



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

January 31, 2023

Auditor of State Rob Sand today released an audit report on the City of Nevada, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$26,997,042 for the year ended June 30, 2022, a 50.9% increase over the prior year. Disbursements for the year ended June 30, 2022 totaled \$26,381,543, a 62.3% increase over the prior year. The significant increase in receipts and disbursements is due primarily to the issuance of a sewer revenue bond on January 28, 2022 and the use of current year and prior year bond proceeds for the wastewater treatment facility.

AUDIT FINDING:

Sand reported one finding related to the receipt and disbursement of taxpayer funds. It is found on pages 64 and 65 of this report. The finding addresses the proper reporting of the debt outstanding on the Annual Urban Renewal Report. Sand provided the City with a recommendation to address the finding.

The finding above is repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

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CITY OF NEVADA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2022

City of Nevada



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Rob Sand
Auditor of State

January 13, 2023

Officials of the City of Nevada
Nevada, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Nevada for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Nevada throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	18-19
Governmental Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	20-21
Reconciliation of the Statement of Cash Receipts Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	C	23
Proprietary Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D	24
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position	E	25
Notes to Financial Statements		26-44
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds		46-47
Notes to Other Information – Budgetary Reporting		49
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)		50-51
Schedule of City Contributions		52-53
Notes to Other Information – Pension Liability (Asset)		54
Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	56-58
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Proprietary Funds	2	59
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	3	60-61
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		62-63
Schedule of Findings		64-65
Staff		66

City of Nevada

Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett Barker	Mayor	Jan 2022
Brian Hanson	Council Member	Jan 2022
Dane Nealson	Council Member	Jan 2022
Luke Spence	Council Member	Jan 2022
Sandy Ehrig	Council Member	Jan 2024
Barb Mittman	Council Member	Jan 2024
Jason Sampson	Council Member	Jan 2024
Jordan Cook	City Administrator	Indefinite
Kerin Wright	City Clerk	Indefinite
Brick, Gentry, Bowers, Swartz, Stolze, & Levis, P.C.	Attorney	Indefinite

(After January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett Barker	Mayor	Jan 2026
Sandy Ehrig	Council Member	Jan 2024
Barb Mittman	Council Member	Jan 2024
Jason Sampson	Council Member	Jan 2024
Brian Hanson	Council Member	Jan 2026
Dane Nealson	Council Member	Jan 2026
Steve Skaggs	Council Member	Jan 2026
Jordan Cook	City Administrator	Indefinite
Kerin Wright	City Clerk	Indefinite
Brick, Gentry, Bowers, Swartz, Stolze, & Levis, P.C.	Attorney	Indefinite

City of Nevada



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Nevada, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Nevada as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Nevada, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the City of Nevada adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. 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 these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 of Nevada's ability to continue as a going concern for twelve 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 judgement 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 judgement 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 of Nevada'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Nevada'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nevada's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

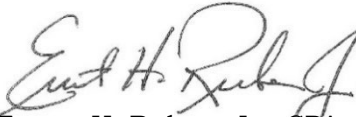
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 8 through 15 and 46 through 54 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 January 13, 2023 on our consideration of the City of Nevada'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 of Nevada's internal control over financial reporting and compliance.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

January 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Nevada provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- Receipts for governmental activities increased 6.2%, or approximately \$594,000, from fiscal year 2021 to fiscal year 2022 due primarily to American Rescue Plan Act receipts. Receipts for business type activities increased approximately \$8,510,000 or 102.0%, from fiscal year 2021 to fiscal year 2022 due primarily to the issuance of a sewer revenue bond in January 2022.
- Disbursements for governmental activities increased 4.8%, or approximately \$511,000, from fiscal year 2021 to fiscal year 2022. Community and economic development function disbursements increased 36.4%, or approximately \$163,000, due to new development agreements and economic development grants. Culture and recreation function disbursements increased 18.4%, or approximately 257,000 due to parks and recreation programs, the library and the pool operating at full capacity.
- Disbursements for business type activities increased approximately \$9,614,000, or 169.3%, with an approximately \$9,734,000 increase in disbursements in the Enterprise, Sewer Fund. This increase is mostly due to costs for the new wastewater treatment facility in fiscal year 2022.
- The City's total cash basis net position increased 2.0%, or approximately \$615,000, from June 30, 2021 to June 30, 2022. Of this amount, the cash basis net position of the governmental activities decreased approximately \$920,000 and the cash basis net position of the business type activities increased approximately \$1,535,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability (asset) and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water system, the sanitary sewer system, and sanitation and storm sewer utilities, including all capital projects associated with these activities. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Local Option Sales and Services Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds, such as Cemetery Perpetual Care and Parks Planting (Hattery). The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City’s Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City, and the Sanitation and Storm Water Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

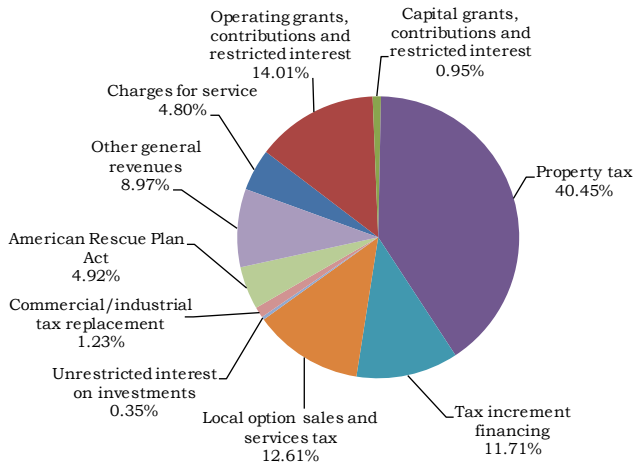
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

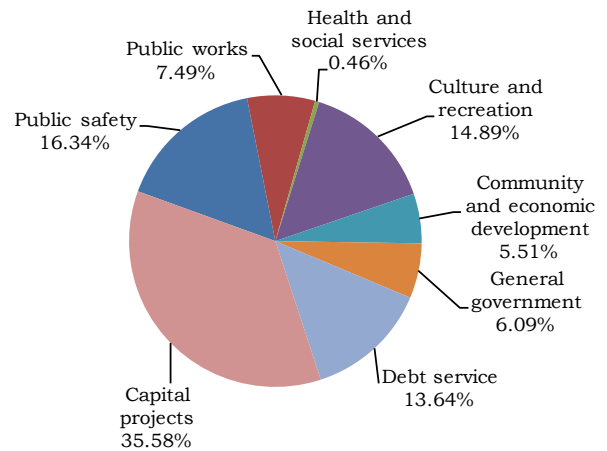
Net position may serve over time as a useful indicator of financial position. The City’s cash balance for governmental activities decreased from a year ago, decreasing from approximately \$21.222 million to approximately \$20.302 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2022	2021
Receipts:		
Program receipts:		
Charges for service	\$ 487	401
Operating grants, contributions and restricted interest	1,421	1,608
Capital grants, contributions and restricted interest	96	669
General receipts:		
Property tax	4,102	4,016
Tax increment financing	1,188	909
Local option sales and services tax	1,279	1,257
Commercial/industrial tax replacement	125	112
American Rescue Plan Act	499	-
Unrestricted interest on investments	36	357
Other general revenues	910	220
Total receipts	<u>10,143</u>	<u>9,549</u>
Disbursements:		
Public safety	1,812	1,850
Public works	831	817
Health and social services	51	51
Culture and recreation	1,651	1,394
Community and economic development	611	448
General government	675	531
Debt service	1,512	1,535
Capital projects	3,945	3,951
Total disbursements	<u>11,088</u>	<u>10,577</u>
Change in cash basis net position before transfers	(945)	(1,028)
Transfers, net	25	250
Change in cash basis net position	(920)	(778)
Cash basis net position beginning of year	<u>21,222</u>	<u>22,000</u>
Cash basis net position end of year	<u>\$ 20,302</u>	<u>21,222</u>

Receipts by Source



Disbursements by Function



Receipts for governmental activities increased 6.2%, or approximately \$594,000, from fiscal year 2021 to fiscal year 2022 due primarily to receiving approximately \$499,000 under the American Rescue Plan Act. Other significant factors include proceeds of \$910,000 from the sale of Gates Hall. The total of all program receipts decreased \$674,000 and general receipts increased approximately \$1,268,000. Receipts for business type activities increased approximately \$8,510,000, or 102.0%, as a result of the receipt of revenue bond proceeds for the sewer utility.

The total cost of all governmental activities programs and services increased approximately \$511,000, or 4.8%. Community and economic development function disbursements increased 36.4%, or approximately \$163,000, due to new development agreements and economic development grants. Culture and recreation function disbursements increased 18.4%, or approximately \$257,000, primarily due to parks and recreation programs, the library and the pool operating at full capacity.

The City’s property tax rate in fiscal year 2022 was \$14.61800 per \$1,000 of taxable valuation, the same rate as fiscal year 2021. The City’s property tax rate has not increased significantly in twenty years, except for the voted capital improvements levies in fiscal years 2009 and 2011.

The cost of all governmental activities this year was approximately \$11.088 million compared to approximately \$10.577 million last year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was approximately \$9.100 million because some of the cost was paid by those directly benefiting from the programs (approximately \$487,000) or by other governments and organizations which subsidized certain programs with grants, contributions and unrestricted interest (approximately \$1.517 million). Overall, the City’s governmental activities program receipts, including intergovernmental aid and fees for service, decreased from approximately \$2.678 million in fiscal year 2021 to approximately \$2.004 million in fiscal year 2022, a 25.2% decrease. This decrease is primarily due to the receipt of Local Government Relief funds of \$158,578 from the Iowa Department of Revenue for the reimbursement of costs related to COVID-19 and RISE state grant funds of \$480,180 in fiscal year 2021. The City paid for the remaining “public benefit” portion of governmental activities with taxes (some of which could only be used for certain programs) and other receipts, such as interest and local option sales and services tax.

Changes in Cash Basis Net Position of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2022	2021
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,348	2,645
Sewer	2,246	1,711
Other	250	249
Capital grants, contributions and restricted interest	1	11
General receipts:		
Unrestricted interest on investments	20	145
Revenue bond proceeds	11,989	6,928
Payment to refunding agent	-	(3,345)
Total receipts	<u>16,854</u>	<u>8,344</u>
Disbursements:		
Water	1,627	1,767
Sewer	13,571	3,837
Other	96	76
Total disbursements	<u>15,294</u>	<u>5,680</u>
Change in cash basis net position before transfers	1,560	2,664
Transfers, net	<u>(25)</u>	<u>(250)</u>
Change in cash basis net position	1,535	2,414
Cash basis net position beginning of year	<u>9,522</u>	<u>7,108</u>
Cash basis net position end of year	<u>\$ 11,057</u>	<u>9,522</u>

Total business type activities receipts for fiscal year 2022 were approximately \$16.854 million compared to approximately \$8.344 million last year. This increase is primarily due to sewer revenue bond proceeds totaling approximately \$11,989,000, offset by approximately \$4,062,000 sewer revenue bond proceeds received during fiscal year 2021. Total business type activities disbursements for fiscal year 2022 were approximately \$15.294 million compared to approximately \$5.680 million last year, an increase of approximately \$9,514,000. This increase is primarily due to progress being made on the new wastewater treatment facility.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Nevada completed the year, its governmental funds reported a combined fund balance of \$20,277,702, a decrease of \$926,712 from last year's total of \$21,204,414. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund (including the general, hotel/motel, emergency, general capital revolving, self-insurance and sick and vacation accounts) cash balance decreased \$3,083,839 to \$6,544,538. General Fund receipts decreased \$625,253, or 15.6%, while disbursements increased \$257,420, or 6.8%. The decrease in receipts is mostly attributed to lower interest rates and the discontinuation of the Gates Hall levy. Also, construction permits and the Story County contribution to the library were all lower in fiscal year 2022 than in fiscal year 2021.

- The Special Revenue, Road Use Tax Fund cash balance increased \$389,084 to \$2,564,890. Road Use Tax Fund receipts decreased \$65,345, or 6.4%, while disbursements increased \$85,376, or 12.2%, due to the purchase of a snowplow in fiscal year 2022.
- The Special Revenue, Local Option Sales and Services Tax Fund cash balance increased \$295,253 to \$1,492,454. Local Option Sales and Services Tax Fund receipts increased \$29,137, or 2.3%, while disbursements increased \$101,485, or 39.0%. The increase is due to additional costs for community and economic development grants as well as increased costs related to the removal and replanting of trees impacted by the prior year derecho.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance was \$2,055,175 at the end of the fiscal year, an increase of \$198,728 over the previous year. Transfers from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund decreased approximately \$284,000 due to the use of funds from the debt service levy for the payment of debt. In addition, the City transferred \$73,574 to the General Fund for the repayment of an internal loan resulting from a development agreement with Verbio North America's biorefinery operations within the City's urban renewal area.
- The Debt Service Fund began the year with a cash balance of \$262,907 and ended with a balance of \$290,957, an increase of \$28,050, or 10.7%. This increase is due primarily to less debt service transfers from the Urban Renewal Tax Increment Fund.
- The Capital Projects Fund cash balance increased \$1,241,181 to \$6,235,006. During fiscal year 2022 \$4,500,000 was transferred from the General Fund for the Fieldhouse project. Also, the receipt of American Rescue Plan Act funds in the amount of \$499,182 increased the cash balance.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$729,011 from a balance of \$4,076,757 at the end of the prior year to \$4,805,768. Debt service expenses decreased \$103,139 in fiscal year 2022 due to the issuance of water revenue refunding bonds in fiscal year 2021 resulting in lower debt service payments.
- The Enterprise, Sewer Fund cash balance increased \$674,644 to \$5,348,735 at the end of fiscal year 2022. The increase is primarily due to the City initiating draw down funds during fiscal year 2022 from the Iowa Finance Authority totaling \$11,989,210 associated with one new and two prior year sewer revenue bond issuances for the purpose of building a new wastewater facility. Capital project expenses for the new wastewater facility totaled \$12,322,919 in fiscal year 2022.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 23, 2022 and resulted in an increase in budgeted disbursements in the amount of \$585,000. The increase was due primarily to a new project for the water department and debt service payments for the wastewater facility project.

The City's receipts were \$630,723 more than budgeted.

Total disbursements were \$20,053,058 less than budgeted, primarily due to the timing of capital equipment purchases and work on projects.

DEBT ADMINISTRATION

On June 30, 2022, the City had \$29,365,689 of outstanding bonds and other long-term debt, compared to \$19,028,479 last year, as shown below. Debt increased as a result of the issuance of sewer revenue bonds during the year for the City’s sanitary sewer system project.

Outstanding Debt at Year-End		
	June 30,	
	2022	2021
General obligation bonds:		
9/13/2012 Library improvement and refunding bonds - \$7,320,000	\$ 365,000	450,000
9/28/2017 Refunding series 2017 - \$2,850,000	1,640,000	2,250,000
4/10/2019 Streets, water, sewer and sidewalk improvements - \$2,015,000	430,000	970,000
4/29/2020 Streets, sanitary sewer, water system, storm drainage, ally and sidewalk improvements - \$8,905,000	8,905,000	8,905,000
Revenue bonds:		
7/29/2020 Water refunding - \$2,765,000	1,920,000	2,335,000
1/29/2021 Sewer revenue - \$1,360,000	1,251,915	1,188,397
4/30/2021 Sewer revenue - \$10,000,000	9,999,000	2,930,082
1/28/2022 Sewer revenue - \$10,000,000	4,854,774	-
Total	<u>\$ 29,365,689</u>	<u>19,028,479</u>

The City continues to pursue an aggressive payback schedule on most of the debt issues outstanding. This allows the City the flexibility to issue new debt to finance additional projects on a regular basis.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of \$11,411,043 (including \$71,043 of development and rebate agreements) is significantly below its constitutional debt limit of approximately \$24,444,000. Additional information about the City’s long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The City of Nevada’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in Story County stood at 2.2% in June 2022 versus 3.6% in June 2021. This compares with the State’s unemployment rate of 2.6% and 3.6% nationally.

The City’s budgeted receipts, including debt proceeds, for fiscal year 2023 are \$51,450,320 (without transfers) compared to fiscal year 2022 final budgeted receipts of \$41,415,677 including debt proceeds (without transfers). Taxes levied on property receipts are budgeted to increase \$137,413 in fiscal year 2023, with no increase in the tax levy rate. Tax Increment Financing revenues are budgeted to decrease \$649,924 due to plans to use fund balances to pay rebates and debt. Charges for services are budgeted to increase \$863,224 as a result of rate increases necessary to pay for debt. Other financing sources receipts are also budgeted to increase \$8,917,000 in fiscal year 2023, due to the State Revolving Fund Reimbursement/Bonds for the wastewater treatment facility project.

The City’s disbursements for fiscal year 2023 are budgeted to increase from a final budget of \$46,394,320 (without transfers) for fiscal year 2022 to \$52,823,598 (without transfers) for fiscal year 2023, primarily due to increases in the business type activities function disbursements for the new wastewater treatment facility.

The City’s budgeted cash balance is estimated to decrease to \$26,289,421 at the close of fiscal year 2023.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kerin Wright, City Clerk, 1209 6th Street, PO Box 530, Nevada, Iowa 50201.

City of Nevada

Basic Financial Statements

City of Nevada

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2022

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 1,811,741	78,718	310,468	2,194
Public works	830,507	857	956,819	-
Health and social services	51,102	-	-	-
Culture and recreation	1,651,209	359,829	136,469	46,017
Community and economic development	611,389	200	7,913	-
General government	674,857	46,528	9,551	-
Debt service	1,512,213	-	-	-
Capital projects	3,944,689	587	-	47,723
Total governmental activities	11,087,707	486,719	1,421,220	95,934
Business type activities:				
Water	1,626,815	2,347,747	-	721
Sewer	13,570,508	2,245,711	-	636
Other	96,513	250,310	-	-
Total business type activities	15,293,836	4,843,768	-	1,357
Total Primary Government	\$ 26,381,543	5,330,487	1,421,220	97,291
Component Unit:				
Nevada Economic Development Council	\$ 152,906	56,270	116,475	-
General Receipts:				
Property and other city tax levied for:				
General purposes				
Debt service				
Capital projects				
Tax increment financing				
Local option sales and services tax				
Commercial/industrial tax replacement				
American Rescue Plan Act				
Unrestricted interest on investments				
Revenue bond proceeds				
Sale of capital assets				
Transfers				
Total general receipts				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Permanent funds				
Expendable:				
Streets				
Debt service				
Capital projects				
Community betterment				
Library				
Parks				
Other purposes				
Unrestricted				
Total cash basis net position				
See notes to financial statements.				

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Component
Primary Government			Unit
Governmental Activities	Business Type Activities	Total	Nevada Economic Development Council
(1,420,361)	-	(1,420,361)	
127,169	-	127,169	
(51,102)	-	(51,102)	
(1,108,894)	-	(1,108,894)	
(603,276)	-	(603,276)	
(618,778)	-	(618,778)	
(1,512,213)	-	(1,512,213)	
(3,896,379)	-	(3,896,379)	
(9,083,834)	-	(9,083,834)	
-	721,653	721,653	
-	(11,324,161)	(11,324,161)	
-	153,797	153,797	
-	(10,448,711)	(10,448,711)	
(9,083,834)	(10,448,711)	(19,532,545)	

19,839

3,100,143	-	3,100,143	-
837,515	-	837,515	-
163,654	-	163,654	-
1,187,962	-	1,187,962	-
1,278,941	-	1,278,941	-
125,434	-	125,434	-
499,182	-	499,182	-
36,040	19,963	56,003	-
-	11,989,210	11,989,210	-
910,000	-	910,000	-
25,000	(25,000)	-	-
8,163,871	11,984,173	20,148,044	-
(919,963)	1,535,462	615,499	19,839
21,221,984	9,521,684	30,743,668	911,344
\$ 20,302,021	11,057,146	31,359,167	931,183

\$ 166,822	-	166,822	-
2,564,890	-	2,564,890	-
2,346,132	199,967	2,546,099	-
6,235,006	2,785,745	9,020,751	-
2,628,321	-	2,628,321	-
367,661	-	367,661	-
123,292	-	123,292	-
424,452	84,570	509,022	-
5,445,445	7,986,864	13,432,309	931,183
\$ 20,302,021	11,057,146	31,359,167	931,183

City of Nevada

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2022

	Special Revenue			
	General	Road Use Tax	Local Option Sales and Services Tax	Urban Renewal Tax Increment
Receipts:				
Property tax	\$ 2,398,646	-	-	-
Tax increment financing	-	-	-	1,187,962
Local Options Sales Tax	-	-	1,278,941	-
Other city tax	52,945	-	-	-
Licenses and permits	84,353	-	-	-
Use of money and property	62,694	447	2,440	4,830
Intergovernmental	436,618	954,101	4,975	-
Charges for service	235,815	-	-	-
Miscellaneous	111,666	101	14,737	-
Total receipts	3,382,737	954,649	1,301,093	1,192,792
Disbursements:				
Operating:				
Public safety	1,714,861	22,270	35,710	-
Public works	4,500	761,635	64,933	-
Health and social services	-	-	51,102	-
Culture and recreation	1,523,072	-	46,930	-
Community and economic development	151,676	-	123,519	336,194
General government	635,549	-	39,646	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	4,029,658	783,905	361,840	336,194
Excess (deficiency) of receipts over (under) disbursements	(646,921)	170,744	939,253	856,598
Other financing sources (uses):				
Sale of property	910,000	-	-	-
Transfers in	1,153,082	218,340	-	-
Transfers out	(4,500,000)	-	(644,000)	(657,870)
Total other financing sources (uses)	(2,436,918)	218,340	(644,000)	(657,870)
Change in cash balances	(3,083,839)	389,084	295,253	198,728
Cash balances beginning of year	9,628,377	2,175,806	1,197,201	1,856,447
Cash balances end of year	\$ 6,544,538	2,564,890	1,492,454	2,055,175
Cash Basis Fund Balances				
Nonspendable	\$ -	-	-	-
Restricted for:				
Streets	-	2,564,890	-	-
Debt service	-	-	-	2,055,175
Capital projects	-	-	-	-
Community betterment	1,135,867	-	1,492,454	-
Library	-	-	-	-
Parks	-	-	-	-
Other purposes	-	-	-	-
Unassigned	5,408,671	-	-	-
Total cash basis fund balances	\$ 6,544,538	2,564,890	1,492,454	2,055,175

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
825,605	160,953	637,824	4,023,028
-	-	-	1,187,962
-	-	-	1,278,941
11,910	2,701	10,728	78,284
-	-	-	84,353
493	5,732	31,356	107,992
23,046	550,174	21,746	1,990,660
-	587	34,507	270,909
-	10,636	73,548	210,688
861,054	730,783	809,709	9,232,817
-	-	61,728	1,834,569
-	-	-	831,068
-	-	-	51,102
-	-	64,302	1,634,304
-	-	-	611,389
-	-	-	675,195
1,512,213	-	-	1,512,213
-	3,944,689	-	3,944,689
1,512,213	3,944,689	126,030	11,094,529
(651,159)	(3,213,906)	683,679	(1,861,712)
-	-	-	910,000
679,209	4,550,000	10,000	6,610,631
-	(94,913)	(688,848)	(6,585,631)
679,209	4,455,087	(678,848)	935,000
28,050	1,241,181	4,831	(926,712)
262,907	4,993,825	1,089,851	21,204,414
290,957	6,235,006	1,094,682	20,277,702
-	-	166,822	166,822
-	-	-	2,564,890
290,957	-	-	2,346,132
-	6,235,006	-	6,235,006
-	-	-	2,628,321
-	-	367,661	367,661
-	-	123,292	123,292
-	-	424,452	424,452
-	-	12,455	5,421,126
290,957	6,235,006	1,094,682	20,277,702

City of Nevada

City of Nevada

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position -
Governmental Funds

As of and for the year ended June 30, 2022

Total governmental funds cash balances (page 21) \$ 20,277,702

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's flexible benefits and prescription plans to individual funds. A portion of the cash basis net position of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

24,319

Cash basis net position of governmental activities (page 19) \$ 20,302,021

Change in cash balances (page 21) \$ (926,712)

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's flexible benefits and prescription plans to individual funds. A portion of the change in cash basis net position of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

6,749

Change in cash basis net position of governmental activities (page 19) \$ (919,963)

See notes to financial statements.

Exhibit D

City of Nevada

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2022

	Enterprise				Internal Service
	Water	Sewer	Nonmajor	Total	Flexible Benefits
Operating receipts:					
Use of money and property	\$ 19,229	-	-	19,229	-
Charges for service	2,300,672	2,245,493	250,310	4,796,475	47,938
Miscellaneous	27,846	218	-	28,064	260
Total operating receipts	<u>2,347,747</u>	<u>2,245,711</u>	<u>250,310</u>	<u>4,843,768</u>	<u>48,198</u>
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	16,343
Public works	-	-	-	-	2,762
Culture and recreation	-	-	-	-	12,425
General government	-	-	-	-	1,662
Business type activities	1,085,947	1,011,053	96,513	2,193,513	6,863
Total operating disbursements	<u>1,085,947</u>	<u>1,011,053</u>	<u>96,513</u>	<u>2,193,513</u>	<u>40,055</u>
Excess of operating receipts over operating disbursements	<u>1,261,800</u>	<u>1,234,658</u>	<u>153,797</u>	<u>2,650,255</u>	<u>8,143</u>
Non-operating receipts (disbursements):					
Interest on investments	8,729	10,976	1,615	21,320	-
Sewer revenue bond proceeds	-	11,989,210	-	11,989,210	-
Debt service	(462,150)	(237,281)	-	(699,431)	-
Capital projects	(79,368)	(12,322,919)	-	(12,402,287)	-
Net non-operating receipts (disbursements)	<u>(532,789)</u>	<u>(560,014)</u>	<u>1,615</u>	<u>(1,091,188)</u>	<u>-</u>
Excess of receipts over disbursements	<u>729,011</u>	<u>674,644</u>	<u>155,412</u>	<u>1,559,067</u>	<u>8,143</u>
Transfers out	-	-	(25,000)	(25,000)	-
Change in cash balances	<u>729,011</u>	<u>674,644</u>	<u>130,412</u>	<u>1,534,067</u>	<u>8,143</u>
Cash balances beginning of year	<u>4,076,757</u>	<u>4,674,091</u>	<u>768,643</u>	<u>9,519,491</u>	<u>19,763</u>
Cash balances end of year	<u>\$ 4,805,768</u>	<u>5,348,735</u>	<u>899,055</u>	<u>11,053,558</u>	<u>27,906</u>
Cash Basis Fund Balances					
Restricted for:					
Debt service	\$ 199,967	-	-	199,967	-
Sewer construction	-	2,785,745	-	2,785,745	-
Water deposits	84,570	-	-	84,570	-
Unrestricted	<u>4,521,231</u>	<u>2,562,990</u>	<u>899,055</u>	<u>7,983,276</u>	<u>27,906</u>
Total cash basis fund balances	<u>\$ 4,805,768</u>	<u>5,348,735</u>	<u>899,055</u>	<u>11,053,558</u>	<u>27,906</u>

See notes to financial statements.

City of Nevada

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Cash Basis Statement of Activities and Net Position –
Proprietary Funds

As of and for the year ended June 30, 2022

Total enterprise funds cash balances (page 24) \$ 11,053,558

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's flexible benefits and prescription plans to individual funds. A portion of the cash basis net position of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

3,588

Cash basis net position of business type activities (page 19) \$ 11,057,146

Change in cash balances (page 24) \$ 1,534,067

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's flexible benefits and prescription plans to individual funds. A portion of the change in the cash basis net position of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

1,395

Change in cash basis net position of business type activities (page 19) \$ 1,535,462

See notes to financial statements.

City of Nevada

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

The City of Nevada is a political subdivision of the State of Iowa located in Story County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer, sanitation and storm water utilities for its citizens.

A. Reporting Entity

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

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

Discretely Presented Component Unit – The Nevada Economic Development Council (NEDC) is presented in a separate column to emphasize it is legally separate from the City but is financially accountable to the City or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The purpose of the NEDC is to assist in the development and retention of industrial, manufacturing, housing, commercial and retain interests in the City of Nevada. The NEDC is governed by a fifteen-member Board. There are three standing Board positions, and twelve members are elected at-large. The NEDC's operating budget is to be prepared and submitted to the City Council if public funds are requested from the City.

Blended Component Units – The Nevada Firefighter's Incorporated was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The purpose of the organization is to preserve life and property in Nevada and designated fire areas in case of fire or other emergency and promote fire safety education. The Nevada Firefighter's Incorporated is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City.

The Senior Citizen Center was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The purpose of the organization is to provide programs and activities to enhance the lives of the senior citizens of the City of Nevada. The Senior Citizen Center is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City.

The Friends of the Library was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The purpose of the organization is to receive and encourage gifts, endowments and bequests to the library and to support the library in developing library services and facilities for the community. The Friends of the Library is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City.

The financial transactions of the Nevada Firefighter's Incorporated, the Senior Citizen Center and the Friends of the Library are reported as Special Revenue Funds.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Story County Assessor's Conference Board, Story County Emergency Management Commission, and Story County Joint 911 Service Board.

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

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$2,785,754 for future sewer improvements.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate 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. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales and Services Tax Fund is used to account for receipts from the local option sales and services tax. The receipts are to be used to finance community betterment in the City.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The City also reports the following proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

During the year ended June 30, 2015, a local non-profit organization deposited \$51,213 to a local non-profit Foundation as a gift to the City. At June 30, 2022, the carrying amount and fair value of the amounts held by the Foundation were \$90,524 and \$94,157, respectively. The Foundation holds investments in domestic and international equities, fixed income, hedge funds, real estate, private equity and cash.

City investments that do not have a readily determinable fair value, such as ownership interest in partner’s capital, are reported using Net Asset Value per share (NAV). Used as a practical expedient for the estimated fair value, NAV per share or its equivalent is provided by the fund manager and reviewed by the City. The recurring fair value of the investments held by the Foundation for the City was determined using NAV.

Concentration of credit risk – The City’s investment policy specifies no more than 5% of the City’s investments may be invested in any one issuer. The City did not invest more than 5% of the City’s investments in any one issuer.

Interest rate risk – The City’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

(3) Bonds and Leases Payable

Annual debt service requirements to maturity for general obligation bonds and water revenue refunding bonds are as follows:

	Beginning Balances Restated	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 12,575,000	-	1,235,000	11,340,000	1,140,000
Lease agreements	24,999	-	9,261	15,738	9,388
Governmental activities total	<u>\$ 12,599,999</u>	<u>-</u>	<u>1,244,261</u>	<u>11,355,738</u>	<u>1,149,388</u>
Business type activities:					
Sewer revenue bonds - direct borrowing	\$ 4,118,479	11,989,210	2,000	16,105,689	498,000
Water revenue bonds	2,335,000	-	415,000	1,920,000	425,000
Business-type activities total	<u>\$ 6,453,479</u>	<u>11,989,210</u>	<u>417,000</u>	<u>18,025,689</u>	<u>923,000</u>
Component unit activities:					
Fire Fighter’s Inc. mortgage	\$ -	30,000	3,214	26,786	5,176

General Obligation Bonds

A summary of the City's June 30, 2022 general obligation bonds payable is as follows:

Year Ending June 30,	Library Improvement and Refunding			Refunding		
	Issued Sep 13, 2012			Issued Sep 28, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.00%	\$ 90,000	7,712	4.00%	\$ 620,000	43,550
2024	2.15	90,000	5,913	4.00	645,000	28,050
2025	2.15	90,000	3,977	4.00	235,000	10,313
2026	2.15	95,000	2,043	4.00	140,000	3,850
2027		-	-		-	-
2028-2032		-	-		-	-
Total		<u>\$ 365,000</u>	<u>19,645</u>		<u>\$ 1,640,000</u>	<u>85,763</u>

Year Ending June 30,	Streets, Water, Sewer and Sidewalk			Central Business District Project		
	Issued Apr 10, 2019			Issued Apr 29, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.00%	\$ 430,000	12,900	2.00%	\$ -	178,100
2024		-	-	2.00	-	178,100
2025		-	-	2.00	500,000	178,100
2026		-	-	2.00	780,000	168,100
2027		-	-	2.00	1,140,000	152,500
2028-2032		-	-	2.00	6,485,000	394,400
Total		<u>\$ 430,000</u>	<u>12,900</u>		<u>\$ 8,905,000</u>	<u>1,249,300</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 1,140,000	242,262	1,382,262
2024	735,000	212,063	947,063
2025	825,000	192,390	1,017,390
2026	1,015,000	173,993	1,188,993
2027	1,140,000	152,500	1,292,500
2028-2032	6,485,000	394,400	6,879,400
	<u>\$ 11,340,000</u>	<u>1,367,608</u>	<u>12,707,608</u>

On September 13, 2012, the City issued \$7,320,000 of general obligation urban renewal library improvement and refunding bonds for the purpose of a library expansion and improvement project in the City's urban renewal area and to advance refund \$5,950,000 of the urban renewal tax increment financing revenue bonds issued November 15, 2008. The bonds bear interest at 2.00% to 2.15% per annum and mature June 1, 2026. During the year ended, June 30, 2022, the City paid principal of \$85,000 and interest of \$9,413 on the bonds. As of June 30, 2022, the total principal remaining on the bonds is \$365,000.

On September 28, 2017, the City issued \$2,850,000 of general obligation refunding bonds with an interest rate of 4.00% per annum for a crossover refunding of the general obligation bonds issued July 25, 2013. The City entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted to U.S. Treasury Securities. These securities were placed in an escrow account for the express purpose of paying the \$2,840,000 of principal on the refunded 2013 general obligation bonds when they became callable on June 1, 2020. During the year ended, June 30, 2022, the City paid principal of \$610,000 and interest of \$58,500 on the 2017 bonds. As of June 30, 2022, the total principal remaining on the 2017 general obligation bonds is \$1,640,000 and mature on June 1, 2026.

On April 10, 2019, the City issued \$2,015,000 of general obligation bonds for streets, water, sewer and sidewalk improvements. The bonds bear interest at 3.00% per annum and mature June 1, 2023. During the year ended, June 30, 2022, the City paid principal of \$540,000 and interest of \$29,100 on the bonds. As of June 30, 2022, the total principal remaining on the notes is \$970,000.

On April 29, 2020, the City issued \$8,905,000 of general obligation corporate purpose bonds for the purpose of constructing street, utility and sidewalk improvements related to the Central Business District Downtown Improvement project. The bonds bear interest at 2.0% per annum and mature June 2032. During the year ended June 30, 2022, interest totaling \$178,100 was paid by the City on the bonds. As of June 30, 2022, the total principal remaining on the bonds is \$8,905,000.

Revenue Bonds

Year Ending June 30,	Water Refunding			Sewer		
	Issued Jul 29, 2020			Issued Apr 30, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.00%	\$ 425,000	38,500	1.75%	\$ 438,000	174,982
2024	2.00	430,000	30,000	1.75	447,000	167,318
2025	2.00	435,000	21,400	1.75	455,000	159,495
2026	2.00	445,000	12,700	1.75	465,000	151,532
2027	2.00	185,000	3,800	1.75	474,000	143,395
2028-2032	-	-	-	1.75	2,515,000	589,225
2033-2037	-	-	-	1.75	2,777,000	360,168
2038-2042	-	-	-	1.75	2,428,000	107,275
Total		<u>\$ 1,920,000</u>	<u>106,400</u>		<u>\$ 9,999,000</u>	<u>1,853,390</u>

Year Ending June 30,	Totals		
	Principal	Interest	Total
2023	\$ 863,000	213,482	1,076,482
2024	877,000	197,318	1,074,318
2025	890,000	180,895	1,070,895
2026	910,000	164,232	1,074,232
2027	659,000	147,195	806,195
2028-2032	2,515,000	589,225	3,104,225
2033-2037	2,777,000	360,168	3,137,168
2038-2042	2,428,000	107,275	2,535,275
Total	<u>\$ 11,919,000</u>	<u>1,959,790</u>	<u>13,878,790</u>

On July 29, 2020, the City issued \$2,765,000 of water revenue refunding bonds for the purpose of refunding the outstanding balance of the city's water revenue refunding bonds, taxable services 2012C. The bonds bear interest at a rate of 2.00% per annum and are payable through 2027. During the year ended June 30, 2022, the City paid principal of \$415,000 and interest of \$46,700 on the bonds.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the \$2,765,000 of water revenue refunding bonds issued in July 2020. The bonds are payable solely from water customer net receipts. Annual principal and interest payments on the bonds are expected to require 37% of net receipts. The total principal and interest remaining to be paid on the bonds is \$2,026,400. For the current year, principal and interest paid and total customer net receipts were \$461,800 and \$1,261,800, respectively.

Sewer Revenue Bonds – Direct Borrowing

On January 29, 2021, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue bonds of up to \$1,360,000 with an interest of 1.75% per annum. The bonds were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of paying the cost of planning, designing and construction improvements and extensions to the utility. An initiation fee of \$6,800 (0.5% Of authorized borrowing for the sewer revenue bonds) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue bonds drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022 the City drew down \$64,518, leaving a balance of \$107,085 to draw and paid \$1,000 in principal and \$20,445 in interest on the bonds. A final repayment schedule will not be available until the city has finished making draws on the bonds.

On April 30, 2021, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue bonds of up to \$10,000,000 with an interest of 1.75% per annum. The bonds were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of paying the cost of planning, designing and construction improvements and extensions to the utility. An initiation fee of \$50,000 (0.5% of authorized borrowing for the sewer revenue bonds) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue bonds drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022 the City drew down the remaining \$7,069,918 and paid \$1,000 in principal and \$137,451 in interest on the bonds.

On January 28, 2022, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue bonds of up to \$10,000,000 with an interest of 1.75% per annum. The bonds were issued pursuant to the provisions of Chapters 76.13 and 384.24A of the Code of Iowa for the purpose of paying the cost of planning, designing and construction improvements and extensions to the utility. An initiation fee of \$50,000 (0.5% of authorized borrowing for the sewer revenue bonds) was charged by the Iowa Finance Authority and was withheld from the first proceeds of the sewer revenue bonds drawn. The agreement also requires the City to pay a 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022 the City had drawn down a total of \$4,804,774 (\$4,854,774 less the \$50,000 initiation fee) and paid \$4,786 in interest on the bonds. A final repayment schedule will not be available until the City has finished making draws on the bonds.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the \$21,360,000 of sewer revenue bonds issued in January 2021, April 2021 and January 2022. The bonds are payable solely from sewer customer net receipts. For the current year, principal and interest paid and total customer net receipts were \$187,281 and \$1,234,658, respectively.

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

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.
- (d) A principal and interest water reserve account shall be created into which \$286,665 shall be set apart and paid from proceeds of the sale of the bonds at the time of delivery. Alternatively, the City has chosen to fund the reserve through a surety bond, which is permitted by the resolution.

Fire Fighter’s Inc. Mortgage Payable

A summary of the blended component unit Fire Fighter’s Inc. mortgage payable is as follows:

Year Ending June 30,	Bank Mortgage - Property		
	Issued Nov 30, 2021		
	Interest Rates	Principal	Interest
2023	4.25%	\$ 5,176	915
2024	4.25	5,874	807
2025	4.25	6,131	551
2026	4.25	6,396	285
2027	4.25	3,209	39
Total		\$ 26,786	2,597

On November 30, 2021, Nevada Fire Fighter’s Inc. entered into a loan agreement with State Bank & Trust Co. to borrow \$30,000 to assist in the purchase of property. The loan bears interest at 4.25% per annum and matures on December 1, 2026. The loan will be repaid by the Nevada Fire Fighter’s Inc. During the year ended June 30, 2022, Nevada Fire Fighter’s Inc. paid \$3,214 and \$706 in principal and interest, respectively.

Lease Agreement

On January 10, 2018, the City entered into a noncancelable lease agreement for 13 printers. An initial lease liability was recorded in the amount of \$24,999. The agreement requires monthly payments of \$799 over 62 months, with an implicit interest rate of 1.75% and a final payment on February 10, 2024.

Year Ending June 30,	City Printers		
	Principal	Interest	Total
2023	\$ 9,388	200	9,588
2024	6,350	42	6,392
Total	\$ 15,738	242	15,980

Equipment Purchase Agreement

On February 11, 2020, the City entered into an equipment purchase agreement for a mower with an initial liability of \$39,010. The agreement bears interest at 3.95% per annum and is payable with annual installments of \$13,519 over three years, with a final payment of \$13,519 due by July 10, 2022.

Year Ending June 30,	Mower		
	Principal	Interest	Total
2023	\$ 12,996	523	13,519

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits.

Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2022 totaled \$264,127.

Net Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022 the City reported an asset of \$511,287 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021, and the total plan pension liability used in the calculation the overall plan net pension asset was determined by an actuarial valuation as of that date. The City’s proportion of the overall plan net pension asset was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City’s proportion was 0.148102%, which was an increase of 0.124249% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City’s pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled (\$168,932), \$330,522 and \$1,928,003, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension asset was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the City's Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,022,483	(511,287)	(1,796,141)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$417 to \$568 for single coverage to \$1,218 to \$1,681 for family coverage. For the year ended June 30, 2022, the City contributed \$308,530 and plan members eligible for benefits contributed \$42,320 to the plan. At June 30, 2022, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Nevada and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>40</u>
Total	<u><u>41</u></u>

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. City employees may also accumulate earned but unused sick leave hours for subsequent use or for payment upon retirement or death, up to a maximum of \$1,500. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation, compensatory time and sick leave hours payable to employees at June 30, 2022, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 274,000
Compensatory time	31,000
Sick leave	<u>18,000</u>
Total	<u><u>\$ 323,000</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2022.

(7) Contractual Commitments

The City has entered into various construction contracts totaling approximately \$66,730,000. The unpaid contract balance as of June 30, 2022 totaled approximately \$43,545,000, which will be paid as work on the projects progresses.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales and Services Tax	\$ 509,000
	Employee Benefits	570,508
	Urban Renewal Tax Increment	73,574
		<u>1,153,082</u>
Special Revenue:	Special Revenue:	
Road Use Tax	Employee Benefits	118,340
	Local Option Sales and Services Tax	100,000
		<u>218,340</u>
Special Revenue:	Special Revenue:	
Trail Maintenance	Local Option Sales and Services Tax	10,000
		<u>10,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	584,296
	Capital Projects	94,913
		<u>679,209</u>
Capital Projects	General	4,500,000
	Special Revenue:	
	Local Option Sales and Services Tax	25,000
	Enterprise:	
	Storm Water	25,000
		<u>4,550,000</u>
Total		<u>\$ 6,610,631</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(9) Industrial Development Revenue Bonds

The City has issued a total of \$2,363,229 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$510,500 is outstanding at June 30, 2022. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest does not constitute liabilities of the City.

(10) Landfill Contract

The City has contracted with the City of Ames for solid waste disposal for all households or residences within the City. The current contract began July 1, 2014 and terminates June 30, 2034. The cost is computed for each calendar year. On or before February 15 of each year, the City of Ames will notify the City of its proportionate share of the net costs of the system for the prior calendar year. The City will pay the City of Ames one-half of its share on July 15 and one-half on or before December 15 of each year. The annual rate of the contract is determined by multiplying the net per capita cost by the population of the City. For the year ended June 30, 2022, the City paid \$71,379 to the City of Ames.

(11) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, employment practices liability, public officials liability and police professional liability. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2022 were \$199,032.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000 per accident. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for the construction or improvement of buildings. Certain agreements also require the developer to certify specific employment requirements are met. The remaining total to be paid by the City under the agreements is not to exceed \$1,304,962

The City rebated \$332,529 during fiscal year 2022, for a total of \$1,690,513 of incremental property tax rebated under the agreements. The outstanding balance of the agreements at June 30, 2022 with fixed dollar commitments was \$71,043. The outstanding balance of the agreements at June 30, 2022 subject to annual appropriation was \$1,233,919.

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2022, \$163,738 of property tax was diverted from the City under the urban renewal and economic development agreements.

(14) Lease Agreements

The City owns a water tower that is rented to Verizon Wireless. Effective December 30, 1996 the City entered into a twenty-five-year lease. On June 11, 2021, the lease was amended to automatically extend the agreement for twenty-five years, commencing on March 15, 2022. The City is to receive monthly payments of \$1,600, with an annual rent increase of two percent and incremental lending rate of 1.75%.

Year Ending June 30,	Tower Rental		
	Principal	Interest	Total
2023	\$ 10,920	8,408	19,328
2024	11,502	8,212	19,714
2025	12,103	8,006	20,109
2026	12,722	7,789	20,511
2027	13,360	7,561	20,921
2028-2032	77,069	33,983	111,052
2033-2037	96,173	26,438	122,611
2038-2042	118,277	17,096	135,373
2043-2047	133,264	5,699	138,963
Total	\$ 485,390	123,192	608,582

The City owns land that is rented to US Cellular. Effective July 5, 2000, the City entered into a twenty-year lease. The lease was renewed for the first of four renewal terms for five years on December 1, 2020. The City is to receive an annual payment of \$11,661 with an incremental lending rate of 1.75%.

In addition, US Cellular sub-leases the land referenced above to two telephone communication companies. The City is to receive monthly payments of \$876 on the sub-leases, with an annual rent increase of four percent and incremental lending rate of 1.75%.

Year Ending June 30,	Land Rental		
	Principal	Interest	Total
2023	\$ 14,667	7,511	22,178
2024	15,349	7,250	22,599
2025	16,059	6,977	23,036
2026	16,800	6,692	23,492
2027	17,572	6,393	23,965
2028-2032	100,635	26,977	127,612
2033-2037	136,441	16,910	153,351
2038-2040	114,496	3,477	117,973
Total	\$ 432,019	82,187	514,206

(15) Subsequent Event

In September 2022, the City approved a state revolving fund sewer revenue loan and disbursement agreement and the issuance of a taxable sewer revenue bond in an amount not exceeding \$20,838,000 for the purpose of financing construction of the City's wastewater treatment facility.

(16) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during the year ended June 30, 2022. The new standard requires the reporting of certain lease assets and lease liabilities which were previously not reported. The effect of these changes are only reflected in the footnotes to the financial statements. Because the City reports on the cash basis of accounting described in Note 1, the result of these changes had no effect on the beginning total cash basis net position.

Other Information

City of Nevada
 Budgetary Comparison Schedule
 of Receipts, Disbursements and Changes in Balances -
 Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 4,023,028	-	-
Tax increment financing	1,187,962	-	-
Other city tax	1,357,225	-	-
Licenses and permits	84,353	-	-
Use of money and property	107,992	40,549	10
Intergovernmental	1,990,660	-	-
Charges for service	270,909	4,796,475	-
Miscellaneous	210,688	28,064	51,495
Total receipts	9,232,817	4,865,088	51,505
Disbursements:			
Public safety	1,815,064	-	42,223
Public works	831,068	-	-
Health and social services	51,102	-	-
Culture and recreation	1,653,809	-	6,275
Community and economic development	611,389	-	-
General government	675,195	-	-
Debt service	1,512,213	-	-
Capital projects	3,944,689	-	-
Business type activities	-	15,295,231	-
Total disbursements	11,094,529	15,295,231	48,498
Excess (deficiency) of receipts over (under) disbursements	(1,861,712)	(10,430,143)	3,007
Other financing sources (uses), net	935,000	11,964,210	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(926,712)	1,534,067	3,007
Balances beginning of year	21,204,414	9,519,491	75,357
Balances end of year	\$ 20,277,702	11,053,558	78,364

See accompanying independent auditor's report.

Total	Budgeted Amounts		Budget to
	Original	Final	Total Variance
4,023,028	4,021,145	4,021,145	1,883
1,187,962	1,213,485	1,213,485	(25,523)
1,357,225	987,672	987,672	369,553
84,353	112,950	112,950	(28,597)
148,531	157,950	157,950	(9,419)
1,990,660	1,172,310	1,210,310	780,350
5,067,384	4,400,565	4,405,565	661,819
187,257	1,296,600	1,306,600	(1,119,343)
14,046,400	13,362,677	13,415,677	630,723
1,772,841	2,131,140	2,131,140	358,299
831,068	1,067,172	1,067,172	236,104
51,102	65,318	65,318	14,216
1,647,534	1,961,790	2,022,790	375,256
611,389	836,328	836,328	224,939
675,195	860,194	884,194	208,999
1,512,213	1,512,413	1,512,413	200
3,944,689	12,132,000	12,132,000	8,187,311
15,295,231	25,242,965	25,742,965	10,447,734
26,341,262	45,809,320	46,394,320	20,053,058
(12,294,862)	(32,446,643)	(32,978,643)	20,683,781
12,899,210	28,000,000	28,000,000	(15,100,790)
604,348	(4,446,643)	(4,978,643)	5,582,991
30,648,548	29,818,479	29,818,479	830,069
31,252,896	25,371,836	24,839,836	6,413,060

City of Nevada

City of Nevada

Notes to Other Information – Budgetary Reporting

June 30, 2022

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the component units and the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$585,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2022, disbursements did not exceed the amounts budgeted.

City of Nevada

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees' Retirement System
For the Last Eight Years*
(In Thousands)

Other Information

	2022	2021	2020	2019
City's proportion of the net pension liability/asset	0.148102% **	0.023853%	0.022681%	0.021550%
City's proportionate share of the net pension liability (asset)	\$ (511)	1,676	1,313	1,364
City's covered payroll	\$ 2,550	2,549	2,448	2,249
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(20.04%)	65.75%	53.64%	60.65%
IPERS' net position as a percentage of the total pension liability	100.81%	76.47%	85.45%	83.62%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.022361%	0.022270%	0.20144%	0.019623%
1,490	1,402	995	778
2,197	2,135	2,005	2,004
67.82%	65.67%	49.63%	38.82%
82.21%	81.82%	85.19%	87.61%

City of Nevada

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 264	242	244	236
Contributions in relation to the statutorily required contribution	<u>(264)</u>	<u>(242)</u>	<u>(244)</u>	<u>(236)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,809	2,550	2,549	2,448
Contributions as a percentage of covered payroll	9.40%	9.49%	9.57%	9.64%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
207	201	196	185	182	165
(207)	(201)	(196)	(185)	(182)	(165)
-	-	-	-	-	-
2,249	2,197	2,135	2,005	2,004	1,951
9.20%	9.15%	9.18%	9.23%	9.08%	8.46%

City of Nevada

Notes to Other Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Supplementary Information

City of Nevada

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2022

	Employee Benefits	Cemetery Memorials	Cemetery Foundation Trust	Library Trust	Fire Trust	S.C.O.R.E. Undesignated	S.C.O.R.E. Operation & Maintenance	North Story Baseball	Special
Receipts:									
Property tax	\$ 637,824	-	-	-	-	-	-	-	-
Other city tax	10,728	-	-	-	-	-	-	-	-
Use of money and property	1,429	5	50	56	32	11	1	9	
Intergovernmental	20,451	-	-	1,295	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-	21,190	
Miscellaneous	-	-	-	15,264	-	-	-	-	1
Total receipts	670,432	5	50	16,615	32	11	1	21,200	
Disbursements:									
Public safety	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	30,917	-	-	-	21,909	
Total disbursements	-	-	-	30,917	-	-	-	21,909	
Excess (deficiency) of receipts over (under) disbursements	670,432	5	50	(14,302)	32	11	1	(709)	
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(688,848)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(688,848)	-	-	-	-	-	-	-	-
Change in cash balances	(18,416)	5	50	(14,302)	32	11	1	(709)	
Cash balances beginning of year	251,017	2,910	26,501	39,187	17,476	5,697	265	6,078	
Cash balances (deficit) end of year	\$ 232,601	2,915	26,551	24,885	17,508	5,708	266	5,369	
Cash Basis Fund Balances									
Nonspendable	\$ -	-	-	-	-	-	-	-	-
Restricted for:									
Library	-	-	-	24,885	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Other purposes	232,601	2,915	26,551	-	17,508	5,708	266	5,369	
Total cash basis fund balances	\$ 232,601	2,915	26,551	24,885	17,508	5,708	266	5,369	

Revenue											
Senior Center Trust	Gates Hall Piano	Parks and Recreation Open Space	Columbarium Maintenance	Trail Maintenance	Danielson Trust	Library Building Trust	Trees Forever	4th of July Trust	Community Band	Police Forfeiture	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
18	36	22,884	8	25	4,543	-	9	13	2	23	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	9,635	700	-	-	-	-	-	-	-	-
858	-	2,179	-	-	-	-	-	2,850	901	-	-
876	36	34,698	708	25	4,543	-	9	2,863	903	23	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	15,416	-	4,089	4,936	-	-	-	191	-	-
-	-	15,416	-	4,089	4,936	-	-	-	191	-	-
876	36	19,282	708	(4,064)	(393)	-	9	2,863	712	23	
-	-	-	-	10,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	10,000	-	-	-	-	-	-	-
876	36	19,282	708	5,936	(393)	-	9	2,863	712	23	
8,928	19,033	104,010	3,866	6,518	339,354	195	4,568	4,115	850	12,204	
9,804	19,069	123,292	4,574	12,454	338,961	195	4,577	6,978	1,562	12,227	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	338,961	195	-	-	-	-	-
-	-	123,292	-	-	-	-	-	-	-	-	-
9,804	19,069	-	4,574	12,454	-	-	4,577	6,978	1,562	12,227	
9,804	19,069	123,292	4,574	12,454	338,961	195	4,577	6,978	1,562	12,227	

(Continued on next page)

**Schedule 1
(Continued)**

City of Nevada

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2022

	Special Revenue			Permanent		Total
	Nevada Firefighters Incorporated	Senior Citizen Center	Friends of the Library	Cemetery Perpetual Care	Parks Planting (Hattery)	
Receipts:						
Property tax	\$ -	-	-	-	-	637,824
Other city tax	-	-	-	-	-	10,728
Use of money and property	6	4	-	2,118	74	31,356
Intergovernmental	-	-	-	-	-	21,746
Charges for service	-	-	-	2,982	-	34,507
Miscellaneous	44,444	3,633	3,418	-	-	73,548
Total receipts	44,450	3,637	3,418	5,100	74	809,709
Disbursements:						
Public safety	42,223	-	-	-	-	42,223
Culture and recreation	-	2,710	3,565	-	74	83,807
Total disbursements	42,223	2,710	3,565	-	74	126,030
Excess (deficiency) of receipts over (under) disbursements	2,227	927	(147)	5,100	-	683,679
Other financing sources (uses):						
Transfers in	-	-	-	-	-	10,000
Transfers out	-	-	-	-	-	(688,848)
Total other financing sources (uses)	-	-	-	-	-	(678,848)
Change in cash balances	2,227	927	(147)	5,100	-	4,831
Cash balances beginning of year	60,401	11,190	3,766	156,722	5,000	1,089,851
Cash balances (deficit) end of year	\$ 62,628	12,117	3,619	161,822	5,000	1,094,682
Cash Basis Fund Balances						
Nonspendable	\$ -	-	-	161,822	5,000	166,822
Restricted for:						
Library	-	-	3,619	-	-	367,660
Parks	-	-	-	-	-	123,292
Other purposes	62,628	12,117	-	-	-	436,908
Total cash basis fund balances (deficits)	\$ 62,628	12,117	3,619	161,822	5,000	1,094,682

City of Nevada

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2022

	Enterprise		
	Sanitation	Storm Water	Total
Operating receipts:			
Charges for service	\$ 74,336	175,974	250,310
Operating disbursements:			
Business type activities	72,050	24,463	96,513
Excess of operating receipts over operating disbursements	2,286	151,511	153,797
Non-operating receipts:			
Interest on investments	4	1,611	1,615
Excess of receipts over disbursements	2,290	153,122	155,412
Transfers out	-	(25,000)	(25,000)
Change in cash balances	2,290	128,122	130,412
Cash balances beginning of year	3,703	764,940	768,643
Cash balances end of year	\$ 5,993	893,062	899,055
Cash Basis Fund Balances			
Unrestricted	\$ 5,993	893,062	899,055

See accompanying independent auditor's report.

City of Nevada

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
Receipts:				
Property tax	\$ 4,023,028	3,940,057	3,945,854	3,049,825
Tax increment financing	1,187,962	909,423	1,020,109	3,231,475
Local Options Sales Tax	1,278,941	1,256,703	1,030,528	980,316
Other city tax	78,284	76,388	72,267	74,401
Licenses and permits	84,353	107,291	123,448	94,307
Use of money and property	107,992	529,494	363,093	413,411
Intergovernmental	1,990,660	2,112,629	1,995,837	1,415,472
Charges for service	270,909	174,041	183,231	246,119
Special assessments	-	-	-	-
Miscellaneous	210,688	443,176	158,839	4,446,846
Total	\$ 9,232,817	9,549,202	8,893,206	13,952,172
Disbursements:				
Operating:				
Public safety	\$ 1,834,569	1,856,038	1,687,461	1,645,033
Public works	831,068	819,497	971,853	750,273
Health and social services	51,102	50,770	59,732	80,107
Culture and recreation	1,634,304	1,397,316	1,684,399	2,175,006
Community and economic development	611,389	448,052	588,206	330,017
General government	675,195	532,162	462,791	458,322
Debt service	1,512,213	1,535,493	4,271,926	5,948,096
Capital projects	3,944,689	3,950,938	3,313,094	1,305,169
Total	\$ 11,094,529	10,590,266	13,039,462	12,692,023

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
2,936,387	2,873,654	2,921,484	2,710,587	2,890,881	2,706,999
3,018,476	3,031,236	2,599,385	2,060,828	1,094,368	1,207,521
940,430	1,021,998	949,012	959,885	815,112	813,352
71,415	74,516	76,246	79,421	81,908	119,365
111,313	76,183	73,144	76,017	88,337	79,243
149,617	133,223	116,086	201,226	238,708	172,706
1,334,324	1,203,851	1,004,948	2,031,920	851,730	824,654
256,923	258,317	226,684	207,924	314,391	215,664
	-	-	-	2,365	4,971
163,861	195,691	275,076	313,520	1,078,127	246,027
8,982,746	8,868,669	8,242,065	8,641,328	7,455,927	6,390,502
1,477,276	1,471,212	1,749,323	1,249,199	1,303,316	1,145,587
591,446	674,615	579,001	595,935	812,228	637,909
65,222	57,422	58,289	55,384	50,060	53,915
1,652,709	1,624,558	1,449,666	1,397,167	1,510,170	1,389,735
301,663	1,450,980	391,497	448,812	299,484	346,987
456,704	405,116	411,777	369,875	414,304	450,028
3,785,327	3,066,396	2,198,013	1,988,944	4,000,920	2,319,728
4,267,045	2,142,179	1,426,905	2,962,268	5,386,802	3,135,224
12,597,392	10,892,478	8,264,471	9,067,584	13,777,284	9,479,113



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Independent Auditor's 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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Nevada, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Nevada'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 of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nevada's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A) to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Nevada'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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

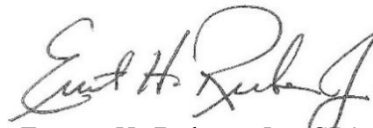
City of Nevada's Responses to Findings

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

Purpose of this Report

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

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

January 13, 2023

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Nevada Fire Fighters Incorporated – Debit Card

Criteria – Internal controls over safeguarding assets constitutes a process, effected by an entity’s governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Nevada Fire Fighters Inc. has a debit card available for use by officials or by volunteers. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. Although policies exist for individuals to request approval prior to use, significant risks exist with the mishandling or theft of debit cards, as they provide no additional safeguards or audit trail for purchases.

Cause – Officials are of the opinion that any misuse of funds or theft is the responsibility of the cardholder. However, a formal policy stating the card holder is personally liable for improper charges does not exist.

Effect – Allowing the use of debit cards could result in unauthorized transactions and the opportunity for misappropriations.

Recommendation – The Nevada Fire Fighters Inc. should prohibit the use of debit cards.

Response – We value this feedback and appreciate your position. However, as an Association, we are strongly against acquiring a credit card to replace our debit card. As stated during the audit, we have many safeguards in place, with sometimes triple and quadruple accountability. As such, we will remain in ownership of the debit card.

However, a formal policy stating the card holder is personally liable for improper charges does not exist. The Nevada Firefighters Inc’s name is on the debit card. That automatically holds us accountable/liable with our bank for improper charges should they occur.

Conclusion – Response acknowledged. The Nevada Fire Fighters Inc. should prohibit the use of debit cards.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Nevada

Schedule of Findings

Year ended June 30, 2022

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amounts budgeted.
- (2) Questionable Disbursement – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – There were no business transactions between the City and City officials or employees.
- (5) Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with chapter 68B of the Code of Iowa.
- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bonds – No instances of non-compliance with the revenue bond requirements for the year ended June 30, 2022 were noted.
- (10) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1. However, the TIF debt outstanding was overstated by \$65,000.

Recommendation – The City should ensure the amount reported as debt outstanding on the Annual Urban Renewal Report is accurate.

Response – The City has corrected this overstatement and will strive to report correctly.

Conclusion – Response accepted.

- (11) Tax Increment Financing – The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City of Nevada properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

City of Nevada

Staff

This audit was performed by:

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Christopher L. Poague, Staff Auditor
Kelsey R. Sauer, Staff Auditor