



City of Nevada, Missouri

Annual Financial Report

December 31, 2021



City of Nevada, Missouri
December 31, 2021

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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

Larry Stevens..... City Manager

Bill Denman..... City Treasurer

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the aggregate discretely presented component units, Nevada Regional Medical Center and Nevada City Nursing Home, were not audited in accordance with *Government Auditing Standards*.

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

The financial statements of 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 20* to the financial statements, 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 20*. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements of nonmajor governmental and fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining statements of nonmajor governmental and fiduciary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the budgetary comparison of nonmajor governmental funds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025 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 Mazars, LLP

Kansas City, Missouri
April 18, 2025

City of Nevada, Missouri
Statement of Net Position
December 31, 2021

	Primary Government			As of 6/30/2021
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Pooled cash and investments	\$ 3,629,826	\$ 3,370,754	\$ 7,000,580	\$ 17,894,835
Cash and investments-restricted	225	1,559,404	1,559,629	2,932,740
Taxes receivable, net	1,269,829	72,674	1,342,503	-
Accounts receivable	179,024	721,318	900,342	5,329,267
Special assessments receivable	15,161	-	15,161	-
Inventories	44,268	157,613	201,881	1,546,988
Prepaid expenses	157,007	71,608	228,615	1,911,552
Net pension asset	4,919,595	772,358	5,691,953	16,688,472
Capital assets, nondepreciable	772,498	518,804	1,291,302	371,737
Capital assets, depreciable, net	<u>18,439,357</u>	<u>20,751,977</u>	<u>39,191,334</u>	<u>11,471,734</u>
Total assets	<u>29,426,790</u>	<u>27,996,510</u>	<u>57,423,300</u>	<u>58,147,325</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	54,041	-	54,041	1,057,600
Pensions	153,631	34,197	187,828	80,208
Total assets and deferred outflows of resources	<u>\$ 29,634,462</u>	<u>\$ 28,030,707</u>	<u>\$ 57,665,169</u>	<u>\$ 59,285,133</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 212,862	\$ 97,808	\$ 310,670	\$ 12,087,937
Salaries and benefits payable	242,895	26,808	269,703	1,354,932
Liabilities payable from restricted assets	23,638	300,031	323,669	-
Unearned revenue	757,975	-	757,975	-
Due to other governments	-	-	-	131,056
Long-term liabilities:				
Due within one year:				
Bonds, capital leases, and contracts	576,312	795,201	1,371,513	5,891,224
Compensated absences	49,024	22,953	71,977	1,032,485
Accrued interest	26,934	139,957	166,891	162,401
Due in more than one year:				
Bonds, capital leases, and contracts	4,334,503	6,762,328	11,096,831	13,334,406
Compensated absences	196,098	14,931	211,029	-
Post closure costs	-	157,326	157,326	-
Total liabilities	<u>6,420,241</u>	<u>8,317,343</u>	<u>14,737,584</u>	<u>33,994,441</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	723,303	-	723,303	-
Pensions	2,573,382	425,727	2,999,109	7,983,424
Total deferred inflows of resources	<u>3,296,685</u>	<u>425,727</u>	<u>3,722,412</u>	<u>7,983,424</u>
NET POSITION				
Net investment in capital assets	14,301,040	13,713,252	28,014,292	24,234
Restricted for:				
Capital projects	1,134,168	-	1,134,168	-
Parks and recreation	428,710	-	428,710	-
Airport	9,207	-	9,207	-
Debt service	1,816	1,559,404	1,561,220	1,058,397
Street	438,398	-	438,398	-
Economic development	176,038	-	176,038	-
Police and court	15,207	-	15,207	-
Pension benefits	4,919,595	772,358	5,691,953	16,688,472
Unrestricted	<u>(1,506,643)</u>	<u>3,242,623</u>	<u>1,735,980</u>	<u>(463,835)</u>
Total net position	<u>19,917,536</u>	<u>19,287,637</u>	<u>39,205,173</u>	<u>17,307,268</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 29,634,462</u>	<u>\$ 28,030,707</u>	<u>\$ 57,665,169</u>	<u>\$ 59,285,133</u>

City of Nevada, Missouri
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			As of 6/30/21 Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 1,119,222	\$ 666,387	\$ 110,880	\$ -	\$ (341,955)	\$ -	\$ (341,955)	\$ -
Public transportation	63,018	-	56,067	-	(6,951)	-	(6,951)	-
Public safety	2,502,823	3,998	34,666	-	(2,464,159)	-	(2,464,159)	-
Emergency management	11,845	-	-	-	(11,845)	-	(11,845)	-
Municipal court	126,974	79,146	-	-	(47,828)	-	(47,828)	-
Animal control	159,590	5,463	-	-	(154,127)	-	(154,127)	-
Planning and zoning	253,131	-	-	-	(253,131)	-	(253,131)	-
Culture and recreation	1,411,061	185,020	-	-	(1,226,041)	-	(1,226,041)	-
Street	1,201,677	-	-	-	(1,201,677)	-	(1,201,677)	-
Interest on long-term debt	170,279	-	-	-	(170,279)	-	(170,279)	-
Total governmental activities	<u>7,019,620</u>	<u>940,014</u>	<u>201,613</u>	<u>-</u>	<u>(5,877,993)</u>	<u>-</u>	<u>(5,877,993)</u>	<u>-</u>
Business-type activities:								
Water and sewer	3,474,080	4,586,223	-	-	-	1,112,143	1,112,143	-
Landfill	42	-	-	-	-	(42)	(42)	-
Total business-type activities	<u>3,474,122</u>	<u>4,586,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,112,101</u>	<u>1,112,101</u>	<u>-</u>
Total primary government	<u>\$ 10,493,742</u>	<u>\$ 5,526,237</u>	<u>\$ 201,613</u>	<u>\$ -</u>	<u>(5,877,993)</u>	<u>1,112,101</u>	<u>(4,765,892)</u>	<u>-</u>
Total component units	<u>\$ 48,976,890</u>	<u>\$ 43,604,521</u>	<u>\$ 94,638</u>	<u>\$ 100,000</u>				<u>\$ (5,177,731)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					964,185	-	964,185	\$ -
Property taxes, levied for specific purposes					2,500	-	2,500	-
Franchise and other taxes					1,468,573	-	1,468,573	-
Sales taxes					4,008,476	971,554	4,980,030	918,415
Payment in lieu of tax					7,520	-	7,520	-
Grants from other governments - unrestricted					75,500	-	75,500	10,726,261
Investment earnings					304	196,634	196,938	35,918
Miscellaneous					86,113	38,670	124,783	-
Gain on disposal of assets					20,065	12,952	33,017	-
Transfers					<u>473,560</u>	<u>(473,560)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>7,106,796</u>	<u>746,250</u>	<u>7,853,046</u>	<u>11,680,594</u>
Change in net position					1,228,803	1,858,351	3,087,154	6,502,863
Net position - Beginning of year					<u>18,688,733</u>	<u>17,429,286</u>	<u>36,118,019</u>	<u>10,804,405</u>
Net position - End of year					<u>\$ 19,917,536</u>	<u>\$ 19,287,637</u>	<u>\$ 39,205,173</u>	<u>\$ 17,307,268</u>

City of Nevada, Missouri
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Street Fund	Parks Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and investments	\$ 845,442	\$ 370,742	\$ 362,498	\$ 756,949	\$ 1,294,195	\$ 3,629,826
Cash and investments-restricted	225	-	-	-	-	225
Taxes receivable, net	1,080,422	88,049	93,127	-	8,231	1,269,829
Special assessments receivable	-	-	-	-	15,161	15,161
Other receivables	84,545	46,104	14,537	-	33,838	179,024
Inventories	-	44,268	-	-	-	44,268
Prepaid expenses	112,593	14,745	28,292	-	1,377	157,007
Total assets	<u>\$ 2,123,227</u>	<u>\$ 563,908</u>	<u>\$ 498,454</u>	<u>\$ 756,949</u>	<u>\$ 1,352,802</u>	<u>\$ 5,295,340</u>
LIABILITIES						
Accounts payable	\$ 143,383	\$ 46,500	\$ 21,684	\$ -	\$ 1,295	\$ 212,862
Salaries and benefits payable	204,007	19,120	19,768	-	-	242,895
Unearned revenue	-	-	-	757,975	-	757,975
Payable from restricted assets	23,638	-	-	-	-	23,638
Total liabilities	<u>371,028</u>	<u>65,620</u>	<u>41,452</u>	<u>757,975</u>	<u>1,295</u>	<u>1,237,370</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	723,303	-	-	-	-	723,303
Unavailable revenues	52,367	877	-	-	13,345	66,589
Total deferred inflows of resources	<u>775,670</u>	<u>877</u>	<u>-</u>	<u>-</u>	<u>13,345</u>	<u>789,892</u>
FUND BALANCES						
Nonspendable:						
Prepays	112,593	14,745	28,292	-	1,377	157,007
Inventories	-	44,268	-	-	-	44,268
Restricted:						
Capital projects	-	-	-	-	1,134,517	1,134,517
Parks and recreation	-	-	428,710	-	-	428,710
Airport	-	-	-	-	9,207	9,207
Debt service	-	-	-	-	1,816	1,816
Street	-	438,398	-	-	-	438,398
Economic development	-	-	-	-	176,038	176,038
Police and court	-	-	-	-	15,207	15,207
Unassigned	863,936	-	-	(1,026)	-	862,910
Total fund balances	<u>976,529</u>	<u>497,411</u>	<u>457,002</u>	<u>(1,026)</u>	<u>1,338,162</u>	<u>3,268,078</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,123,227</u>	<u>\$ 563,908</u>	<u>\$ 498,454</u>	<u>\$ 756,949</u>	<u>\$ 1,352,802</u>	<u>\$ 5,295,340</u>

City of Nevada, Missouri
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2021

Fund balances - total governmental funds	\$	3,268,078
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		19,211,855
Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are deferred in the funds		66,589
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		3,542
Net pension asset		4,919,595
		4,923,137
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(26,934)
Deferred pension inflows and outflows are not included in the fund financial statements, but are included in the governmental activities Statement of Net Position:		
Inflows		(2,573,382)
Outflows		153,631
		(2,419,751)
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		54,041
Bonds and capital leases		(4,914,357)
Compensated absences		(245,122)
		(5,105,438)
Net Position of Governmental Activities in the Statement of Net Position	\$	19,917,536

City of Nevada, Missouri
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Street Fund	Parks Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,915,317	\$ 1,365,043	\$ 1,040,709	\$ -	\$ 122,665	\$ 6,443,734
Licenses and permits	161,104	-	-	-	-	161,104
Intergovernmental	90,819	-	871	75,500	109,923	277,113
Charges for services	501,652	-	225,784	-	3,631	731,067
Fees and fines	88,607	-	-	-	-	88,607
Investment earnings (loss)	472	197	312	(1,026)	349	304
Payment in lieu of tax	7,520	-	-	-	-	7,520
Other	49,603	5,784	9,495	-	21,230	86,112
Total revenues	<u>4,815,094</u>	<u>1,371,024</u>	<u>1,277,171</u>	<u>74,474</u>	<u>257,798</u>	<u>7,795,561</u>
EXPENDITURES						
General government	909,144	-	-	-	6,690	915,834
Municipal court	155,247	-	-	-	-	155,247
Public transportation	66,452	-	-	-	-	66,452
Public safety	2,708,404	-	-	75,500	-	2,783,904
Emergency management	11,845	-	-	-	-	11,845
Animal control	182,094	-	-	-	-	182,094
Planning and zoning	267,523	-	-	-	-	267,523
Culture and recreation	-	-	1,108,582	-	94,222	1,202,804
Street	-	624,826	-	-	-	624,826
Capital outlay	369,008	795,442	6,665	-	109,088	1,280,203
Debt service:						
Principal	558,764	-	124,036	-	5,110	687,910
Interest and other charges	141,807	-	14,296	-	1,343	157,446
Total expenditures	<u>5,370,288</u>	<u>1,420,268</u>	<u>1,253,579</u>	<u>75,500</u>	<u>216,453</u>	<u>8,336,088</u>
Excess (deficiency) of revenues over expenditures	<u>(555,194)</u>	<u>(49,244)</u>	<u>23,592</u>	<u>(1,026)</u>	<u>41,345</u>	<u>(540,527)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt	309,859	-	-	-	-	309,859
Sale of capital assets	17,125	148,457	27,715	-	-	193,297
Transfers in	473,560	2,932	-	-	-	476,492
Transfers out	(2,932)	-	-	-	-	(2,932)
Total other financing sources and uses	<u>797,612</u>	<u>151,389</u>	<u>27,715</u>	<u>-</u>	<u>-</u>	<u>976,716</u>
Net change in fund balance	242,418	102,145	51,307	(1,026)	41,345	436,189
Fund balances - beginning of year	<u>734,111</u>	<u>395,266</u>	<u>405,695</u>	<u>-</u>	<u>1,296,817</u>	<u>2,831,889</u>
Fund balances - end of year	<u>\$ 976,529</u>	<u>\$ 497,411</u>	<u>\$ 457,002</u>	<u>\$ (1,026)</u>	<u>\$ 1,338,162</u>	<u>\$ 3,268,078</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, 2021

Net change in fund balances - total governmental funds: \$ 436,189

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	1,008,402
Gain on disposal of assets	20,065
Sale of capital assets	(193,297)
Depreciation expense	(1,145,884)
	(310,714)

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 (40,766)

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	(309,859)
Amortization of deferred loss on refunding	(10,991)
Repayment of principal	687,910
	367,060

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	(354)
	(354)

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

Net pension asset	3,584,302
Deferred inflow and outflow - pensions	(2,856,755)
Accrued interest not reflected on governmental funds	(1,487)
Compensated absences	51,328
	777,388

Change in net position of governmental activities \$ 1,228,803

City of Nevada, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2021

	Water and Sewer	Landfill (Nonmajor)	Total
ASSETS			
Current assets:			
Pooled cash and investments	\$ 3,307,637	\$ 63,117	\$ 3,370,754
Cash and investments-restricted	1,559,404	-	1,559,404
Accounts receivable	721,268	50	721,318
Taxes receivable	72,674	-	72,674
Inventories	157,613	-	157,613
Prepaid expenses	<u>71,593</u>	<u>15</u>	<u>71,608</u>
Total current assets	<u>5,890,189</u>	<u>63,182</u>	<u>5,953,371</u>
Noncurrent assets:			
Net pension asset	772,358	-	772,358
Capital assets:			
Construction in progress	429,021	-	429,021
Land and improvements	89,783	-	89,783
Improvements other than buildings	15,839,243	-	15,839,243
Buildings	19,427,850	-	19,427,850
Equipment and vehicles	<u>4,099,478</u>	<u>-</u>	<u>4,099,478</u>
Total capital assets at cost	39,885,375	-	39,885,375
Less accumulated depreciation	<u>(18,614,594)</u>	<u>-</u>	<u>(18,614,594)</u>
Capital assets, net	<u>21,270,781</u>	<u>-</u>	<u>21,270,781</u>
Total noncurrent assets	<u>22,043,139</u>	<u>-</u>	<u>22,043,139</u>
Total assets	<u>27,933,328</u>	<u>63,182</u>	<u>27,996,510</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>34,197</u>	<u>-</u>	<u>34,197</u>
Total assets and deferred outflows of resources	<u>\$ 27,967,525</u>	<u>\$ 63,182</u>	<u>\$ 28,030,707</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 97,808	\$ -	\$ 97,808
Salaries and benefits payable	26,808	-	26,808
Accrued interest payable	139,957	-	139,957
Customer deposits	300,031	-	300,031
Compensated absences	22,953	-	22,953
Bonds, notes, and loans payable	<u>795,201</u>	<u>-</u>	<u>795,201</u>
Total current liabilities	<u>1,382,758</u>	<u>-</u>	<u>1,382,758</u>
Noncurrent liabilities:			
Compensated absences	14,931	-	14,931
Postclosure costs	-	157,326	157,326
Bonds, notes, and loans payable	<u>6,762,328</u>	<u>-</u>	<u>6,762,328</u>
Total noncurrent liabilities	<u>6,777,259</u>	<u>157,326</u>	<u>6,934,585</u>
Total liabilities	<u>8,160,017</u>	<u>157,326</u>	<u>8,317,343</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>425,727</u>	<u>-</u>	<u>425,727</u>
NET POSITION			
Net investment in capital assets	13,713,252	-	13,713,252
Restricted for:			
Debt service	1,559,404	-	1,559,404
Pension benefits	772,358	-	772,358
Unrestricted	<u>3,336,767</u>	<u>(94,144)</u>	<u>3,242,623</u>
Total net position	<u>19,381,781</u>	<u>(94,144)</u>	<u>19,287,637</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 27,967,525</u>	<u>\$ 63,182</u>	<u>\$ 28,030,707</u>

City of Nevada, Missouri
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 4,586,223	\$ -	\$ 4,586,223
OPERATING EXPENSES			
Personnel services	1,008,819	-	1,008,819
Contractual services	73,856	-	73,856
Materials and supplies	167,977	-	167,977
Maintenance and repairs	31,601	-	31,601
Insurance	118,090	42	118,132
Utilities	302,108	-	302,108
Depreciation	954,848	-	954,848
Administration	<u>477,385</u>	<u>-</u>	<u>477,385</u>
	<u>3,134,684</u>	<u>42</u>	<u>3,134,726</u>
Operating income (loss)	<u>1,451,539</u>	<u>(42)</u>	<u>1,451,497</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	196,634	-	196,634
Miscellaneous income	31,206	7,464	38,670
Sales tax	971,554	-	971,554
Interest expense	(339,396)	-	(339,396)
Gain on disposal of assets	<u>12,952</u>	<u>-</u>	<u>12,952</u>
Net nonoperating revenues	<u>872,950</u>	<u>7,464</u>	<u>880,414</u>
Income before transfers	<u>2,324,489</u>	<u>7,422</u>	<u>2,331,911</u>
Transfers out	<u>(473,560)</u>	<u>-</u>	<u>(473,560)</u>
Net transfers	<u>(473,560)</u>	<u>-</u>	<u>(473,560)</u>
Increase in net position	1,850,929	7,422	1,858,351
Total Net Position - Beginning of year	<u>17,530,852</u>	<u>(101,566)</u>	<u>17,429,286</u>
Total Net Position - End of year	<u>\$ 19,381,781</u>	<u>\$ (94,144)</u>	<u>\$ 19,287,637</u>

City of Nevada, Missouri
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2021

	<u>Water and Sewer</u>	<u>Landfill (Nonmajor)</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers and users	\$ 4,373,701	\$ -	\$ 4,373,701
Payments to employees and fringe benefits	(1,307,588)	-	(1,307,588)
Payments to suppliers	(1,200,396)	-	(1,200,396)
Other receipts	<u>35,426</u>	<u>7,372</u>	<u>42,798</u>
Net cash provided by operating activities	<u>1,901,143</u>	<u>7,372</u>	<u>1,908,515</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net transfers to other funds	<u>(473,560)</u>	<u>-</u>	<u>(473,560)</u>
Net cash used in noncapital financing activities	<u>(473,560)</u>	<u>-</u>	<u>(473,560)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	13,850	-	13,850
Acquisition and construction of capital assets	(425,448)	-	(425,448)
Principal paid on capital debt and leases	(867,088)	-	(867,088)
Proceeds from capital sales tax receipts	971,554	-	971,554
Interest paid on capital debt and leases	<u>(366,710)</u>	<u>-</u>	<u>(366,710)</u>
Net cash used in capital and related financing activities	<u>(673,842)</u>	<u>-</u>	<u>(673,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>196,634</u>	<u>-</u>	<u>196,634</u>
Net cash provided by investing activities	<u>196,634</u>	<u>-</u>	<u>196,634</u>
Net increase in cash and cash equivalents	950,375	7,372	957,747
Cash and cash equivalents, beginning of year	<u>3,916,666</u>	<u>55,745</u>	<u>3,972,411</u>
Cash and cash equivalents, end of year	<u>\$ 4,867,041</u>	<u>\$ 63,117</u>	<u>\$ 4,930,158</u>
Components of cash and cash equivalents			
Unrestricted	\$ 3,307,637	\$ 63,117	\$ 3,370,754
Restricted	<u>1,559,404</u>	<u>-</u>	<u>1,559,404</u>
	<u>\$ 4,867,041</u>	<u>\$ 63,117</u>	<u>\$ 4,930,158</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 1,451,539</u>	<u>\$ (42)</u>	<u>\$ 1,451,497</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	954,848	-	954,848
Miscellaneous nonoperating income	31,206	7,464	38,670
Changes in assets and liabilities:			
Receivables, net	(212,522)	(50)	(212,572)
Net pension asset	(731,878)	-	(731,878)
Deferred inflows - pensions	418,333	-	418,333
Deferred outflows - pensions	(7,732)	-	(7,732)
Meter deposits	4,220	-	4,220
Inventory and other prepayments	(58,774)	-	(58,774)
Accounts payable and accrued liabilities	29,395	-	29,395
Compensated absences	<u>22,508</u>	<u>-</u>	<u>22,508</u>
Total adjustments	<u>449,604</u>	<u>7,414</u>	<u>457,018</u>
Net cash provided by operating activities	<u>\$ 1,901,143</u>	<u>\$ 7,372</u>	<u>\$ 1,908,515</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital assets acquisitions included in accounts payable	\$ 21,103	\$ -	\$ 21,103

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2021

	COMPONENT UNITS		
	Medical Center	Nursing Home	Total
ASSETS			
Pooled cash and investments	\$ 15,188,656	\$ 2,706,179	\$ 17,894,835
Cash and investments-restricted	2,932,740	-	2,932,740
Accounts receivable	4,904,259	425,008	5,329,267
Inventories	1,458,205	88,783	1,546,988
Prepaid expenses and other	854,593	1,056,959	1,911,552
Net pension asset	14,200,890	2,487,582	16,688,472
Capital assets, net	<u>10,338,225</u>	<u>1,505,246</u>	<u>11,843,471</u>
Total assets	<u>49,877,568</u>	<u>8,269,757</u>	<u>58,147,325</u>
DEFERRED OUTFLOWS OF RESOURCES			
Debt refunding	1,057,600	-	1,057,600
Pensions	<u>67,661</u>	<u>12,547</u>	<u>80,208</u>
Total assets and deferred outflows of resources	<u>\$ 51,002,829</u>	<u>\$ 8,282,304</u>	<u>\$ 59,285,133</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 11,755,072	\$ 332,865	\$ 12,087,937
Salaries and benefits payable	1,171,339	183,593	1,354,932
Due to other governments	-	131,056	131,056
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	5,891,224	-	5,891,224
Compensated absences	863,562	168,923	1,032,485
Accrued interest	162,401	-	162,401
Due in more than one year:			
Bonds, capital leases, and contracts	<u>13,334,406</u>	<u>-</u>	<u>13,334,406</u>
Total liabilities	<u>33,178,004</u>	<u>816,437</u>	<u>33,994,441</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>6,736,398</u>	<u>1,247,026</u>	<u>7,983,424</u>
NET POSITION			
Net investment in capital assets	(1,481,012)	1,505,246	24,234
Restricted for:			
Debt service	1,058,397	-	1,058,397
Pension benefits	14,200,890	2,487,582	16,688,472
Unrestricted	<u>(2,689,848)</u>	<u>2,226,013</u>	<u>(463,835)</u>
Total net position	<u>11,088,427</u>	<u>6,218,841</u>	<u>17,307,268</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 51,002,829</u>	<u>\$ 8,282,304</u>	<u>\$ 59,285,133</u>

City of Nevada, Missouri
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Medical Center</u>	<u>Nursing Home</u>	<u>Total</u>
Component Units							
Medical Center	\$ 41,325,946	\$ 37,546,032	\$ 94,638	\$ 100,000	\$ (3,585,276)	\$ -	\$ (3,585,276)
Nursing Home	7,650,944	6,058,489	-	-	-	(1,592,455)	(1,592,455)
Total component units	<u>\$ 48,976,890</u>	<u>\$ 43,604,521</u>	<u>\$ 94,638</u>	<u>\$ 100,000</u>	<u>(3,585,276)</u>	<u>(1,592,455)</u>	<u>(5,177,731)</u>
General revenues:							
Sales taxes					918,415	-	918,415
Investment earnings					28,160	7,758	35,918
Grants from governments - unrestricted					9,842,182	884,079	10,726,261
Total general revenues					<u>10,788,757</u>	<u>891,837</u>	<u>11,680,594</u>
Change in net position					<u>7,203,481</u>	<u>(700,618)</u>	<u>6,502,863</u>
Net position - beginning of year					<u>3,884,946</u>	<u>6,919,459</u>	<u>10,804,405</u>
Net position - end of year					<u>\$ 11,088,427</u>	<u>\$ 6,218,841</u>	<u>\$ 17,307,268</u>

City of Nevada, Missouri
Statement of Fiduciary Net Position
December 31, 2021

	Custodial Funds
ASSETS	
Pooled cash and investments	\$ 1,698
Taxes receivable, net	<u>15,000</u>
Total assets	<u><u>\$ 16,698</u></u>
NET POSITION	
Restricted for individuals and other organizations	<u>\$ 16,698</u>
Total net position	<u><u>\$ 16,698</u></u>

City of Nevada, Missouri
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	Custodial Funds
REVENUES	
Taxes	\$ 1,219,896
Fees and fines	1,698
Investment earnings	88
Other	1,417
Total revenues	1,223,099
EXPENDITURES	
Culture and recreation	250,821
Debt service:	
Principal	955,580
Total expenditures	1,206,401
Excess (deficiency) of revenues over expenditures	16,698
Increase in net position	16,698
Net position - beginning of year	-
Net position - end of year	\$ 16,698

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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, 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, 2021

Blended Component Unit

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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 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. 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 2021 levy plus any uncollected amounts from the 2020 levy. Property taxes that are not available for current year operations are shown as a deferred inflow.

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

The government reports the following major governmental funds:

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

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

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

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

City of Nevada, Missouri

Notes to Basic Financial Statements

December 31, 2021

The ARPA Fund accounts for the governmental grant funding provided to the City through the Coronavirus State and Local Fiscal Recovery Funds grant program, which resulted from the *American Rescue Plan Act of 2021* (the “Act”). Funding was provided to states, counties and local governments to respond to the COVID-19 public health emergency or its negative economic impacts.

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

- (2) Restricted: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted: Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” component of net position.

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

Fund Balance

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

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

- (5) *Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

Budgets

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

- (1) Prior to November 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (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, 2021, 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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 assets that applies to a future reporting period and will not be recognized as outflow of resources, or expense/expenditure, until then.

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

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

Statement of Cash Flows

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

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, 2021. 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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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.

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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

Use of Estimates

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

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 2: Deposits and Investments

At December 31, 2021, the carrying amount of the City’s cash on hand, demand deposits and certificates of deposit in financial institutions was \$1,767, \$4,310,326 and \$4,051,643, respectively. Approximately \$774,000 of the bank balances of demand deposits were uninsured and uncollateralized at December 31, 2021. The remaining demand deposits were insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At December 31, 2021, the City’s investments consisted of the following:

	Carrying Amount	Fair Value	Investment Rating
U.S. Treasury Notes	\$ 199,938	\$ 199,938	AA+
Negotiable Certificates of Deposit	4,051,643	4,051,643	Not applicable
	<u>\$ 4,251,581</u>	<u>\$ 4,251,581</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.

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, 2021

At December 31, 2021, the City had the following investments and maturities:

Investment type,	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
U.S. Treasury Notes	\$ 199,938	\$ -	\$ 199,938	\$ -
Negotiable Certificates of Deposit	4,051,643	4,051,643	-	-
	\$ 4,251,581	\$ 4,051,643	\$ 199,938	\$ -

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, 2021, the carrying value of deposits and investments are summarized as follows:

Investments	\$ 4,251,581
Deposits	4,310,326
Total	\$ 8,561,907

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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	\$ 7,000,580
Restricted cash	1,559,629
Custodial funds:	
Pooled cash and investments	<u>1,698</u>
 Total	 <u><u>\$ 8,561,907</u></u>

Note 3: Accounts Receivable

Accounts receivable consists of grants and payments owed from vendors. Accounts receivable is recorded net of estimated uncollectible accounts.

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 for the Water and Sewer Fund.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2021, consisted of the following:

	Balance 1/1/2021	Additions	Retirements	Transfers	Balance 12/31/2021
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 745,346	\$ 20,000	\$ -	\$ -	\$ 765,346
Construction in progress	45,366	5,277	43,491	-	7,152
Total capital assets not being depreciated	<u>790,712</u>	<u>25,277</u>	<u>43,491</u>	<u>-</u>	<u>772,498</u>
Capital assets being depreciated:					
Buildings	11,745,719	-	29,649	-	11,716,070
Equipment and vehicles	6,130,936	451,894	1,194,118	(117,222)	5,271,490
Software	307,615	-	93,391	-	214,224
Infrastructure	13,712,073	531,231	61,828	117,222	14,298,698
Total capital assets being depreciated	<u>31,896,343</u>	<u>983,125</u>	<u>1,378,986</u>	<u>-</u>	<u>31,500,482</u>
Less accumulated depreciation:					
Buildings	4,095,694	256,790	25,017	-	4,327,467
Equipment and vehicles	4,180,775	310,515	1,081,374	-	3,409,916
Software	304,688	2,927	93,391	-	214,224
Infrastructure	4,583,329	575,652	49,463	-	5,109,518
Total accumulated depreciation	<u>13,164,486</u>	<u>1,145,884</u>	<u>1,249,245</u>	<u>-</u>	<u>13,061,125</u>
Total capital assets being depreciated, net	<u>18,731,857</u>	<u>(162,759)</u>	<u>129,741</u>	<u>-</u>	<u>18,439,357</u>
Governmental activities capital assets, net	<u>\$ 19,522,569</u>	<u>\$ (137,482)</u>	<u>\$ 173,232</u>	<u>\$ -</u>	<u>\$ 19,211,855</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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

Government activities:	
General government	\$ 288,064
Public Safety	298,402
Culture and recreation	254,368
Street	<u>305,050</u>
Total depreciation expense, governmental	<u>\$ 1,145,884</u>

Capital asset activity for the year ended December 31, 2021, consisted of the following:

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 89,783	\$ -	\$ -	\$ 89,783
Construction in progress	<u>429,021</u>	<u>-</u>	<u>-</u>	<u>429,021</u>
Total capital assets not being depreciated	<u>518,804</u>	<u>-</u>	<u>-</u>	<u>518,804</u>
Capital assets being depreciated:				
Buildings	19,427,850	-	-	19,427,850
Equipment and vehicles	4,184,506	211,724	296,752	4,099,478
Plant, structure and lines	<u>15,604,416</u>	<u>234,827</u>	<u>-</u>	<u>15,839,243</u>
Total capital assets being depreciated	<u>39,216,772</u>	<u>446,551</u>	<u>296,752</u>	<u>39,366,571</u>
Less accumulated depreciation				
Water and sewer	<u>17,955,600</u>	<u>954,848</u>	<u>295,854</u>	<u>18,614,594</u>
Total accumulated depreciation	<u>17,955,600</u>	<u>954,848</u>	<u>295,854</u>	<u>18,614,594</u>
Total capital assets being depreciated, net	<u>21,261,172</u>	<u>(508,297)</u>	<u>898</u>	<u>20,751,977</u>
Business-type activities capital assets, net	<u>\$ 21,779,976</u>	<u>\$ (508,297)</u>	<u>\$ 898</u>	<u>\$ 21,270,781</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Capital asset activity for the year ended June 30, 2021, consisted of the following:

	Balance 7/1/2020	Additions	Disposals	Transfers	Balance 6/30/2021
Nursing Home					
Land and land improvements	\$ 333,962	\$ -	\$ -	\$ -	\$ 333,962
Buildings and leasehold improvements	6,021,647	27,695	-	-	6,049,342
Furnishings and equipment	959,891	16,456	(3,601)	14,157	986,903
Construction in progress	9,938	115,638	-	(14,157)	111,419
	<u>7,325,438</u>	<u>159,789</u>	<u>(3,601)</u>	<u>-</u>	<u>7,481,626</u>
Less accumulated depreciation					
Land improvements	285,840	1,970	-	-	287,810
Buildings and leasehold improvements	4,804,108	101,871	-	-	4,905,979
Furnishings and equipment	718,458	67,254	(3,121)	-	782,591
	<u>5,808,406</u>	<u>171,095</u>	<u>(3,121)</u>	<u>-</u>	<u>5,976,380</u>
	<u>\$ 1,517,032</u>	<u>\$ (11,306)</u>	<u>\$ (480)</u>	<u>\$ -</u>	<u>\$ 1,505,246</u>
	Balance 7/1/2020	Additions	Disposals	Transfers	Balance 6/30/2021
Medical Center					
Land and land improvements	\$ 1,062,275	\$ -	\$ -	\$ -	\$ 1,062,275
Buildings and leasehold improvements	31,151,603	-	-	839,982	31,991,585
Furnishings and equipment	20,804,899	434,698	(664,099)	970,548	21,546,046
Construction in progress	329,704	1,741,144	-	(1,810,530)	260,318
	<u>53,348,481</u>	<u>2,175,842</u>	<u>(664,099)</u>	<u>-</u>	<u>54,860,224</u>
Less accumulated depreciation					
Land improvements	309,067	9,821	-	-	318,888
Buildings and leasehold improvements	25,054,280	837,042	-	56,390	25,947,712
Furnishings and equipment	18,217,371	496,680	(402,262)	(56,390)	18,255,399
	<u>43,580,718</u>	<u>1,343,543</u>	<u>(402,262)</u>	<u>-</u>	<u>44,521,999</u>
	<u>\$ 9,767,763</u>	<u>\$ 832,299</u>	<u>\$ (261,837)</u>	<u>\$ -</u>	<u>\$ 10,338,225</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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.

2021 Valuation

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

Benefit terms provide for annual postretirement 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, 2021

Primary Government

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	56
Active employees	73
	232
	232

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 7.3% General, 12.0% Police and 3.1% Fire of annual covered payroll. The City contributed \$261,775 for the year-ended December 31, 2021.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021, rolled forward to June 30, 2021.

Actuarial Assumptions

The total pension liability in the February 28, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	2.75% to 6.75%, including wage inflation
Net investment rate of return	7.00%

For 2021, the healthy retiree mortality tables for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Table.

The preretirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of general groups and 75% of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 28, 2021.

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%	1.05%
Real Assets	33.00%	2.09%

Discount Rate

The discount rate used to measure the total pension liability is 7%. 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, 2021

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, 2021	\$ 17,252,710	\$ 18,628,483	\$ (1,375,773)
Changes for the year:			
Service cost	313,959	-	313,959
Interest on total pension liability	1,227,344	-	1,227,344
Difference between expected and actual experience	(428,482)	-	(428,482)
Changes of assumptions	(384,887)	-	(384,887)
Benefit payments	(973,146)	(973,146)	-
Employer contributions	-	261,775	(261,775)
Net investment income (loss)	-	4,937,970	(4,937,970)
Administrative expenses	-	(21,665)	21,665
Other changes	-	(133,966)	133,966
Net changes	(245,212)	4,070,968	(4,316,180)
Balances as of December 31, 2021	\$ 17,007,498	\$ 22,699,451	\$ (5,691,953)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6%), or one percentage point higher (8%), than the current rate.

	1% Decrease	Current Single Discount Rate	1% Increase
	6.00%	Assumption 7.00%	8.00%
Net pension liability (asset)	\$ (3,403,273)	\$ (5,691,953)	\$ (7,577,857)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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

For the year ended December 31, 2021, the employer recognized a pension expense of (\$1,041,009). 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	\$ 50,054	\$ (409,429)
Changes of assumptions	-	(262,074)
Net difference between projected and actual earnings on pension plan investments	-	(2,327,606)
Contributions subsequent to the measurement date*	137,774	-
Total	\$ 187,828	\$ (2,999,109)

*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, 2022.

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

Year Ending	Net Deferred Inflows of Resources
2022	\$ (967,688)
2023	(695,101)
2024	(547,665)
2025	(738,601)
Total	\$ (2,949,055)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Discretely Presented Component Units

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	175
Active employees	323
	756

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 6.4% for the Nursing Home and 3.6% for the Medical Center of annual covered payroll. The Nursing Home contributed \$150,550 and the Medical Center contributed \$527,353 for the year-ended June 30, 2021.

Net Pension Asset

The employer's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021, rolled forward to June 30, 2021.

Actuarial Assumptions

The total pension liability in the February 28, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	2.75% to 6.75%, including wage inflation
Net investment rate of return	7.00%

For 2021, the healthy retiree mortality tables for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Table.

The preretirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of general groups and 75% of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 28, 2021.

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%	1.05%
Real Assets	33.00%	2.09%

Discount Rate

The discount rate used to measure the total pension liability is 7%. 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
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Changes in the Net Pension Liability (Asset) – Discretely Presented Component Units

	Increase (Decrease)		Changes in Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of July 1, 2020	\$ 40,425,348	\$ 46,404,612	\$ (5,979,264)
Changes for the year:			
Service cost	986,437	-	986,437
Interest on total pension liability	2,899,640	-	2,899,640
Difference between expected and actual experience	(584,651)	-	(584,651)
Benefit payments	(1,862,382)	(1,862,382)	-
Employer contributions	-	677,903	(677,903)
Net investment income (loss)	-	12,436,724	(12,436,724)
Changes in assumptions	(1,188,065)	-	(1,188,065)
Administrative expenses	-	(71,298)	71,298
Other changes	(228,763)	(449,523)	220,760
Net changes	22,216	10,731,424	(10,709,208)
Balances as of June 30, 2021	\$ 40,447,564	\$ 57,136,036	\$ (16,688,472)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6%), or one percentage point higher (8%), than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ (10,984,483)	\$ (16,688,472)	\$ (18,372,144)

City of Nevada, Missouri
Notes to Basic Financial Statements
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the employer recognized a pension expense of (\$1,227,789). 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	\$ 80,208	\$ 933,030
Changes of assumptions	-	1,100,382
Net difference between projected and actual earnings on pension plan investments	-	5,950,012
Total	\$ 80,208	\$ 7,983,424

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

Year Ending	Net Deferred Inflows of Resources
2022	\$ (2,296,326)
2023	(1,763,922)
2024	(1,798,321)
2025	(2,044,647)
Total	\$ (7,903,216)

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 6: Long-Term Obligations

Changes in long-term obligations of the City for the year ended December 31, 2021, consisted of the following:

Governmental Activities					
	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Bonds payable	\$ 28,788	\$ -	\$ 5,315	\$ 23,473	\$ 5,526
Certificates of participation	3,650,000	-	260,000	3,390,000	270,000
Capital leases	1,613,619	309,859	422,594	1,500,884	300,786
Bond premium/discount	<u>(3,896)</u>	<u>-</u>	<u>(354)</u>	<u>(3,542)</u>	<u>-</u>
	<u>5,288,511</u>	<u>309,859</u>	<u>687,555</u>	<u>4,910,815</u>	<u>576,312</u>
Other liabilities, Compensated absences	<u>296,450</u>	<u>7,962</u>	<u>59,290</u>	<u>245,122</u>	<u>49,024</u>
	<u>\$ 5,584,961</u>	<u>\$ 317,821</u>	<u>\$ 746,845</u>	<u>\$ 5,155,937</u>	<u>\$ 625,336</u>
Business-Type Activities					
	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
2007B SRF revenue bonds	\$ 5,995,000	\$ -	\$ 610,000	\$ 5,385,000	\$ 620,000
2015 SRF revenue bonds	2,153,700	-	121,600	2,032,100	124,400
Capital leases	186,289	-	135,488	50,801	50,801
Bond premium/discount	<u>102,433</u>	<u>-</u>	<u>12,805</u>	<u>89,628</u>	<u>-</u>
	<u>8,437,422</u>	<u>-</u>	<u>879,893</u>	<u>7,557,529</u>	<u>795,201</u>
Other liabilities Compensated absences	<u>15,376</u>	<u>25,584</u>	<u>3,076</u>	<u>37,884</u>	<u>22,953</u>
	<u>\$ 8,452,798</u>	<u>\$ 25,584</u>	<u>\$ 882,968</u>	<u>\$ 7,595,414</u>	<u>\$ 818,735</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Changes in long-term obligations of the Component Units for the year ended June 30, 2021, consisted of the following:

	Component Units				Amounts Due Within One Year
	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	
Bonds payable	\$ 13,895,000	\$ -	\$ 925,000	\$ 12,970,000	\$ 965,000
Paycheck protection program loan	3,000,000	-	-	3,000,000	3,000,000
Capital leases	1,261,462	631,758	287,590	1,605,630	276,224
Nursing Home loan	1,650,000	-	-	1,650,000	1,650,000
Total long-term debt	<u>\$ 19,806,462</u>	<u>\$ 631,758</u>	<u>\$ 1,212,590</u>	<u>\$ 19,225,630</u>	<u>\$ 5,891,224</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
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Total City debt at December 31, 2021, 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%	\$ 23,473
\$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%	2,450,000
\$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%	615,000
\$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, Clayton Holdings and Metz Bank through March 2031 with interest rates ranging from 1.47% to 3.21%	<u>1,500,884</u>
Total governmental activities	<u><u>\$ 4,914,357</u></u>

City of Nevada, Missouri
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\$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%	\$ 5,385,000
\$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%	2,032,100
Various capital leases with U.S. Bancorp and Commerce Bank through February 2022 with interest ranging from 1.72% to 1.94%	<u>50,801</u>
Total business-type activities	<u><u>\$ 7,467,901</u></u>

Discretely presented component units:

\$21,730,800, Series 2007 Revenue Bonds payable consists of health facilities revenue bonds due in annual installments through October 1, 2031; interest at 3.70% to 4.375%	\$ 12,970,000
Paycheck protection program loan, due in monthly payments of \$167,971 through April 30, 2022; interest of 1.0%; subsequent to June 30, 2021, the loan was forgiven in its entirety	3,000,000
Various capital leases through 2035 with interest ranging from 1.50% to 6.71%	1,605,630
Total discretely presented component units unsecured note with no interest; due if meets certain days cash on hand amounts	<u>1,650,000</u>
	<u><u>\$ 19,225,630</u></u>

City of Nevada, Missouri
Notes to Basic Financial Statements
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Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending December 31,	Principal	Interest	NID Bonds
2022	\$ 5,526	\$ 927	\$ 6,453
2023	5,744	709	6,453
2024	5,970	483	6,453
2025	<u>6,233</u>	<u>247</u>	<u>6,480</u>
	<u>\$ 23,473</u>	<u>\$ 2,366</u>	<u>\$ 25,839</u>

Years ending December 31,	Principal	Interest	Certificates of Participation
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	300,000	72,288	372,288
2027-2031	1,645,000	221,381	1,866,381
2032-2035	<u>325,000</u>	<u>22,825</u>	<u>347,825</u>
	<u>\$ 3,390,000</u>	<u>\$ 687,595</u>	<u>\$ 4,077,595</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
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Years ending December 31,	Principal	Interest	Water/Sewer Revenue Bonds
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	821,200	136,719	957,919
2027-2031	2,861,400	219,481	3,080,881
2032-2036	<u>648,900</u>	<u>19,294</u>	<u>668,194</u>
	<u>\$ 7,417,100</u>	<u>\$ 1,250,619</u>	<u>\$ 8,667,719</u>

Years ending June 30,	Principal	Interest	Component Units
2022	\$ 965,000	\$ 539,766	\$ 1,504,766
2023	1,005,000	498,145	1,503,145
2024	1,045,000	454,583	1,499,583
2025	1,085,000	409,049	1,494,049
2026	1,125,000	361,534	1,486,534
2027-2031	6,330,000	1,021,408	7,351,408
2032	<u>1,415,000</u>	<u>30,953</u>	<u>1,445,953</u>
	<u>\$ 12,970,000</u>	<u>\$ 3,315,438</u>	<u>\$ 16,285,438</u>

Bond Reserve Accounts

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

At December 31, 2021, the City was in compliance with the requirements.

City of Nevada, Missouri
Notes to Basic Financial Statements
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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, 2021.

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, 2021, 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, 2021 of approximately \$22.6 million.

Revenue Bonds Payable of the Component Unit

The Series 2007 Revenue Bonds payable consists of Health Facilities Revenue Bonds in the original amount of \$21,730,800 dated March 15, 2007, which bear interest at 3.700 percent to 4.375 percent. The Bonds are payable in graduated annual installments commencing October 1, 2009, and ending October 1, 2031. The Medical Center is required to make minimum monthly deposits of one-sixth of the amount of interest becoming due on all Bonds on the next succeeding interest payment date and one-twelfth of the principal of the Bonds becoming due on the next October 1 to the debt service fund held by the trustee. The Bonds 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 including investment income and gifts, bequests, contributions, grants, and all other monies, except to the extent otherwise limited by the donor or grantor. The City of Nevada and Board of Directors have pledged said net Medical Center income and revenues and other income for the payment of such principal and interest. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

The indenture agreement requires that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheets. The indenture agreement also requires the Medical Center to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.15, certain days cash on hand, and restrictions on incurrence of additional debt.

Paycheck Protection Program (PPP) Loan of the Component Unit

Note payable dated April 30, 2020, in the amount of \$3,000,000 at 1.0 percent interest, monthly payments of \$167,971 payable for a period of seventeen months beginning on November 30, 2020, with a final payment on April 30, 2022. These proceeds were issued by the Small Business Administration (SBA) through the Paycheck Protection Program.

Subsequent to June 30, 2021, the loan was forgiven. Any forgiveness of the loan is recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

City of Nevada, Missouri
Notes to Basic Financial Statements
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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, 2021 is \$2,450,000. 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 have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset		
Parks mower	\$	13,450
Parks equipment		34,543
Parks equipment		9,060
Compact Caterpillar		32,202
Public safety vehicle		33,853
4 police vehicles		127,552
3 John Deere vehicles		192,686
Public works vehicle		34,220
3 public works vehicles		101,563
Golf course irrigation system		650,495
Generator		65,552
2 freightliners		125,342
City Hall improvements		81,702
Deap South pumper		324,952
3 parks mowers		43,740
HVAC system		16,783
Copier		8,000
4 police vehicles		143,144
Police vehicle		38,284
3 police vehicles		118,103
Parks vehicle		33,659
Freightliner pumper truck		309,859
Total assets acquired	\$	2,538,744

City of Nevada, Missouri
Notes to Basic Financial Statements
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The future minimum lease payments and the present value of the remaining minimum lease payments as of December 31, 2021, are as follows for the primary government:

Years Ending December 31,	
2022	\$ 380,784
2023	287,288
2024	248,785
2025	230,299
2026	233,757
2027-2031	267,442
	1,648,355
Less: amount representing interest	96,670
Present value of future minimum lease payments	\$ 1,551,685

Years Ending June 30,	Component Units
2022	\$ 322,202
2023	275,216
2024	270,084
2025	233,920
2026	154,638
2027-2031	446,190
2032-2035	52,055
Total minimum lease payments	1,754,305
Less: amount representing interest	148,675
Present value of future minimum lease payments	\$ 1,605,630

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 8: Restricted Cash

Restricted cash and investments at December 31, 2021, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Municipal court	\$ 225	\$ -	\$ 225
Bond reserve accounts	-	817,030	817,030
Reserve for debt service	<u>-</u>	<u>742,374</u>	<u>742,374</u>
	<u>\$ 225</u>	<u>\$ 1,559,404</u>	<u>\$ 1,559,629</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, 2021

Note 10: Tax Revenues

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2021, is as follows:

Type	General Fund	Special Revenue Funds	Water & Sewer Fund
Property	\$ 914,861	\$ -	\$ -
Railroad	49,324	6,801	-
Franchise	1,008,429	-	-
Cigarette	-	69,155	-
City Sales	1,942,703	-	-
Capital Improvement Sales	-	-	971,554
Park Sales	-	971,554	-
Transportation Sales	-	971,554	-
Motor Vehicle	-	390,989	-
Occupancy	-	118,364	-
	<u>\$ 3,915,317</u>	<u>\$ 2,528,417</u>	<u>\$ 971,554</u>

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2021, was as follows:

Real estate	\$ 73,898,306
Personal property	<u>25,369,169</u>
	<u>\$ 99,267,475</u>

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2021 was as follows:

General Fund	\$	0.7360
Library		0.1990
	\$	0.9350

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, 2021.

Transfers during the year ended December 31, 2021, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 473,560	\$ 2,932
Special Revenue Funds:		
Street	2,932	-
Proprietary Fund,		
Water and sewer	-	473,560
	\$ 476,492	\$ 476,492

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.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

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, 2021.

Note 12: Risk Management

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

Note 13: Self-Insurance

Substantially all of the City's employees and their dependents are eligible to participate in the City's employee health insurance plan. The City is self-insured for health claims of participating employees and dependents.

A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the City's estimate will change by a material amount in the near term.

Activity in the City's accrued employee health claims liability during 2021 and 2020 is summarized as follows:

	2021	2020
Balance, beginning of year	\$ -	\$ -
Claims incurred	564,643	509,457
Claims and expenses paid	(536,450)	(509,457)
	\$ 28,193	\$ -

The accrued employee health claims liability is included within accounts payable and accrued expenses on the statement of net position.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 14: 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 \$19,500 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 15: 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 \$8,667,719. Principal and interest paid for the current year is \$1,026,003.

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, 2021, amounted to \$3,390,000. 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 \$371,910.

Note 16: 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, 2021 is \$157,326.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Note 17: 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 18: 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, 2021, 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.

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law. The Nevada Regional Medical Center and the Nevada City Nursing Home received \$10,242,182 and \$468,226, respectively, in federal grants related to the CARES Act during the year ended June 30, 2021. These funds are accounted for as voluntary nonexchange transactions. Revenue is recognized as eligibility requirements are met. During the year ended June 30, 2021, Nevada Regional Medical Center and Nevada City Nursing Home recognized \$9,842,182 and \$884,079, respectively, as grants from other governments – unrestricted.

During the year ended December 31, 2021, the City received \$833,475 in federal grants related to the *American Rescue Plan Act of 2021* (ARPA). These funds are treated as conditional contributions and are recognized as the terms and conditions of the contributions are met. Through December 31, 2021, the City has recognized \$75,500 as grants from other governments – unrestricted on the statement of activities.

Note 19: 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,

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

warehousing and industrial development purposes upon such terms and conditions as the City shall deem advisable.

For the year ended December 31, 2021, the City had agreements for abated property taxes totaling \$190,996 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 \$9,477 for the year ended December 31, 2021. The net effect is a property tax abatement of \$181,519.

Note 20: 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 21: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Investments				
U.S. Treasury Notes	\$ 199,938	\$ 199,938	\$ -	\$ -
Negotiable Certificates of Deposit	<u>4,051,643</u>	<u>4,051,643</u>	<u>-</u>	<u>-</u>
 Total investments	 <u>\$ 4,251,581</u>	 <u>\$ 4,251,581</u>	 <u>\$ -</u>	 <u>\$ -</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 22: Subsequent Events

The City received ARPA funding in 2022 of \$849,538.

During 2023, the City settled litigation brought against the City and accrued for this within the general fund as of December 31, 2021 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.

During 2023, the City passed, approved and adopted a local use sales tax at the same rate as the total local sales tax rate.

City of Nevada, Missouri
Notes to Basic Financial Statements
December 31, 2021

In April 2024, the City entered into a financed purchase agreement for two freightliner vehicles. Principal and interest payments of \$182,509 are due annually, beginning on April 17, 2025 and ending on April 17, 2029.

In April 2024, citizens of the City voted to issue its combined waterworks and sewage system revenue bonds in the amount of \$15,000,000 for the purpose of extending and improving the combined waterworks and sewage system of the City, including acquiring land and rights of way. The cost of operations and maintenance of said combined waterworks and sewage system and the principal and interest on said revenue bonds is to be payable solely from revenues derived from the City from the operation of its combined waterworks and sewage system.

In June 2024, the Board of Trustees of the Nevada Regional Medical Center entered into a forbearance agreement in relation to their Series 2017 Refunding Revenue Bonds.

During 2024, the City passed, approved and adopted a City sales tax for general municipal purposes at a rate of one-half of one percent (1/2 of 1%) on the receipts from all retail sales of property or services within the City which are subject to taxation by the State of Missouri, with one-half of the revenues of such sales tax to be used for construction costs for a community aquatic center and general parks operations and maintenance and the other one-half of such tax to be used for police and fire department salaries, benefits and essential public safety operations.

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

<i>Fiscal year ending June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 1,300,396	\$ 1,285,139	\$ 1,262,493	\$ 1,199,419	\$ 1,131,932	\$ 283,533	\$ 287,548
Interest on the total pension liability	4,126,984	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	(1,013,133)	(758,484)	222,750	(705,166)	(790,527)	(324,977)	(1,079)
Assumption changes	(1,801,715)	-	-	-	-	446,730	-
Benefit payments	(2,835,528)	(2,731,842)	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-	-	-
Net Change in Total Pension Liability	<u>(222,996)</u>	<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>57,678,058</u>	<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>\$ 57,455,062</u>	<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	\$ 939,678	\$ 870,335	\$ 884,234	\$ 786,993	\$ 683,769	\$ 291,950	\$ 292,173
Contributions-employee	-	-	-	-	-	-	18,290
Pension plan net investment income	17,374,694	860,636	4,101,236	7,123,536	6,404,126	(46,138)	329,923
Benefit payments	(2,835,528)	(2,731,842)	(2,652,445)	(2,373,048)	(2,406,365)	(896,720)	(895,495)
Refunds	-	-	-	-	-	-	-
Pension plan administrative expense	(92,963)	(122,751)	(106,244)	(75,717)	(73,156)	(16,314)	(17,988)
Other	(583,489)	66,948	(215,849)	(616,221)	(306,801)	(74,381)	(248,478)
Net Change in Plan Fiduciary Net Position	<u>14,802,392</u>	<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>65,033,095</u>	<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>\$ 79,835,487</u>	<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>\$ (22,380,425)</u>	<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	138.95%	112.75%	118.26%	120.36%	115.17%	102.09%	110.93%
Covered Payroll	\$ 19,902,807	\$ 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	-112.45%	-39.13%	-54.17%	-58.60%	-44.77%	-12.04%	-59.71%

Notes to schedule:

Only the 2015 through 2021 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.

Changes in assumptions:

Wage inflation decreased from 3.25% to 2.75%.

Price inflation decreased from 2.50% to 2.25%

The range of salary increases changed from 3.25%-6.55% to 2.75%-6.75%

Investment rate of return decreased from 7.25% to 7.00%

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale. Previously, the MP-2015 mortality improvement scale was utilized.

Changes in benefits:

There have been no changes to benefits.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 951,866	\$ 851,053	\$ 896,192	\$ 785,221	\$ 692,714	\$ 271,957	\$ 288,801	\$ 306,206	\$ 321,320	\$ 368,513
Contributions in relation to the actuarially determined contribution	950,185	853,379	891,739	786,993	693,141	271,957	288,801	293,369	283,412	257,276
Contribution deficiency (excess)	\$ 1,681	\$ (2,326)	\$ 4,453	\$ (1,772)	\$ (427)	\$ -	\$ -	\$ 12,837	\$ 37,908	\$ 111,237
Covered payroll	\$ 20,085,134	\$ 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
Contributions as a percentage of covered payroll	4.73%	4.57%	4.76%	4.52%	3.89%	9.93%	10.40%	10.33%	10.4%	9.8%

Notes to Schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed market, 20% corridor
Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	2.75% to 6.75%, including wage inflation
Net investment rate of return	7.00%
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 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 disabled retiree mortality table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 employees mortality table for males and females of General groups and 75% of the PubS-2010 employee mortality table for males and females of Police, Fire and Public Safety groups.

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
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,797,994	\$ 3,797,994	\$ 3,915,317	\$ 117,323
Licenses and permits	100,600	100,600	161,104	60,504
Intergovernmental	83,051	83,051	90,819	7,768
Charges for services	135,000	135,000	501,652	366,652
Fees and fines	105,700	105,700	88,607	(17,093)
Investment earnings	17,000	17,000	472	(16,528)
Paid in lieu of tax	237,689	237,689	7,520	(230,169)
Other	44,600	44,600	49,603	5,003
	4,521,634	4,521,634	4,815,094	293,460
EXPENDITURES				
Current:				
General government	985,446	985,446	909,144	76,302
Municipal court	206,647	206,647	155,247	51,400
Public transportation	57,332	57,332	66,452	(9,120)
Public safety	2,757,349	2,757,349	2,708,404	48,945
Emergency management	5,360	5,360	11,845	(6,485)
Animal control	149,627	149,627	182,094	(32,467)
Planning and zoning	113,510	113,510	267,523	(154,013)
Capital outlay	899,482	899,482	369,008	530,474
Debt service:				
Principal	485,428	485,428	558,764	(73,336)
Interest and other charges	212,477	212,477	141,807	70,670
	5,872,658	5,872,658	5,370,288	502,370
Excess (deficiency) of revenues over expenditures	(1,351,024)	(1,351,024)	(555,194)	795,830
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	309,859	309,859
Proceeds from capital leases	871,000	871,000	-	(871,000)
Proceeds from sale of capital assets	4,800	4,800	17,125	12,325
Transfers in	488,844	488,844	473,560	(15,284)
Transfers out	(13,620)	(13,620)	(2,932)	10,688
Total other financing sources and uses	1,351,024	1,351,024	797,612	(553,412)
Net change in fund balances	-	-	242,418	242,418
Fund balances - beginning of year	734,111	734,111	734,111	-
Fund balances - end of year	\$ 734,111	\$ 734,111	\$ 976,529	\$ 242,418

City of Nevada, Missouri
Budgetary Comparison Schedule – Street Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,179,500	\$ 1,179,500	\$ 1,365,043	\$ 185,543
Investment earnings	20,000	20,000	197	(19,803)
Miscellaneous	1,000	1,000	5,784	4,784
	<u>1,200,500</u>	<u>1,200,500</u>	<u>1,371,024</u>	<u>170,524</u>
EXPENDITURES				
Street	857,801	857,801	624,826	232,975
Capital outlay	556,300	556,300	795,442	(239,142)
Debt service:				
Principal	8,164	8,164	-	8,164
Interest and other charges	166	166	-	166
	<u>1,422,431</u>	<u>1,422,431</u>	<u>1,420,268</u>	<u>2,163</u>
Excess (deficiency) of revenues over expenditures	<u>(221,931)</u>	<u>(221,931)</u>	<u>(49,244)</u>	<u>172,687</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,000	1,000	148,457	147,457
Transfers in	10,800	10,800	2,932	(7,868)
Transfers out	(52,881)	(52,881)	-	52,881
Total other financing sources and uses	<u>(41,081)</u>	<u>(41,081)</u>	<u>151,389</u>	<u>192,470</u>
Net change in fund balances	(263,012)	(263,012)	102,145	365,157
Fund balances - beginning of year	<u>395,266</u>	<u>395,266</u>	<u>395,266</u>	<u>-</u>
Fund balances - end of year	<u>\$ 132,254</u>	<u>\$ 132,254</u>	<u>\$ 497,411</u>	<u>\$ 365,157</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 877,000	\$ 877,000	\$ 1,040,709	\$ 163,709
Intergovernmental	-	-	871	871
Charges for services	366,200	366,200	225,784	(140,416)
Investment earnings	4,700	4,700	312	(4,388)
Miscellaneous	<u>2,300</u>	<u>2,300</u>	<u>9,495</u>	<u>7,195</u>
	<u>1,250,200</u>	<u>1,250,200</u>	<u>1,277,171</u>	<u>26,971</u>
EXPENDITURES				
Current:				
Culture and recreation	1,192,821	1,192,821	1,108,582	84,239
Capital outlay	5,000	5,000	6,665	(1,665)
Debt service:				
Principal	108,142	108,142	124,036	(15,894)
Interest and other charges	<u>20,386</u>	<u>20,386</u>	<u>14,296</u>	<u>6,090</u>
	<u>1,326,349</u>	<u>1,326,349</u>	<u>1,253,579</u>	<u>72,770</u>
Excess (deficiency) of revenues over expenditures	<u>(76,149)</u>	<u>(76,149)</u>	<u>23,592</u>	<u>99,741</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	2,500	2,500	27,715	25,215
Transfers in	<u>17,825</u>	<u>17,825</u>	-	<u>(17,825)</u>
Total other financing sources and uses	<u>20,325</u>	<u>20,325</u>	<u>27,715</u>	<u>7,390</u>
Net change in fund balances	(55,824)	(55,824)	51,307	107,131
Fund balances - beginning of year	<u>405,695</u>	<u>405,695</u>	<u>405,695</u>	<u>-</u>
Fund balances - end of year	<u>\$ 349,871</u>	<u>\$ 349,871</u>	<u>\$ 457,002</u>	<u>\$ 107,131</u>

Management did not prepare a budget for the ARPA fund.

City of Nevada, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Parks Construction Fund	Special Projects Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total-Nonmajor Governmental Funds
ASSETS								
Cash and investments	\$ 270,814	\$ 830,749	\$ 9,177	\$ 3,247	\$ 11,960	\$ 168,248	\$ -	\$ 1,294,195
Taxes receivable, net	-	-	-	-	-	8,231	-	8,231
Special assessments receivable	-	-	-	-	-	-	15,161	15,161
Other receivables	-	32,954	460	-	-	424	-	33,838
Prepays	-	-	1,377	-	-	-	-	1,377
Total assets	<u>\$ 270,814</u>	<u>\$ 863,703</u>	<u>\$ 11,014</u>	<u>\$ 3,247</u>	<u>\$ 11,960</u>	<u>\$ 176,903</u>	<u>\$ 15,161</u>	<u>\$ 1,352,802</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	\$ -	\$ -	\$ 430	\$ -	\$ -	\$ 865	\$ -	\$ 1,295
Total liabilities	-	-	430	-	-	865	-	1,295
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	-	-	-	-	-	13,345	13,345
Total deferred inflows of resources	-	-	-	-	-	-	13,345	13,345
FUND BALANCES								
Nonspendable:								
Prepays	-	-	1,377	-	-	-	-	1,377
Restricted:								
Capital projects	270,814	863,703	-	-	-	-	-	1,134,517
Airport	-	-	9,207	-	-	-	-	9,207
Debt service	-	-	-	-	-	-	1,816	1,816
Economic development	-	-	-	-	-	176,038	-	176,038
Police and court	-	-	-	3,247	11,960	-	-	15,207
Total fund balances	<u>270,814</u>	<u>863,703</u>	<u>10,584</u>	<u>3,247</u>	<u>11,960</u>	<u>176,038</u>	<u>1,816</u>	<u>1,338,162</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 270,814</u>	<u>\$ 863,703</u>	<u>\$ 11,014</u>	<u>\$ 3,247</u>	<u>\$ 11,960</u>	<u>\$ 176,903</u>	<u>\$ 15,161</u>	<u>\$ 1,352,802</u>

City of Nevada, Missouri
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Parks Construction Fund	Special Projects Fund	Airport Fund	Judicial Education Fund	Post Commission Fund	Tourism Fund	NID - Ashland Estates Sewer	Total-Nonmajor Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,364	\$ 4,301	\$ 122,665
Intergovernmental	-	-	109,923	-	-	-	-	109,923
Charges for services	-	-	-	984	2,647	-	-	3,631
Investment earnings	-	349	-	-	-	-	-	349
Other	-	-	12,129	-	-	9,101	-	21,230
	<u>-</u>	<u>-</u>	<u>12,129</u>	<u>-</u>	<u>-</u>	<u>9,101</u>	<u>-</u>	<u>21,230</u>
Total revenues	<u>-</u>	<u>349</u>	<u>122,052</u>	<u>984</u>	<u>2,647</u>	<u>127,465</u>	<u>4,301</u>	<u>257,798</u>
EXPENDITURES								
General government	-	-	-	1,045	5,490	-	155	6,690
Culture and recreation	-	-	17,535	-	-	76,687	-	94,222
Capital outlay	-	-	103,823	-	-	5,265	-	109,088
Debt service:								
Principal	-	-	-	-	-	-	5,110	5,110
Interest and fiscal charges	-	-	-	-	-	-	1,343	1,343
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,343</u>	<u>1,343</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>121,358</u>	<u>1,045</u>	<u>5,490</u>	<u>81,952</u>	<u>6,608</u>	<u>216,453</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>349</u>	<u>694</u>	<u>(61)</u>	<u>(2,843)</u>	<u>45,513</u>	<u>(2,307)</u>	<u>41,345</u>
Net change in fund balances	-	349	694	(61)	(2,843)	45,513	(2,307)	41,345
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 270,814</u>	<u>\$ 863,703</u>	<u>\$ 10,584</u>	<u>\$ 3,247</u>	<u>\$ 11,960</u>	<u>\$ 176,038</u>	<u>\$ 1,816</u>	<u>\$ 1,338,162</u>

City of Nevada, Missouri
Combining Statement of Fiduciary Net Position – Custodial Funds
For the Year Ended December 31, 2021

	<u>Hospital Custodial Fund</u>	<u>Inmate Security Fund</u>	<u>Library Fund</u>	<u>Total Custodial Funds</u>
ASSETS				
Pooled cash and investments	\$ -	\$ 1,698	\$ -	\$ 1,698
Taxes receivable, net	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total assets	<u>\$ 15,000</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 16,698</u>
NET POSITION				
Restricted for individuals and other organizations	<u>\$ 15,000</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 16,698</u>
Total net position	<u>\$ 15,000</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 16,698</u>

City of Nevada, Missouri
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds
For the Year Ended December 31, 2021

	Hospital Custodial Fund	Inmate Security Fund	Library Fund	Total Custodial Funds
REVENUES				
Taxes	\$ 970,492	\$ -	\$ 249,404	\$ 1,219,896
Fees and fines	-	1,698	-	1,698
Investment earnings	88	-	-	88
Other	-	-	1,417	1,417
	<u>970,580</u>	<u>1,698</u>	<u>250,821</u>	<u>1,223,099</u>
Total revenues	<u>970,580</u>	<u>1,698</u>	<u>250,821</u>	<u>1,223,099</u>
EXPENDITURES				
Culture and recreation	-	-	250,821	250,821
Debt service:				
Principal	<u>955,580</u>	<u>-</u>	<u>-</u>	<u>955,580</u>
Total expenditures	<u>955,580</u>	<u>-</u>	<u>250,821</u>	<u>1,206,401</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>1,698</u>	<u>-</u>	<u>16,698</u>
Increase (decrease) in net position	15,000	1,698	-	16,698
Net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - end of year	<u>\$ 15,000</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 16,698</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Parks Construction Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	270,814	270,814	270,814	-
Fund balances - end of year	<u>\$ 270,814</u>	<u>\$ 270,814</u>	<u>\$ 270,814</u>	<u>\$ -</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Special Projects Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 14,000	\$ 14,000	\$ 349	\$ (13,651)
Miscellaneous	1,000	1,000	-	(1,000)
	<u>15,000</u>	<u>15,000</u>	<u>349</u>	<u>(14,651)</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>15,000</u>	<u>349</u>	<u>(14,651)</u>
Net change in fund balances	15,000	15,000	349	(14,651)
Fund balances - beginning of year	<u>863,354</u>	<u>863,354</u>	<u>863,354</u>	<u>-</u>
Fund balances - end of year	<u>\$ 878,354</u>	<u>\$ 878,354</u>	<u>\$ 863,703</u>	<u>\$ (14,651)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Airport Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 109,923	\$ 109,923
Miscellaneous	14,012	14,012	12,129	(1,883)
	<u>14,012</u>	<u>14,012</u>	<u>122,052</u>	<u>108,040</u>
EXPENDITURES				
Culture and recreation	14,012	14,124	17,535	(3,411)
Capital outlay	-	-	103,823	(103,823)
	<u>14,012</u>	<u>14,124</u>	<u>121,358</u>	<u>(107,234)</u>
Excess (deficiency) of revenues over expenditures	-	(112)	694	806
Net change in fund balances	-	(112)	694	806
Fund balances - beginning of year	9,890	9,890	9,890	-
Fund balances - end of year	<u>\$ 9,890</u>	<u>\$ 9,778</u>	<u>\$ 10,584</u>	<u>\$ 806</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Judicial Education Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,400	\$ 1,400	\$ 984	\$ (416)
EXPENDITURES				
Current:				
General government	1,400	1,400	1,045	355
Excess (deficiency) of revenues over expenditures	-	-	(61)	(61)
Net change in fund balances	-	-	(61)	(61)
Fund balances - beginning of year	3,308	3,308	3,308	-
Fund balances - end of year	<u>\$ 3,308</u>	<u>\$ 3,308</u>	<u>\$ 3,247</u>	<u>\$ (61)</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – Post Commission Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 4,100	\$ 4,100	\$ 2,647	\$ (1,453)
EXPENDITURES				
Current:				
General government	4,100	4,100	5,490	(1,390)
Excess (deficiency) of revenues over expenditures	-	-	(2,843)	(2,843)
Net change in fund balances	-	-	(2,843)	(2,843)
Fund balances - beginning of year	14,803	14,803	14,803	-
Fund balances - end of year	\$ 14,803	\$ 14,803	\$ 11,960	\$ (2,843)

City of Nevada, Missouri
Budgetary Comparison Schedule – Tourism Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 118,364	\$ 18,364
Charges for services	3,000	3,000	-	(3,000)
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>9,101</u>	<u>(899)</u>
	<u>113,000</u>	<u>113,000</u>	<u>127,465</u>	<u>14,465</u>
EXPENDITURES				
Current:				
Culture and recreation	77,776	77,776	76,687	1,089
Capital outlay	<u>14,500</u>	<u>14,500</u>	<u>5,265</u>	<u>9,235</u>
	<u>92,276</u>	<u>92,276</u>	<u>81,952</u>	<u>10,324</u>
Excess of revenues over expenditures	<u>20,724</u>	<u>20,724</u>	<u>45,513</u>	<u>24,789</u>
OTHER FINANCING USES				
Transfers out	<u>(38,764)</u>	<u>(38,764)</u>	<u>-</u>	<u>38,764</u>
Net change in fund balances	(18,040)	(18,040)	45,513	63,553
Fund balances - beginning of year	<u>130,525</u>	<u>130,525</u>	<u>130,525</u>	<u>-</u>
Fund balances - end of year	<u>\$ 112,485</u>	<u>\$ 112,485</u>	<u>\$ 176,038</u>	<u>\$ 63,553</u>

City of Nevada, Missouri
Budgetary Comparison Schedule – NID - Ashland Estates Sewer Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,959	\$ 3,959	\$ 4,301	\$ 342
EXPENDITURES				
Current:				
General government	200	200	155	45
Debt service:				
Principal	4,920	4,920	5,110	(190)
Interest and other charges	1,534	1,534	1,343	191
	6,654	6,654	6,608	46
Deficiency of revenues over expenditures	(2,695)	(2,695)	(2,307)	388
Net change in fund balances	(2,695)	(2,695)	(2,307)	388
Fund balances - beginning of year	4,123	4,123	4,123	-
Fund balances - end of year	\$ 1,428	\$ 1,428	\$ 1,816	\$ 388

**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 Major 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 (*Government Auditing Standards*), 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2025, which contained an Emphasis of Matter paragraph regarding substantial doubt about the Nevada City Nursing Home's ability to continue as a going concern. 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.

Report on 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 entity'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 were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Report on 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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Kansas City, Missouri
April 18, 2025

City of Nevada, Missouri
Schedule of Findings and Responses
Year Ended December 31, 2021

Reference Number	Finding
2021-001	<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 materiality 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>