing Home is evaluating the ways to reduce operating expenses, and continues to participate in available CARES Act programs. The Nursing Home believes it will have sufficient cash to meet its cash flow requirements over the next year. However, there can be no assurance that the Nursing Home will be successful in achieving its objectives.

The accompanying financial statements have been prepared assuming that the Nursing Home will continue as a going concern; however, the above conditions raise substantial doubt about the Nursing Home's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Nursing Home be unable to continue as a going concern.

Note 22: Adoption of New Standard

As a result of the adoption of GASB Statement No. 84, *Fiduciary Activities*, the City added both a statement of fiduciary net position and a statement of changes in fiduciary net position for the City's three custodial funds. See the significant accounting policies within *Note 1* for a description of the purposes of the three funds.

Note 23: Subsequent Events

Subsequent to year-end, the City obtained a capital lease to acquire a new fire truck for \$309,859 with a maturity date of March 15, 2031.

Subsequent to year-end, the City purchased approximately 35 golf carts for approximately \$212,000.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2020

The Nursing Home closed the Martha Barone Alzheimer's Care Center and combined operations into the Moore-Few Care Center location.

The City approved a related party transaction with the Nursing Home for the acquisition of land for \$600,000.

The City also approved transferring the Municipal Division cases historically heard in the City's Municipal Court to be heard in the Vernon County Circuit Court Associate Division.

The City received ARPA funding in 2021 and 2022 of \$833,475 and \$849,538, respectively.

During 2023, the City settled litigation brought against the City and accrued for this within the general fund as of December 31, 2020 for the amount that was not covered by insurance as the event that lead to the litigation occurred prior to the balance sheet date.

During 2023, the City performed a capital asset study and anticipates updating depreciation once the study is finalized.

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

<i>Fiscal year ending June 30,</i>	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 1,285,139	\$ 1,262,493	\$ 1,199,419	\$ 1,131,932	\$ 283,533	\$ 287,548
Interest on the total pension liability	4,000,009	3,810,399	3,687,008	3,574,011	1,078,667	1,047,094
Benefit changes	-	-	-	-	-	-
Difference between expected and actual experience	(758,484)	222,750	(705,166)	(790,527)	(324,977)	(1,079)
Assumption changes	-	-	-	-	446,730	-
Benefit payments	(2,731,842)	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-	-
Net Change in Total Pension Liability	<u>1,794,822</u>	<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>55,883,236</u>	<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>\$ 57,678,058</u>	<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	\$ 870,335	\$ 884,234	\$ 786,993	\$ 683,769	\$ 291,950	\$ 292,173
Contributions-employee	-	-	-	-	-	18,290
Pension plan net investment income	860,636	4,101,236	7,123,536	6,404,126	(46,138)	329,923
Benefit payments	(2,731,842)	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-	-
Pension plan administrative expense	(122,751)	(106,244)	(75,717)	(73,156)	(16,314)	(17,988)
Other	66,948	(215,849)	(616,221)	(306,801)	(74,381)	(248,478)
Net Change in Plan Fiduciary Net Position	<u>(1,056,674)</u>	<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>66,089,769</u>	<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>\$ 65,033,095</u>	<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>\$ (7,355,037)</u>	<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	112.75%	118.26%	120.36%	120.36%	115.17%	110.93%
Covered Payroll	\$ 18,794,296	\$ 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	-39.13%	-54.17%	-58.60%	-44.77%	-284.76%	-59.71%

Notes to schedule:

Only the 2015 through 2020 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 (Unaudited)
Schedule of City Contributions
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 851,053	\$ 896,192	\$ 785,221	\$ 692,714	\$ 271,957	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513	\$ 319,293
Contributions in relation to the actuarially determined contribution	853,379	891,739	786,993	693,141	271,957	288,801	293,369	283,412	257,276	233,974
Contribution deficiency (excess)	\$ (2,326)	\$ 4,453	\$ (1,772)	\$ (427)	\$ -	\$ -	\$ 12,837	\$ 37,908	\$ 111,237	\$ 85,319
Covered payroll	\$ 18,689,020	\$ 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
Contributions as a percentage of covered payroll	4.57%	4.76%	4.52%	3.89%	9.93%	10.40%	10.33%	10.39%	9.81%	8.80%

Notes to Schedule:

The following actuarial methods and assumptions were used to determine the actuarially determined contribution reported in the most recent actuarial valuation (February 29, 2020):

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 9 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 6.55%, including wage inflation
Net investment rate of return	7.25%, net of investment expenses
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-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 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 (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
Fiscal Year Ended December 31

	2020	2019
Total OPEB Liability		
Service cost	\$ -	\$ 28,348
Interest on total OPEB liability	-	10,710
Changes in benefit terms	(279,554)	(50,759)
Differences between actual and expected experience	-	4,140
Change of assumptions	-	(11,130)
Benefit Payments/Refunds	-	(10,000)
Change in total OPEB liability	(279,554)	(28,691)
Total OPEB liability, beginning	279,554	308,245
Total OPEB liability, ending	\$ -	\$ 279,554
Covered payroll	\$ 3,100,838	\$ 3,100,838
Total OPEB liability as a percentage of covered payroll	9.02%	9.02%

Notes to Schedule:

Benefit Changes:

2020 – Effective July 1, 2020, retirees are no longer allowed to participate in the City of Nevada’s health, vision or dental plans.

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

Changes of Assumptions:

2020 – Effective July 1, 2020, retirees are no longer allowed to participate in the City of Nevada’s health, vision or dental plans.

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

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 (Unaudited)
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,496,700	\$ 3,496,700	\$ 3,537,119	\$ 40,419
Licenses and permits	88,075	88,075	63,172	(24,903)
Intergovernmental	90,000	90,000	97,972	7,972
Charges for services	515,468	515,468	498,736	(16,732)
Fees and fines	128,720	128,720	92,390	(36,330)
Investment earnings	60,000	60,000	20,640	(39,360)
Paid in lieu of tax	242,095	242,095	39,119	(202,976)
Other	29,857	29,857	34,659	4,802
	<u>4,650,915</u>	<u>4,650,915</u>	<u>4,383,807</u>	<u>(267,108)</u>
EXPENDITURES				
Current:				
General government	1,015,824	1,015,824	1,088,004	(72,180)
Municipal court	141,707	141,707	145,720	(4,013)
Public transportation	57,925	57,925	59,556	(1,631)
Public safety	2,791,353	2,791,353	2,567,459	223,894
Emergency management	3,660	3,660	4,938	(1,278)
Animal control	949,800	949,800	157,470	792,330
Planning and zoning	112,812	112,812	129,382	(16,570)
Capital outlay	560,269	560,269	264,789	295,480
Debt service:				
Principal	540,946	540,946	560,496	(19,550)
Interest and other charges	204,932	204,932	224,983	(20,051)
	<u>6,379,228</u>	<u>6,379,228</u>	<u>5,202,797</u>	<u>1,176,431</u>
Excess (deficiency) of revenues over expenditures	<u>(1,728,313)</u>	<u>(1,728,313)</u>	<u>(818,990)</u>	<u>909,323</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	2,875,000	(2,875,000)
Payments to refunding escrow agent	-	-	(2,871,381)	2,871,381
Proceeds from bond issuance	1,124,000	1,124,000	-	(1,124,000)
Proceeds from sale of capital assets	32,400	32,400	39	(32,361)
Transfers in	348,682	348,682	554,906	206,224
Transfers out	(21,566)	(21,566)	(36,511)	(14,945)
Total other financing sources and uses	<u>1,483,516</u>	<u>1,483,516</u>	<u>522,053</u>	<u>(968,701)</u>
Net change in fund balances	(244,797)	(244,797)	(296,937)	(59,378)
Fund balances - beginning of year	<u>1,031,048</u>	<u>1,031,048</u>	<u>1,031,048</u>	<u>-</u>
Fund balances - end of year	<u>\$ 786,251</u>	<u>\$ 786,251</u>	<u>\$ 734,111</u>	<u>\$ (59,378)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Street Fund (Unaudited)
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,189,500	\$ 1,189,500	\$ 1,244,916	\$ 55,416
Investment earnings	31,500	31,500	11,788	(19,712)
Miscellaneous	1,000	1,000	647	(353)
	<u>1,222,000</u>	<u>1,222,000</u>	<u>1,257,351</u>	<u>35,351</u>
EXPENDITURES				
Street	847,976	847,976	837,595	10,381
Capital outlay	894,566	894,566	647,091	247,475
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
	<u>1,742,542</u>	<u>1,742,542</u>	<u>1,484,686</u>	<u>257,856</u>
Excess (deficiency) of revenues over expenditures	<u>(520,542)</u>	<u>(520,542)</u>	<u>(227,335)</u>	<u>293,207</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	9,000	9,000	114	(8,886)
Transfers in	10,213	10,213	19,682	9,469
Transfers out	52,810	52,810	(52,810)	105,620
Total other financing sources and uses	<u>72,023</u>	<u>72,023</u>	<u>(33,014)</u>	<u>106,203</u>
Net change in fund balances	(448,519)	(448,519)	(260,349)	188,170
Fund balances - beginning of year	<u>655,615</u>	<u>655,615</u>	<u>655,615</u>	<u>-</u>
Fund balances - end of year	<u>\$ 207,096</u>	<u>\$ 207,096</u>	<u>\$ 395,266</u>	<u>\$ 188,170</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Fund (Unaudited)
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 888,000	\$ 888,000	\$ 962,726	\$ 74,726
Intergovernmental	-	-	14,883	14,883
Charges for services	358,100	358,100	179,612	(178,488)
Investment earnings	15,000	15,000	4,484	(10,516)
Miscellaneous	26,775	26,775	32,918	6,143
	<u>1,287,875</u>	<u>1,287,875</u>	<u>1,194,623</u>	<u>(93,252)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,233,046	1,233,046	929,459	303,587
Capital outlay	99,780	99,780	74,523	25,257
Debt service:				
Principal	127,731	127,731	127,625	106
Interest and other charges	4,021	4,021	16,506	(12,485)
	<u>1,464,578</u>	<u>1,464,578</u>	<u>1,148,113</u>	<u>316,465</u>
Excess (deficiency) of revenues over expenditures	<u>(176,703)</u>	<u>(176,703)</u>	<u>46,510</u>	<u>223,213</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	18,000	2,500	-	(2,500)
Transfers in	13,122	17,825	28,119	10,294
Total other financing sources and uses	<u>31,122</u>	<u>20,325</u>	<u>28,119</u>	<u>7,794</u>
Net change in fund balances	(145,581)	(156,378)	74,629	231,007
Fund balances - beginning of year	<u>331,066</u>	<u>331,066</u>	<u>331,066</u>	<u>-</u>
Fund balances - end of year	<u>\$ 185,485</u>	<u>\$ 174,688</u>	<u>\$ 405,695</u>	<u>\$ 231,007</u>

City of Nevada, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	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	\$ 863,354	\$ 9,839	\$ 3,308	\$ 14,803	\$ 128,332	\$ 529	\$ 1,295,464
Taxes receivable, net	-	-	-	-	-	6,196	-	6,196
Special assessments receivable	-	-	-	-	-	-	20,035	20,035
Other receivables	-	-	181	-	-	-	-	181
Prepays	-	-	1,052	-	-	243	-	1,295
Total assets	<u>\$ 275,299</u>	<u>\$ 863,354</u>	<u>\$ 11,072</u>	<u>\$ 3,308</u>	<u>\$ 14,803</u>	<u>\$ 134,771</u>	<u>\$ 20,564</u>	<u>\$ 1,323,171</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ 4,485	-	\$ 1,182	-	-	\$ 4,246	-	\$ 9,913
Total liabilities	<u>4,485</u>	<u>-</u>	<u>1,182</u>	<u>-</u>	<u>-</u>	<u>4,246</u>	<u>-</u>	<u>9,913</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	-	16,441	16,441
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,441</u>	<u>16,441</u>
FUND BALANCES								
Nonspendable:								
Prepays	-	-	1,052	-	-	243	-	1,295
Restricted:								
Capital projects	270,814	863,354	-	-	-	-	-	1,134,168
Airport	-	-	8,838	-	-	-	-	8,838
Debt service	-	-	-	-	-	-	4,123	4,123
Economic development	-	-	-	-	-	130,282	-	130,282
Police and court	-	-	-	3,308	14,803	-	-	18,111
Total fund balances	<u>270,814</u>	<u>863,354</u>	<u>9,890</u>	<u>3,308</u>	<u>14,803</u>	<u>130,525</u>	<u>4,123</u>	<u>1,296,817</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 275,299</u>	<u>\$ 863,354</u>	<u>\$ 11,072</u>	<u>\$ 3,308</u>	<u>\$ 14,803</u>	<u>\$ 134,771</u>	<u>\$ 20,564</u>	<u>\$ 1,323,171</u>

City of Nevada, Missouri
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,144	\$ 2,587	\$ 80,731
Intergovernmental	-	-	1,009	-	-	-	-	1,009
Charges for services	-	-	-	887	2,882	-	-	3,769
Investment earnings	-	15,545	-	-	-	-	-	15,545
Other	-	1,000	10,186	-	-	9,937	-	21,123
Total revenues	<u>-</u>	<u>16,545</u>	<u>11,195</u>	<u>887</u>	<u>2,882</u>	<u>88,081</u>	<u>2,587</u>	<u>122,177</u>
EXPENDITURES								
General government	-	-	-	-	3,740	-	-	3,740
Culture and recreation	-	-	17,823	-	-	47,417	-	65,240
Capital outlay	4,485	-	-	-	-	10,874	-	15,359
Debt service:								
Principal	-	-	-	-	-	-	5,110	5,110
Interest and fiscal charges	-	-	-	-	-	-	1,343	1,343
Total expenditures	<u>4,485</u>	<u>-</u>	<u>17,823</u>	<u>-</u>	<u>3,740</u>	<u>58,291</u>	<u>6,453</u>	<u>90,792</u>
Excess (deficiency) of revenues over expenditures	<u>(4,485)</u>	<u>16,545</u>	<u>(6,628)</u>	<u>887</u>	<u>(858)</u>	<u>29,790</u>	<u>(3,866)</u>	<u>31,385</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	-	(25,953)	-	-	-	(26,456)	-	(52,409)
Total other financing sources and uses	<u>-</u>	<u>(25,953)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,456)</u>	<u>-</u>	<u>(52,409)</u>
Net change in fund balances	(4,485)	(9,408)	(6,628)	887	(858)	3,334	(3,866)	(21,024)
Fund balances - beginning of year	<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>
Fund balances - end of year	<u>\$ 270,814</u>	<u>\$ 863,354</u>	<u>\$ 9,890</u>	<u>\$ 3,308</u>	<u>\$ 14,803</u>	<u>\$ 130,525</u>	<u>\$ 4,123</u>	<u>\$ 1,296,817</u>

City of Nevada, Missouri
Combining Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Hospital Custodial Fund	Inmate Security Fund	Library Custodial Fund	Total Custodial Funds
ASSETS				
Cash and investments	\$ -	\$ 250	\$ 320	\$ 570
Total assets	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 320</u>	<u>\$ 570</u>
LIABILITIES				
Due to others	\$ -	250	320	\$ 570
Total liabilities	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 320</u>	<u>\$ 570</u>

City of Nevada, Missouri
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Hospital Custodial Fund	Inmate Security Fund	Library Custodial Fund	Total Custodial Funds
Additions				
Taxes	\$ 519,389	\$ -	\$ 189,742	\$ 709,131
Investment earnings	<u>152</u>	<u>-</u>	<u>-</u>	<u>152</u>
Total additions	<u>519,541</u>	<u>-</u>	<u>189,742</u>	<u>709,283</u>
Deductions				
Payments to other organizations	<u>519,541</u>	<u>-</u>	<u>189,742</u>	<u>709,283</u>
Total deductions	<u>\$ 519,541</u>	<u>\$ -</u>	<u>\$ 189,742</u>	<u>\$ 709,283</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Construction Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Current:				
Capital outlay	-	-	4,485	(4,485)
Excess (deficiency) of revenues over expenditures	-	-	(4,485)	(4,485)
Net change in fund balances	-	-	(4,485)	(4,485)
Fund balances - beginning of year	275,299	275,299	275,299	-
Fund balances - end of year	\$ 275,299	\$ 275,299	\$ 270,814	\$ (4,485)

City of Nevada, Missouri
Budgetary Comparison Schedule – Special Projects Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 30,000	\$ 30,000	\$ 15,545	\$ (14,455)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
	<u>31,000</u>	<u>31,000</u>	<u>16,545</u>	<u>(14,455)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(25,953)</u>	<u>(25,953)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(25,953)</u>	<u>(25,953)</u>
Net change in fund balances	31,000	31,000	(9,408)	(40,408)
Fund balances - beginning of year	<u>872,762</u>	<u>872,762</u>	<u>872,762</u>	<u>-</u>
Fund balances - end of year	<u>\$ 903,762</u>	<u>\$ 903,762</u>	<u>\$ 863,354</u>	<u>\$ (40,408)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Airport Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,100	\$ 1,100	\$ 1,009	\$ (91)
Miscellaneous	<u>8,900</u>	<u>8,900</u>	<u>10,186</u>	<u>1,286</u>
	<u>10,000</u>	<u>10,000</u>	<u>11,195</u>	<u>1,195</u>
EXPENDITURES				
Culture and recreation	<u>11,319</u>	<u>11,319</u>	<u>17,823</u>	<u>(6,504)</u>
Deficiency of revenues over expenditures	<u>(1,319)</u>	<u>(1,319)</u>	<u>(6,628)</u>	<u>(5,309)</u>
Net change in fund balances	(1,319)	(1,319)	(6,628)	(5,309)
Fund balances - beginning of year	<u>16,518</u>	<u>16,518</u>	<u>16,518</u>	<u>-</u>
Fund balances - end of year	<u>\$ 15,199</u>	<u>\$ 15,199</u>	<u>\$ 9,890</u>	<u>\$ (5,309)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Judicial Education Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,500	\$ 1,500	\$ 887	\$ (613)
EXPENDITURES				
Current:				
General government	1,500	1,500	-	1,500
Excess (deficiency) of revenues over expenditures	-	-	887	887
Net change in fund balances	-	-	887	887
Fund balances - beginning of year	2,421	2,421	2,421	-
Fund balances - end of year	<u>\$ 2,421</u>	<u>\$ 2,421</u>	<u>\$ 3,308</u>	<u>\$ 887</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Post Commission Fund
For the Year Ended December 31, 2020

	<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	\$ 4,300	\$ 4,300	\$ 2,882	\$ (1,418)
EXPENDITURES				
Current:				
General government	<u>5,840</u>	<u>5,840</u>	<u>3,740</u>	<u>2,100</u>
Excess (deficiency) of revenues over expenditures	<u>(1,540)</u>	<u>(1,540)</u>	<u>(858)</u>	<u>682</u>
Net change in fund balances	(1,540)	(1,540)	(858)	682
Fund balances - beginning of year	<u>15,661</u>	<u>15,661</u>	<u>15,661</u>	<u>-</u>
Fund balances - end of year	<u>\$ 14,121</u>	<u>\$ 14,121</u>	<u>\$ 14,803</u>	<u>\$ 682</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Tourism Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 96,000	\$ 96,000	\$ 78,144	\$ (17,856)
Miscellaneous	<u>7,500</u>	<u>7,500</u>	<u>9,937</u>	<u>2,437</u>
	<u>103,500</u>	<u>103,500</u>	<u>88,081</u>	<u>(15,419)</u>
EXPENDITURES				
Current:				
Culture and recreation	87,602	87,602	47,417	40,185
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>10,874</u>	<u>(5,874)</u>
	<u>92,602</u>	<u>92,602</u>	<u>58,291</u>	<u>34,311</u>
Excess of revenues over expenditures	<u>10,898</u>	<u>10,898</u>	<u>29,790</u>	<u>18,892</u>
OTHER FINANCING USES				
Transfers out	<u>(33,510)</u>	<u>(33,510)</u>	<u>(26,456)</u>	<u>7,054</u>
Net change in fund balances	(22,612)	(22,612)	3,334	25,946
Fund balances - beginning of year	<u>127,191</u>	<u>127,191</u>	<u>127,191</u>	<u>-</u>
Fund balances - end of year	<u>\$ 104,579</u>	<u>\$ 104,579</u>	<u>\$ 130,525</u>	<u>\$ 25,946</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – NID - Ashland Estates Sewer Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,959	\$ 3,959	\$ 2,587	\$ (1,372)
EXPENDITURES				
Current:				
General government	200	200	-	200
Debt service:				
Principal	4,920	4,920	5,110	(190)
Interest and other charges	<u>1,533</u>	<u>1,534</u>	<u>1,343</u>	<u>191</u>
	<u>6,653</u>	<u>6,654</u>	<u>6,453</u>	<u>201</u>
Deficiency of revenues over expenditures	<u>(2,694)</u>	<u>(2,695)</u>	<u>(3,866)</u>	<u>(1,171)</u>
Net change in fund balances	(2,694)	(2,695)	(3,866)	(1,171)
Fund balances - beginning of year	<u>7,989</u>	<u>7,989</u>	<u>7,989</u>	<u>-</u>
Fund balances - end of year	<u>\$ 5,295</u>	<u>\$ 5,294</u>	<u>\$ 4,123</u>	<u>\$ (1,171)</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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2023, which contained "Emphasis of Matters" paragraphs regarding substantial doubt about the Nevada City Nursing Home's, a discretely presented component unit, ability to continue as a going concern for a reasonable period of time and a change in accounting principles regarding the adoption of GASB Statement No. 84, *Fiduciary Activities*. 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 2020-001 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 financial statements. 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.

FORVIS, LLP

Kansas City, Missouri
May 16, 2023

City of Nevada, Missouri
Schedule of Findings and Responses
Year Ended December 31, 2020

Reference Number	Finding
2020-001	<p>Criteria or Specific Requirement – Management of the City is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis.</p> <p>Condition – During the audit there were a significant number of audit adjustments proposed to the original trial balance that was presented to us at the beginning of the audit, which materially affected year-end balances.</p> <p>Effect – There were significant financial statement adjustments proposed during the audit process. The lack of proper procedures and controls in place over the preparation of the financial statements could also potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles. The financial statements were also not available in a timely manner for users of the information.</p> <p>Cause – The City experienced turnover of finance personnel and did not have proper procedures and controls in place to ensure the financial statements are prepared in accordance with generally accepted accounting principles, and in a timely manner.</p> <p>Recommendation – We recommend the City review the controls surrounding the year-end financial statement close process to ensure that accounting and financial reporting are accurate, timely and in accordance with applicable standards.</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 in the future.</p>