



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

January 24, 2025

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

**FINANCIAL HIGHLIGHTS:**

The City's receipts totaled \$29,222,628 for the year ended June 30, 2024, a 34.4% decrease from the prior year. Disbursements for the year ended June 30, 2024, totaled \$31,634,912, a 25.6% decrease from the prior year. The significant decrease in receipts and disbursements is due primarily to the issuance of a sewer revenue bond on September 30, 2022, and the use of prior year bond proceeds for the wastewater treatment facility project during fiscal year 2023.

**AUDIT FINDINGS:**

Sand reported six finding related to the receipt and disbursement of taxpayer funds. They are found on pages 68 through 74 of this report. The findings address transparency for disbursements for the benefit of City employees beyond their approved compensation, segregation of duties, independent review of bank reconciliations, use of debit cards and Venmo accounts and overstated tax increment obligations on the Annual Urban Renewal Report. Sand provided the City with a recommendation to address these findings.

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 website at [Audit Reports – Auditor of State](#).

###

**CITY OF NEVADA**

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

**JUNE 30, 2024**

**City of Nevada**



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

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Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834

Rob Sand  
Auditor of State

December 18, 2024

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, 2024. 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

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**City of Nevada**

**Officials**

**(Before January 2024)**

<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, P.C.	Attorney	Indefinite

**(After January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett Barker	Mayor	Jan 2026
Brian Hanson	Council Member	(Resigned Feb 2024)
Melissa Muschick (Appointed Mar 2024)	Council Member	Nov 2025
Dane Nealson	Council Member	Jan 2026
Steve Skaggs	Council Member	Jan 2026
Henry Corbin	Council Member	Jan 2028
Sandy Ehrig	Council Member	Jan 2028
Jason Sampson	Council Member	Jan 2028
Jordan Cook	City Administrator	Indefinite
Kerin Wright	City Clerk	Indefinite
Brick Gentry, 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 financial statements of the governmental activities, the business type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Nevada, Iowa, as of and for the year ended June 30, 2024, 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 accompanying 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 units, each major fund and the aggregate remaining fund information of the City of Nevada as of June 30, 2024, 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 the 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.

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.



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City 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 judgment, 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, 2023 (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 4, 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 4 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 this 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 (Asset), and the Schedule of City Contributions on pages 8 through 15 and 48 through 56 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 December 18, 2024 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

December 18, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2024. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2024 FINANCIAL HIGHLIGHTS**

- Receipts for governmental activities decreased 20.9%, or approximately \$2,617,000, from fiscal year 2023 to fiscal year 2024 due primarily to the issuance of a general obligation bond in June 2023. Receipts for business type activities decreased approximately \$12,736,000, or 39.8% from fiscal year 2023 to fiscal year 2024 due primarily to the issuance of a sewer revenue bond in September 2022.
- Disbursements for governmental activities increased 17.1%, or approximately \$2,093,000 during fiscal year 2024. Public works function disbursements increased 51.6%, or approximately \$430,000, due to two large vehicle/equipment purchases. Debt Services function disbursements increased 37.9%, or approximately \$525,000 due to increase in principal and interest payments. Capital project function disbursement increased 20.6%, or approximately \$962,000 due to work starting on new Street Improvement project and finishing fieldhouse and other street improvement projects.
- Disbursements for business type activities decreased approximately \$12,968,000, or 42.9%, with an approximately \$12,677,000 decrease in disbursements in the Enterprise, Sewer Fund. This decrease is mostly due to costs for the new wastewater treatment facility in fiscal year 2023.
- The City's total cash basis net position decreased 7.2%, or approximately \$2,412,000 during fiscal year 2024. Of this amount, the cash basis net position of the governmental activities decreased approximately \$4,357,000 and the cash basis net position of the business type activities increased approximately \$1,944,000.

### **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, nonmajor proprietary funds and internal service 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 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.

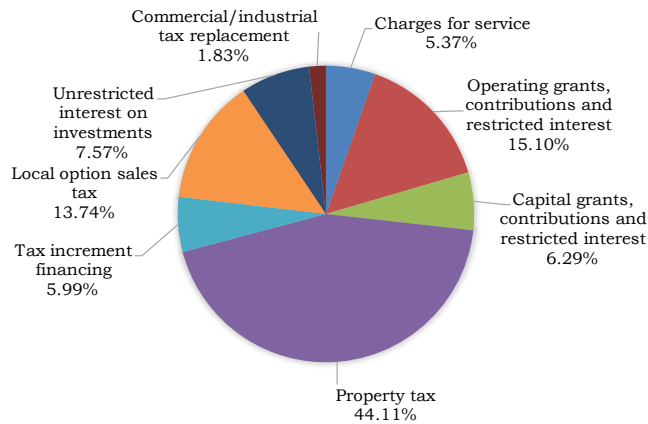
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

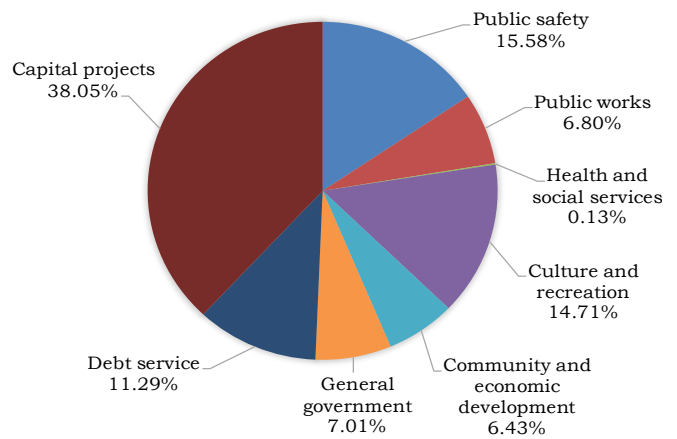
Net position may serve over time as a useful indicator of financial position. The City’s cash balance for governmental activities decreased from a year ago, decreasing from approximately \$20.696 million to approximately \$16.339 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2024	2023
Receipts:		
Program receipts:		
Charges for service	\$ 525	552
Operating grants, contributions and restricted interest	1,475	1,416
Capital grants, contributions and restricted interest	614	747
General receipts:		
Property tax	4,309	4,225
Tax increment financing	585	547
Local option sales tax	1,342	1,298
Commercial/industrial tax replacement	179	99
American Rescue Plan Act	-	499
Unrestricted interest on investments	739	515
Bond proceeds	-	2,417
Other general revenues	152	222
Total receipts	9,920	12,537
Disbursements:		
Public safety	1,989	1,910
Public works	1,264	834
Health and social services	40	16
Culture and recreation	1,895	1,804
Community and economic development	879	789
General government	752	860
Debt service	1,909	1,384
Capital projects	5,628	4,666
Total disbursements	14,356	12,263
Change in cash basis net position before transfers	(4,436)	274
Transfers, net	79	120
Change in cash basis net position	(4,357)	394
Cash basis net position beginning of year	20,696	20,302
Cash basis net position end of year	\$ 16,339	20,696

**Receipts by Source**



**Disbursements by Function**



Receipts for governmental activities decreased 20.9%, or approximately \$2,617,000, from fiscal year 2023 to fiscal year 2024 due primarily to the issuance of \$2,380,000 of general obligation urban renewal bonds in June 2023. The total of all program receipts decreased \$101,000 and general receipts decreased approximately \$2,516,000. Receipts for business type activities decreased approximately \$12,736,000, or 39.8%, as a result of the receipt of revenue bond proceeds for the sewer utility in the previous year.

The total cost of all governmental activities programs and services increased approximately \$2,093,000, or 17.1%. Public works function disbursements increased 51.6%, or approximately \$430,000, due to two large vehicle/equipment purchases. Debt services function disbursements increased 37.9%, or approximately \$525,000 due to increase in principal and interest payments. Capital project function disbursement increased 20.6%, or approximately \$962,000 due to work starting on new Street Improvement project and finishing fieldhouse and other street improvement projects.

The City’s property tax rate in fiscal year 2024 was \$14.61435 per \$1,000 of taxable valuation, which is the same as the fiscal year 2023 levy rate. The City’s property tax rate has not increased significantly in 20 years, except for the voted capital improvements levies in fiscal years 2009 and 2011.

The cost of all governmental activities this year was approximately \$14.356 million compared to approximately \$12.263 million last year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 18 and 19, the amount taxpayers ultimately financed for these activities was approximately \$11.743 million because some of the cost was paid by those directly benefiting from the programs (approximately \$525,000) or by other governments and organizations which subsidized certain programs with grants, contributions and unrestricted interest (approximately \$2.088 million). Overall, the City’s governmental activities program receipts, including intergovernmental aid and fees for service, decreased from approximately \$2.715 million in fiscal year 2023 to approximately \$2.614 million in fiscal year 2024, a 3.7% decrease. This decrease is primarily due to capital grants received for the Recreation Center project. 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 tax.

Changes in Cash Basis Net Position of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2024	2023
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,930	2,827
Sewer	3,782	3,280
Other	254	251
Capital grants, contributions and restricted interest	19	524
General receipts:		
Unrestricted interest on investments	722	424
Revenue bond proceeds	11,596	24,733
Total receipts	<u>19,303</u>	<u>32,039</u>
Disbursements:		
Water	2,041	2,353
Sewer	15,135	27,812
Other	103	82
Total disbursements	<u>17,279</u>	<u>30,247</u>
Change in cash basis net position before transfers	2,024	1,792
Transfers, net	<u>(79)</u>	<u>(120)</u>
Change in cash basis net position	1,945	1,672
Cash basis net position beginning of year	<u>12,729</u>	<u>11,057</u>
Cash basis net position end of year	<u>\$ 14,674</u>	<u>12,729</u>

Total business type activities receipts for fiscal year 2024 were approximately \$19.303 million compared to approximately \$32.039 million last year. This decrease is primarily due to sewer revenue bond proceeds totaling approximately \$24,733,000 received during fiscal year 2023, offset by approximately \$11,596,000 sewer revenue bond proceeds received during fiscal year 2023. Total business type activities disbursements for fiscal year 2024 were approximately \$17.279 million compared to approximately \$30.247 million last year, a decrease of approximately \$12,968,000. This decrease is primarily due to majority of progress being made on the new wastewater treatment facility in fiscal year 2023.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Nevada completed the year, its governmental funds reported a combined fund balance of \$16,247,133, a decrease of \$4,405,214 from last year's total of \$20,652,347. 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 increased \$656,354 to \$7,817,410. General Fund receipts increased \$331,695, or 8.9%, while disbursements decreased \$191,973, or 4.2%. The increase in receipts is mostly attributed to higher interest rates and a large donation received for the fire department. The decrease in disbursements is mostly attributed to the implementation of the City's self-insurance plan as well as additional costs related to new housing developments, library improvements, playground repairs and an increase in personnel costs in fiscal year 2023.

- The Special Revenue, Road Use Tax Fund cash balance decreased \$56,872 to \$2,936,020. Road Use Tax Fund receipts increased \$128,959, or 13.3%, and disbursements also increased \$389,017, or 51.2%, due to two large vehicle/equipment purchases in fiscal year 2024.
- The Special Revenue, Local Option Sales and Services Tax Fund cash balance increased \$123,661 to \$1,790,168. Local Option Sales Tax Fund receipts increased \$72,947, or 5.4%, while disbursements decreased \$21,661, or 5.5%. The decrease 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 and emerald ash borer in fiscal year 2023.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance was \$1,340,159 at the end of the fiscal year, a decrease of \$333,861 from the previous year. Tax increment financing receipts increased \$51,868, or 8.3%, due to an increase in tax increment collections.
- The Debt Service Fund began the year with a cash balance of \$630,829 and ended with a balance of \$412,189, a decrease of \$218,640, or 34.7%. This decrease is due primarily to higher debt payments.
- The Capital Projects Fund cash balance decreased \$4,371,158 to \$1,129,348. This decrease is due primarily to less state and federal grants received and continued work on the Recreation Center project and multiple street improvement projects in fiscal year 2024.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$1,170,740 from a balance of \$5,341,144 at the end of the prior year to \$6,511,884. Charges for service receipts increased \$103,881 due to an increase in the monthly user and usage rates increasing in June 2023.
- The Enterprise, Sewer Fund cash balance increased \$712,050 to \$6,992,390 at the end of fiscal year 2024. The increase is primarily due to an increase in the sewer monthly user and usage rates increasing in June 2023.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget two times. The amendments were approved on March 11, 2024 and May 13, 2024 and resulted in an increase in budgeted disbursements in the amount of \$4,483,000. The increase was due primarily to the delay of the fieldhouse project causing more expenses in fiscal year 2024 than budgeted.

The City's receipts were \$2,568,061 more than budgeted, a variance of 17.3%. This was primarily due to the City receiving more interest and sewer/water fees than budgeted.

Total disbursements were \$14,014,093 less than budgeted, primarily due to timing of work on sewer projects.



**DEBT ADMINISTRATION**

On June 30, 2024, the City had \$63,078,004 of outstanding bonds and other long-term debt, compared to \$54,415,114 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,	
		2024	2023
General obligation bonds:			
9/13/2012	Library improvement and refunding bonds - \$7,320,000	\$ 185,000	275,000
9/28/2017	Refunding series 2017 - \$2,850,000	375,000	1,020,000
4/29/2020	Streets, sanitary sewer, water system, storm drainage, ally and sidewalk improvements - \$8,905,000	8,905,000	8,905,000
6/28/2023	Recreation center urban renewal - \$2,380,000	1,530,000	2,380,000
Revenue bonds:			
7/29/2020	Water refunding - \$2,765,000	1,065,000	1,495,000
1/29/2021	Sewer revenue - \$1,360,000	1,239,000	1,300,000
4/30/2021	Sewer revenue - \$10,000,000	9,114,000	9,561,000
1/28/2022	Sewer revenue - \$10,000,000	9,561,000.00	9,999,000
9/30/2022	Sewer revenue - \$20,838,000	20,836,000	19,480,114
12/15/2023	Sewer revenue - \$16,120,000	10,237,866	-
Total bonds outstanding		63,047,866	54,415,114
Lease agreements		30,138	-
Total		<u>\$ 63,078,004</u>	<u>54,415,114</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 and tax increment financing debt of \$11,041,704 (including \$46,704 of the annually appropriated development and rebate agreements) is significantly below its constitutional debt limit of approximately \$25,656,000. 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 2025 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in Story County now stands at 2.3% versus 2.5% a year ago. This compares with the State’s unemployment rate of 2.8% and the national rate of 4.3%.

The City’s budgeted receipts, including debt proceeds, for fiscal year 2025 are \$29,905,097 (without transfers) compared to fiscal year 2024 final budgeted receipts of \$37,384,033 including debt proceeds (without transfers). Taxes levied on property receipts are budgeted to increase \$243,646 in fiscal year 2025, with no increase in the tax levy rate. Intergovernmental receipts are budgeted to increase \$227,968 due to an increase in federal and state grants. Charges for services are budgeted to increase \$3,121,033 as a result of rate increases necessary to pay for debt and future water and sewer projects. Miscellaneous receipts are budgeted to decrease \$1,409,100 due to less funding for capital projects. Other financing sources receipts are budgeted to decrease \$10,800,000 in fiscal year 2025, due to a decrease in State Revolving Fund Reimbursement/Bonds for the wastewater treatment facility project.

The City's disbursements for fiscal year 2025 are budgeted to decrease from a final budget of \$45,509,363 (without transfers) for fiscal year 2024 to \$31,262,948 (without transfers) for fiscal year 2025, primarily due to decreases in the business type activities function disbursements with the expected completion of the wastewater treatment facility.

The City's budgeted cash balance is estimated to increase to \$25,996,706 at the close of fiscal year 2025.

#### **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 6<sup>th</sup> 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, 2024

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 1,989,135	70,071	354,646	99,994
Public works	1,263,988	3,575	978,330	-
Health and social services	39,771	-	-	-
Culture and recreation	1,895,021	404,916	123,801	135,462
Community and economic development	878,689	630	3,982	100,000
General government	752,350	44,795	13,859	-
Debt service	1,908,938	-	-	-
Capital projects	5,628,028	513	-	278,153
Total governmental activities	14,355,920	524,500	1,474,618	613,609
Business type activities:				
Water	2,040,524	2,930,231	-	1,105
Sewer	15,134,900	3,781,931	-	17,737
Other	103,568	253,566	-	-
Total business type activities	17,278,992	6,965,728	-	18,842
<b>Total Primary Government</b>	<b>\$ 31,634,912</b>	<b>7,490,228</b>	<b>1,474,618</b>	<b>632,451</b>
<b>Component Units:</b>				
Nevada Economic Development Council	\$ 390,673	67,570	112,692	-
The Nevada Foundation	278,350	45,992	295,518	-
<b>Total Component Units</b>	<b>\$ 669,023</b>	<b>113,562</b>	<b>408,210</b>	<b>-</b>
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Capital projects				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Bond proceeds				
Miscellaneous				
Sale of land				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Restatement of net position				
Cash basis net position beginning of year, restated				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Permanent funds				
Expendable:				
Streets				
Debt service				
Capital projects				
Community betterment				
Library				
Parks				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Component Units
Primary Government			
Governmental Activities	Business Type Activities	Total	
(1,464,424)	-	(1,464,424)	
(282,083)	-	(282,083)	
(39,771)	-	(39,771)	
(1,230,842)	-	(1,230,842)	
(774,077)	-	(774,077)	
(693,696)	-	(693,696)	
(1,908,938)	-	(1,908,938)	
(5,349,362)	-	(5,349,362)	
(11,743,193)	-	(11,743,193)	
-	890,812	890,812	
-	(11,335,232)	(11,335,232)	
-	149,998	149,998	
-	(10,294,422)	(10,294,422)	
(11,743,193)	(10,294,422)	(22,037,615)	
			(210,411)
			63,160
			(147,251)
3,286,357	-	3,286,357	-
850,862	-	850,862	-
171,689	-	171,689	-
585,327	-	585,327	-
1,341,838	-	1,341,838	-
179,380	-	179,380	-
739,337	722,026	1,461,363	42,800
-	11,595,752	11,595,752	-
152,763	-	152,763	-
-	-	-	100,000
78,867	(78,867)	-	-
7,386,420	12,238,911	19,625,331	142,800
(4,356,773)	1,944,489	(2,412,284)	(4,451)
20,696,240	12,729,139	33,425,379	962,800
-	-	-	1,814,447
20,696,240	12,729,139	33,425,379	2,777,247
\$ 16,339,467	14,673,628	31,013,095	2,772,796
\$ 180,882	-	180,882	-
2,936,020	-	2,936,020	-
1,752,348	1,980,017	3,732,365	-
1,129,348	4,051,356	5,180,704	-
3,529,656	-	3,529,656	-
338,298	-	338,298	-
109,651	-	109,651	-
313,008	89,229	402,237	-
6,050,256	8,553,026	14,603,282	2,772,796
\$ 16,339,467	14,673,628	31,013,095	2,772,796

City of Nevada

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

As of and for the year ended June 30, 2024

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Urban Renewal Tax Increment
Receipts:				
Property tax	\$ 2,607,993	-	-	-
Tax increment financing	-	-	-	585,326
Local options sales tax	-	-	1,341,838	-
Other city tax	46,625	-	-	-
Licenses and permits	69,035	-	-	-
Use of money and property	396,157	115,722	66,403	88,818
Intergovernmental	346,916	978,174	4,807	-
Charges for service	257,548	-	-	-
Miscellaneous	335,464	6,917	12,739	-
Total receipts	4,059,738	1,100,813	1,425,787	674,144
Disbursements:				
Operating:				
Public safety	1,749,512	5,968	63,275	-
Public works	-	1,142,235	129,237	-
Health and social services	-	-	39,771	-
Culture and recreation	1,753,412	-	7,736	-
Community and economic development	127,862	-	86,124	328,504
General government	707,648	-	46,983	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	4,338,434	1,148,203	373,126	328,504
Excess (deficiency) of receipts over (under) disbursements	(278,696)	(47,390)	1,052,661	345,640
Other financing sources (uses):				
Transfers in	1,185,050	198,825	-	-
Transfers out	(250,000)	(208,307)	(929,000)	(679,501)
Total other financing sources (uses)	935,050	(9,482)	(929,000)	(679,501)
Change in cash balances	656,354	(56,872)	123,661	(333,861)
Cash balances beginning of year	7,161,056	2,992,892	1,666,507	1,674,020
Cash balances end of year	\$ 7,817,410	2,936,020	1,790,168	1,340,159
<b>Cash Basis Fund Balances</b>				
Nonspendable	\$ -	-	-	-
Restricted for:				
Streets	-	2,936,020	-	-
Debt service	-	-	-	1,340,159
Capital projects	-	-	-	-
Community betterment	1,739,488	-	1,790,168	-
Library	-	-	-	-
Parks	-	-	-	-
Other purposes	-	-	-	-
Unassigned	6,077,922	-	-	-
Total cash basis fund balances	\$ 7,817,410	2,936,020	1,790,168	1,340,159

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
838,404	169,003	621,864	4,237,264
-	-	-	585,326
-	-	-	1,341,838
12,458	2,686	9,875	71,644
-	-	-	69,035
35,173	208,856	70,693	981,822
34,399	207,215	231,348	1,802,859
-	513	13,098	271,159
-	7,787	196,425	559,332
920,434	596,060	1,143,303	9,920,279
-	-	190,384	2,009,139
-	-	-	1,271,472
-	-	-	39,771
-	-	151,810	1,912,958
-	-	336,932	879,422
-	-	-	754,631
1,908,938	-	-	1,908,938
-	5,628,029	-	5,628,029
1,908,938	5,628,029	679,126	14,404,360
(988,504)	(5,031,969)	464,177	(4,484,081)
769,864	757,174	20,000	2,930,913
-	(96,363)	(688,875)	(2,852,046)
769,864	660,811	(668,875)	78,867
(218,640)	(4,371,158)	(204,698)	(4,405,214)
630,829	5,500,506	1,026,537	20,652,347
412,189	1,129,348	821,839	16,247,133
-	-	180,882	180,882
-	-	-	2,936,020
412,189	-	-	1,752,348
-	1,129,348	-	1,129,348
-	-	-	3,529,656
-	-	338,298	338,298
-	-	109,651	109,651
-	-	313,008	313,008
-	-	(120,000)	5,957,922
412,189	1,129,348	821,839	16,247,133



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, 2024

**Total governmental funds cash balances (page 21)** \$ 16,247,133

***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, prescription, and health benefit plans to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

92,334

**Cash basis net position of governmental activities (page 19)** \$ 16,339,467

**Change in cash balances (page 21)** \$ (4,405,214)

***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, prescription, and health benefit plans to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

48,441

**Change in cash basis net position of governmental activities (page 19)** \$ (4,356,773)

See notes to financial statements.

## City of Nevada

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

As of and for the year ended June 30, 2024

	Enterprise				Internal Service
	Water	Sewer	Nonmajor	Total	Total
Operating receipts:					
Use of money and property	\$ 19,700	59,163	-	78,863	-
Charges for service	2,889,820	3,780,214	253,565	6,923,599	475,024
Miscellaneous	20,713	1,717	-	22,430	32,459
Total operating receipts	<u>2,930,233</u>	<u>3,841,094</u>	<u>253,565</u>	<u>7,024,892</u>	<u>507,483</u>
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	152,376
Public works	-	-	-	-	58,804
Culture and recreation	-	-	-	-	102,735
Community and economic development	-	-	-	-	5,872
General government	-	-	-	-	17,495
Business type activities	1,243,396	1,088,402	103,568	2,435,366	108,032
Total operating disbursements	<u>1,243,396</u>	<u>1,088,402</u>	<u>103,568</u>	<u>2,435,366</u>	<u>445,314</u>
Excess of operating receipts over operating disbursements	<u>1,686,837</u>	<u>2,752,692</u>	<u>149,997</u>	<u>4,589,526</u>	<u>62,169</u>
Non-operating receipts (disbursements):					
Interest on investments	289,099	340,765	51,841	681,705	-
Sewer revenue bond proceeds	-	11,595,752	-	11,595,752	-
Debt service	(460,350)	(2,002,783)	-	(2,463,133)	-
Capital projects	(344,846)	(12,049,376)	-	(12,394,222)	-
Net non-operating receipts (disbursements)	<u>(516,097)</u>	<u>(2,115,642)</u>	<u>51,841</u>	<u>(2,579,898)</u>	<u>-</u>
Excess of receipts over disbursements	<u>1,170,740</u>	<u>637,050</u>	<u>201,838</u>	<u>2,009,628</u>	<u>62,169</u>
Transfers in	-	75,000	-	75,000	-
Transfers out	-	-	(153,867)	(153,867)	-
Total transfers in (out):	<u>-</u>	<u>75,000</u>	<u>(153,867)</u>	<u>(78,867)</u>	<u>-</u>
Change in cash balances	<u>1,170,740</u>	<u>712,050</u>	<u>47,971</u>	<u>1,930,761</u>	<u>62,169</u>
Cash balances beginning of year	<u>5,341,144</u>	<u>6,280,340</u>	<u>1,100,337</u>	<u>12,721,821</u>	<u>51,211</u>
Cash balances end of year	<u>\$ 6,511,884</u>	<u>6,992,390</u>	<u>1,148,308</u>	<u>14,652,582</u>	<u>113,380</u>
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Debt service	\$ 200,017	1,780,000	-	1,980,017	-
Sewer construction	-	4,051,356	-	4,051,356	-
Water deposits	89,229	-	-	89,229	-
Unrestricted	<u>6,222,638</u>	<u>1,161,034</u>	<u>1,148,308</u>	<u>8,531,980</u>	<u>113,380</u>
Total cash basis fund balances	<u>\$ 6,511,884</u>	<u>6,992,390</u>	<u>1,148,308</u>	<u>14,652,582</u>	<u>113,380</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, 2024

**Total enterprise funds cash balances (page 23)** \$ 14,652,582***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, prescription, and health benefit plans to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

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21,046**Cash basis net position of business type activities (page 19)** \$ 14,673,628**Change in cash balances (page 23)** \$ 1,930,761***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, prescription, and health benefit plans to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

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13,728**Change in cash basis net position of business type activities (page 19)** \$ 1,944,489

See notes to financial statements.

City of Nevada

Combining Cash Basis Statement of Activities and Net Position –  
Discretely Presented Component Units

As of and for the year ended June 30, 2024

	Nevada Economic Development Council	The Nevada Foundation	Total
Disbursements	\$ 390,673	278,350	669,023
Program receipts:			
Charges for service	67,570	45,992	113,562
Operating grants and contributions	112,692	295,518	408,210
Total program receipts	180,262	341,510	521,772
General receipts:			
Interest on investments	19,404	23,396	42,800
Sale of land	100,000	-	100,000
Total general receipts	119,404	23,396	142,800
Change in cash basis net position	(91,007)	86,556	(4,451)
Cash basis net position beginning of year	962,800	-	962,800
Restatement of net position	-	1,814,447	1,814,447
Cash basis net position beginning of year, as restated	962,800	1,814,447	2,777,247
Cash basis net position end of year	\$ 871,793	1,901,003	2,772,796
<b>Cash Basis Net Position</b>			
Restricted:			
Other purposes	\$ 871,793	1,901,003	2,772,796

See notes to financial statements.

City of Nevada

Notes to Financial Statements

June 30, 2024

**(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 nonprofit organizations were formed under Chapter 504A of the Code of Iowa.

Discretely Presented Component Units – 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.

The Nevada Foundation 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 Nevada Foundation is to advance the common good through sustainable and measurable improvements in the City of Nevada community's education, income and health in Story County, Iowa. The Nevada Foundation is governed by a 13-member Board. The Nevada Foundation is collecting donations on behalf of the City for their new fieldhouse.

Blended Component Units – The Nevada Firefighter’s Incorporated was organized under Chapter 504A of the Code of Iowa as a nonprofit 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 nonprofit 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 nonprofit 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 organization established pursuant to Chapter 28E of the Code of Iowa: Central Iowa Regional Transportation Planning Agency.

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 \$4,051,356 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 funds 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 funds:

Internal Service Funds are 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2023.

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, 2024, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2024 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 nonprofit organization deposited \$51,213 to a local nonprofit Foundation as a gift to the City. At June 30, 2024, the carrying amount and fair value of the amounts held by the Foundation were \$91,664 and \$108,632, respectively. The Foundation holds investments in domestic and international equities, fixed income, hedge funds, real estate, private equity, and cash.

Component Unit – During the year ended June 30, 2022, the Nevada Foundation contracted with a local nonprofit to collect donations for the Fieldhouse project on behalf of the City. At June 30, 2024, the carrying amount and fair value of the amounts held by the Foundation were \$1,843,018 and \$1,911,719, 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, revenue bonds and lease agreements are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 12,580,000	-	1,585,000	10,995,000	1,600,000
Lease agreements	-	37,508	7,370	30,138	7,500
Governmental activities total	<u>\$ 12,580,000</u>	<u>37,508</u>	<u>1,592,370</u>	<u>11,025,138</u>	<u>1,607,500</u>
Business type activities:					
Sewer revenue bonds - direct borrowing	\$ 40,340,114	11,595,752	948,000	50,987,866	1,670,000
Water revenue bonds	1,495,000	-	430,000	1,065,000	435,000
Business-type activities total	<u>\$ 41,835,114</u>	<u>11,595,752</u>	<u>1,378,000</u>	<u>52,052,866</u>	<u>2,105,000</u>
Component unit activities:					
Fire Fighter's Inc. mortgage	\$ 21,621	-	21,621	-	-

## General Obligation Bonds

A summary of the City's June 30, 2024 general obligation bonds payable is as follows:

Year Ending June 30,	Library Improvement and Refunding Issued Sep 13, 2012			Refunding Issued Sep 28, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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		-	-		-	-
2029-2032		-	-		-	-
<b>Total</b>		<b>\$ 185,000</b>	<b>6,020</b>		<b>\$ 375,000</b>	<b>14,163</b>

Year Ending June 30,	Central Business District Project Issued Apr 29, 2020			Recreation Center Project Issued Jun 28, 2023		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 500,000	178,100	5.00%	\$ 775,000	76,500
2026	2.00	780,000	168,100	5.00	755,000	37,750
2027	2.00	1,140,000	152,500		-	-
2028	2.00	1,245,000	129,700		-	-
2029	2.00	1,270,000	104,800		-	-
2030-2032	2.00	3,970,000	159,900		-	-
<b>Total</b>		<b>\$ 8,905,000</b>	<b>893,100</b>		<b>\$1,530,000</b>	<b>114,250</b>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 1,600,000	268,890	1,868,890
2026	1,770,000	211,743	1,981,743
2027	1,140,000	152,500	1,292,500
2028	1,245,000	129,700	1,374,700
2029	1,270,000	104,800	1,374,800
2030-2032	3,970,000	159,900	4,129,900
<b>Total</b>	<b>\$ 10,995,000</b>	<b>1,027,533</b>	<b>12,022,533</b>

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, 2024, the City paid principal of \$90,000 and interest of \$5,913 on the bonds. As of June 30, 2024, the total principal remaining on the bonds is \$185,000.

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, 2024, the City paid principal of \$645,000 and interest of \$28,050 on the 2017 bonds. As of June 30, 2024, the total principal remaining on the 2017 general obligation bonds is \$375,000 and mature on June 1, 2026.

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, 2024, interest totaling \$178,100 was paid by the City on the bonds. As of June 30, 2024, the total principal remaining on the bonds is \$8,905,000.

On June 28, 2023, the City issued \$2,380,000 of general obligation urban renewal bonds for the purpose of the Recreation Center Development Project. The bonds bear interest at 5.0% per annum and mature June 2026. During the year ended June 30, 2024, the City paid principal of \$850,000 and interest of \$110,075 on the bonds. As of June 30, 2024, the total principal remaining on the bonds is \$1,530,000.

### Revenue Bonds

Year Ending June 30,	Water Refunding Issued Jul 29, 2020			Sewer Issued Jan 29, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 435,000	21,300	1.75%	\$ 62,000	21,683
2026	2.00	445,000	12,600	1.75	63,000	20,598
2027	2.00	185,000	3,700	1.75	64,000	19,495
2028	-	-	-	1.75	66,000	18,375
2029	-	-	-	1.75	67,000	17,220
2030-2034	-	-	-	1.75	356,000	68,039
2035-2039	-	-	-	1.75	393,000	35,630
2040-2044	-	-	-	1.75	168,000	4,427
2045-2049	-	-	-	-	-	-
2050-2052	-	-	-	-	-	-
Total		<u>\$ 1,065,000</u>	<u>37,600</u>		<u>\$ 1,239,000</u>	<u>205,467</u>

Year Ending June 30,	Sewer Issued Apr 30, 2021			Sewer Issued Jan 28, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 455,000	159,495	1.75%	\$ 447,000	167,318
2026	1.75	465,000	151,532	1.75	455,000	159,495
2027	1.75	474,000	143,395	1.75	465,000	151,532
2028	1.75	483,000	135,100	1.75	474,000	143,394
2029	1.75	493,000	126,648	1.75	483,000	135,100
2030-2034	1.75	2,617,000	500,307	1.75	2,566,000	545,212
2035-2039	1.75	2,889,000	262,010	1.75	2,832,000	311,570
2040-2044	1.75	1,238,000	32,603	1.75	1,839,000	64,786
2045-2049	-	-	-	-	-	-
2050-2052	-	-	-	-	-	-
Total		<u>\$ 9,114,000</u>	<u>1,511,090</u>		<u>\$ 9,561,000</u>	<u>1,678,407</u>

Year Ending June 30,	Sewer			Totals		
	Issued Sep 30, 2022					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2025	1.75%	\$ 1,000	364,630	\$ 1,400,000	734,426	2,134,426
2026	1.75	1,000	364,613	1,429,000	708,838	2,137,838
2027	1.75	1,000	364,595	1,189,000	682,717	1,871,717
2028	1.75	1,000	364,578	1,024,000	661,447	1,685,447
2029	1.75	1,000	364,560	1,044,000	643,528	1,687,528
2030-2034	1.75	5,000	1,822,538	5,544,000	2,936,096	8,480,096
2035-2039	1.75	5,000	1,822,100	6,119,000	2,431,310	8,550,310
2040-2044	1.75	4,429,000	1,764,402	7,674,000	1,866,218	9,540,218
2045-2049	1.75	9,939,000	1,093,312	9,939,000	1,093,312	11,032,312
2050-2052	1.75	6,453,000	227,360	6,453,000	227,360	6,680,360
Total		\$ 20,836,000	8,552,688	\$41,815,000	11,985,252	53,800,252

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, 2024, the City paid principal of \$430,000 and interest of \$29,900 on the bonds. As of June 30, 2024, the total principal remaining on the bonds is \$1,065,000.

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 27% of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,102,600. For the current year, principal and interest paid and total customer net receipts were \$459,900 and \$1,686,837, 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, 2024 the City paid \$61,000 in principal and \$22,750 in interest on the bonds. As of June 30, 2024, the total principal remaining on the bond is \$1,239,000.

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, 2024 the City paid \$447,000 in principal and \$167,318 in interest on the bonds. As of June 30, 2024, the total principal remaining on the bond is \$9,114,000.

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, 2024 the City paid \$438,000 in principal and \$174,983 in interest on the bonds. As of June 30, 2024, the total principal remaining on the bond is \$9,561,000.

On September 30, 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 \$20,838,000 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 \$100,000 (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, 2024 the City had drawn a total of \$20,838,000. During the year ended June 30, 2024, the City paid \$1,000 in principal and \$361,189 in interest on the bonds. As of June 30, 2024, the total principal remaining on the bond is \$20,836,000.

On December 15, 2023, 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 \$16,120,000 with an interest of 3.53% 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 \$80,600 (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, 2024 the City had drawn down a total of \$10,238,866. During the year ended June 30, 2024 the City paid \$1,000 in principal and \$134,659 in interest on the bonds. As of June 30, 2024, the total principal remaining on the bonds is \$10,237,866. 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 \$58,318,000 of sewer revenue bonds issued in January 2021, April 2021, January 2022, September 2022, and December 2023. The bonds are payable solely from sewer customer net receipts. For the current year, principal and interest paid and total customer net receipts were \$1,808,899 and \$2,752,692, 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

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. On March 12, 2024, Nevada Fire Fighter’s Inc. paid off the remaining \$21,621 and \$577 in principal and interest, respectively.

Lease Agreement

On April 27, 2023, the City entered into a noncancelable lease agreement for printers. An initial lease liability was recorded in the amount of \$38,117. The original agreement requires monthly payments of \$664 over 60 months, with an implicit interest rate of 1.75%. During the year ended June 30, 2024, the City paid principal of \$7,370 and interest of \$598, on the lease. Future principal and interest payments are as follows:

Year Ending June 30,	City Printers		
	Principal	Interest	Total
2025	\$ 7,500	468	7,968
2026	7,632	336	7,968
2027	7,766	202	7,968
2028	7,240	64	7,304
	<u>\$ 30,138</u>	<u>1,070</u>	<u>31,208</u>

#### **(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](http://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 2024, 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, 2024 totaled \$281,532.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024 the City reported a liability of \$963,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City’s proportion was 0.021344%, which was an increase of 0.002738% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$139,832, \$1,370,883 and \$1,039,936, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

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 liability.

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 (asset)	\$ 2,757,781	963,419	(540,520)

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](http://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 \$475 to \$649 for single coverage to \$1,395 to \$1,931 for family coverage. For the year ended June 30, 2024, the City contributed \$404,782 and plan members eligible for benefits contributed \$58,257 to the plan. At June 30, 2024, 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>37</u>
Total	<u>37</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, 2024, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 309,000
Compensatory time	25,000
Sick leave	<u>23,000</u>
Total	<u>\$ 357,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2024.

**(7) Contractual Commitments**

The City has entered into various construction contracts totaling approximately \$73,801,000. The unpaid contract balance as of June 30, 2024 totaled approximately \$9,862,000, which will be paid as work on the projects progresses.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 589,000
	Employee Benefits	590,050
	Urban Renewal Tax Increment	6,000
		<u>1,185,050</u>
Special Revenue:	Special Revenue:	
Road Use Tax	Employee Benefits	98,825
	Local Option Sales Tax	100,000
		<u>198,825</u>
Special Revenue:	Special Revenue:	
Trail Maintenance	Local Option Sales Tax	20,000
		<u>20,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	673,501
	Capital Projects	96,363
		<u>769,864</u>
Capital Projects	General	250,000
	Special Revenue:	
	Road Use Tax	208,307
	Local Option Sales Tax	220,000
	Enterprise:	
	Storm Water	78,867
		<u>757,174</u>
Enterprise:	Enterprise	
Sewer	Storm Water	75,000
		<u>75,000</u>
Total		<u>\$ 3,005,913</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 \$435,500 is outstanding at June 30, 2024. 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, 2024, the City paid \$72,713 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 803 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, automobile physical damage, employment practices liability, public officials liability, cyber liability and law enforcement 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, 2024 were \$270,303.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber 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 \$500,000 each occurrence, each location. Property risks 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.

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. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all 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) Employee Health Insurance Plan**

The City established the Internal Service, Self-Insurance Fund to account for the partial self-funding of the City's health insurance benefit plan. The plan is funded by City and employee contributions and is administered by a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The City assumes liability for claims between \$2,000 and \$5,500 for single coverage and \$4,000 and \$11,000 for family coverage. Claims in excess of the coverage are insured through the purchase of insurance.

Payments to the Internal Service, Self-Insurance Fund are recorded as disbursements by the operating funds. The City's and employee's contribution to the fund for the year ended June 30, 2024 totaled \$428,766. Payments to employees for medical claims for the year ended June 30, 2024 totaled \$20,250.

**(13) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by Mission Square Retirement Corporation and do not constitute a liability of the City.

**(14) 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 \$1,096,083.

The City rebated \$322,848 during fiscal year 2024, for a total of \$2,349,392 of incremental property tax rebated under the agreements. The outstanding balance of the agreements at June 30, 2024 with fixed dollar commitments was \$46,704. The outstanding balance of the agreements at June 30, 2024 subject to annual appropriation was \$1,049,379.

**(15) 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 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, 2024, \$131,483 of property tax was diverted from the City under the urban renewal and economic development agreements.

**(16) 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 25 years, commencing on March 15, 2022. The City is to receive monthly payments of \$1,632, with an annual rent increase of two percent and incremental lending rate of 1.75%.

Year Ending June 30,	Tower Rental		
	Principal	Interest	Total
2025	\$ 12,103	8,006	20,109
2026	12,722	7,789	20,511
2027	13,360	7,561	20,921
2028	14,017	7,322	21,339
2029	14,695	7,072	21,767
2030-2034	84,375	31,165	115,540
2035-2039	104,633	22,932	127,565
2040-2044	128,047	12,794	140,841
2045-2048	79,016	1,931	80,947
Total	\$ 462,968	106,572	569,540

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 \$911 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
2025	\$ 16,059	6,977	23,036
2026	16,800	6,692	23,492
2027	17,572	6,393	23,965
2028	18,377	6,080	24,457
2029	19,216	5,753	24,969
2030-2034	110,898	23,307	134,205
2035-2039	161,571	11,738	173,309
2040	41,510	486	41,996
Total	\$ 402,003	67,426	469,429

**(17) Deficit Balance**

The Special Revenue, Economic Development Fund had a deficit balance of \$120,000. The deficit balance was due to the timing of disbursements made to a sub-recipient prior to the draw down request. The deficit will be eliminated upon grant reimbursement.



**(18) Addition of Discretely Presented Component Unit**

In fiscal year 2022, the Nevada Foundation started to primarily collect donations to support the construction of the City of Nevada's new fieldhouse. Due to that change, the Nevada Foundation now meets the requirements for inclusion as a discretely presented component unit for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table below.

	June 30, 2023 As Previously Reported	Change to or within the Financial Reporting Entity	June 30, 2023 As Restated
Discretely presented component units:			
Nevada Economic Development Council	\$ 962,800	-	962,800
The Nevada Foundation	-	1,814,447	1,814,447
Total discretely presented component units	<u>\$ 962,800</u>	<u>1,814,447</u>	<u>2,777,247</u>

## **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, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 4,237,264	-	-
Tax increment financing	585,326	-	-
Other city tax	1,413,482	-	-
Licenses and permits	69,035	-	-
Use of money and property	981,822	760,568	206
Intergovernmental	1,802,859	-	-
Charges for service	271,159	6,923,599	-
Miscellaneous	559,332	22,430	174,576
Total receipts	<u>9,920,279</u>	<u>7,706,597</u>	<u>174,782</u>
Disbursements:			
Public safety	2,009,139	-	190,384
Public works	1,271,472	-	-
Health and social services	39,771	-	-
Culture and recreation	1,912,958	-	11,427
Community and economic development	879,422	-	-
General government	754,631	-	-
Debt service	1,908,938	-	-
Capital projects	5,628,029	-	-
Business type activities	-	17,292,721	-
Total disbursements	<u>14,404,360</u>	<u>17,292,721</u>	<u>201,811</u>
Deficiency of receipts under disbursements	(4,484,081)	(9,586,124)	(27,029)
Other financing sources (uses), net	<u>78,867</u>	<u>11,516,885</u>	<u>-</u>
Deficiency of receipts and other financing sources under disbursements and other financing uses	(4,405,214)	1,930,761	(27,029)
Balances beginning of year	<u>20,652,347</u>	<u>12,721,821</u>	<u>169,536</u>
Balances end of year	<u>\$ 16,247,133</u>	<u>14,652,582</u>	<u>142,507</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
4,237,264	4,227,109	4,227,109	10,155
585,326	576,552	576,552	8,774
1,413,482	1,068,208	1,068,208	345,274
69,035	78,300	78,300	(9,265)
1,742,184	199,460	199,460	1,542,724
1,802,859	1,061,187	1,361,187	441,672
7,194,758	5,552,097	5,602,097	1,592,661
407,186	1,765,120	1,771,120	(1,363,934)
<u>17,452,094</u>	<u>14,528,033</u>	<u>14,884,033</u>	<u>2,568,061</u>
1,818,755	1,863,768	1,888,768	70,013
1,271,472	1,415,924	1,465,924	194,452
39,771	53,000	53,000	13,229
1,901,531	2,006,438	2,223,438	321,907
879,422	934,085	1,234,085	354,663
754,631	892,932	898,932	144,301
1,908,938	1,910,295	1,910,295	1,357
5,628,029	4,847,200	7,847,200	2,219,171
<u>17,292,721</u>	<u>27,102,721</u>	<u>27,987,721</u>	<u>10,695,000</u>
<u>31,495,270</u>	<u>41,026,363</u>	<u>45,509,363</u>	<u>14,014,093</u>
(14,043,176)	(26,498,330)	(30,625,330)	16,582,154
<u>11,595,752</u>	<u>19,500,000</u>	<u>22,500,000</u>	<u>(10,904,248)</u>
(2,447,424)	(6,998,330)	(8,125,330)	5,677,906
<u>33,204,632</u>	<u>31,975,539</u>	<u>31,975,539</u>	<u>1,229,093</u>
<u>30,757,208</u>	<u>24,977,209</u>	<u>23,850,209</u>	<u>6,906,999</u>

**City of Nevada**

City of Nevada

Notes to Other Information – Budgetary Reporting

June 30, 2024

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 Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These 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, two budget amendments increased budgeted disbursements by \$4,483,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

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City of Nevada

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

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

Other Information

	2024	2023	2022	2021
City's proportion of the net pension liability (asset)	0.021344%	0.018606%	0.148102% **	0.023853%
City's proportionate share of the net pension liability (asset)	\$ 963	703	(511)	1,676
City's covered payroll	\$ 3,076	2,809	2,550	2,549
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.31%	25.03%	(20.04%)	65.75%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

\* 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.

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2020	2019	2018	2017	2016	2015
0.022681%	0.021550%	0.022361%	0.022270%	0.20144%	0.019623%
1,313	1,364	1,490	1,402	995	778
2,448	2,249	2,197	2,135	2,005	2,004
53.64%	60.65%	67.82%	65.67%	49.63%	38.82%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%



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City of Nevada

Schedule of City Contributions

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

Other Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 282	289	264	242
Contributions in relation to the statutorily required contribution	<u>(282)</u>	<u>(289)</u>	<u>(264)</u>	<u>(242)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,994	3,076	2,809	2,550
Contributions as a percentage of covered payroll	9.42%	9.40%	9.40%	9.49%

See accompanying independent auditor's report.

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2020	2019	2018	2017	2016	2015
244	236	207	201	196	185
(244)	(236)	(207)	(201)	(196)	(185)
-	-	-	-	-	-
2,549	2,448	2,249	2,197	2,135	2,005
9.57%	9.64%	9.20%	9.15%	9.18%	9.23%

City of Nevada

Notes to Other Information – Pension Liability

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.

**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, 2024

					Special	
	Employee	Economic	Cemetery	Cemetery	Library	Fire
	Benefits	Development	Memorials	Foundation	Trust	Trust
Receipts:						
Property tax	\$ 621,864	-	-	-	-	-
Other city tax	9,875	-	-	-	-	-
Use of money and property	16,503	-	141	1,296	287	848
Intergovernmental	26,559	200,000	-	-	4,789	-
Charges for service	-	-	-	-	-	-
Miscellaneous	-	-	-	-	11,247	-
Total receipts	674,801	200,000	141	1,296	16,323	848
Disbursements:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	20,627	-
Community and economic development	-	331,932	-	-	-	-
Total disbursements	-	331,932	-	-	20,627	-
Excess (deficiency) of receipts over (under) disbursements	674,801	(131,932)	141	1,296	(4,304)	848
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(688,875)	-	-	-	-	-
Total other financing sources (uses)	(688,875)	-	-	-	-	-
Change in cash balances	(14,074)	(131,932)	141	1,296	(4,304)	848
Cash balances beginning of year	14,074	11,932	3,011	27,653	9,038	18,085
Cash balances (deficit) end of year	\$ -	(120,000)	3,152	28,949	4,734	18,933
<b>Cash Basis Fund Balances</b>						
Nonspendable	\$ -	-	-	-	-	-
Restricted for:						
Library	-	-	-	-	4,734	-
Parks	-	-	-	-	-	-
Other purposes	-	-	3,152	28,949	-	18,933
Unassigned	-	(120,000)	-	-	-	-
Total cash basis fund balances	\$ -	(120,000)	3,152	28,949	4,734	18,933

Revenue									
S.C.O.R.E. Undesignated	S.C.O.R.E. Operation & Maintenance	North Story Baseball	Senior Center Trust	Gates Hall Piano	Parks and Recreation Open Space	Columbarium Maintenance	Trail Maintenance	Danielson Trust	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
276	13	174	480	923	28,840	257	2,296	16,891	
-	-	-	-	-	-	-	-	-	-
-	-	1,040	-	-	8,408	450	-	-	-
-	-	-	758	-	3,603	-	-	-	459
276	13	1,214	1,238	923	40,851	707	2,296	17,350	
-	-	-	-	-	-	-	-	-	-
-	-	3,577	1,778	-	89,436	-	485	22,333	
-	-	-	-	-	-	-	-	-	-
-	-	3,577	1,778	-	89,436	-	485	22,333	
276	13	(2,363)	(540)	923	(48,585)	707	1,811	(4,983)	
-	-	-	-	-	-	-	20,000	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	20,000	-	
276	13	(2,363)	(540)	923	(48,585)	707	21,811	(4,983)	
5,896	274	5,517	10,836	19,698	158,236	5,215	32,865	331,729	
6,172	287	3,154	10,296	20,621	109,651	5,922	54,676	326,746	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	326,746
-	-	-	-	-	109,651	-	-	-	-
6,172	287	3,154	10,296	20,621	-	5,922	54,676	-	
-	-	-	-	-	-	-	-	-	-
6,172	287	3,154	10,296	20,621	109,651	5,922	54,676	326,746	

(Continued on next page)

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, 2024

	Library Building Trust	Trees Forever	4th of July Trust	Community Band	Police Forfeiture	Special Nevada Firefighters Incorporated
Receipts:						
Property tax	-	-	-	-	-	-
Other city tax	-	-	-	-	-	-
Use of money and property	9	221	368	73	591	166
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Miscellaneous	-	-	3,982	1,800	-	162,600
Total receipts	9	221	4,350	1,873	591	162,766
Disbursements:						
Public safety	-	-	-	-	-	190,384
Culture and recreation	-	-	-	2,147	-	-
Community and economic development	-	-	5,000	-	-	-
Total disbursements	-	-	5,000	2,147	-	190,384
Excess (deficiency) of receipts over (under) disbursements	9	221	(650)	(274)	591	(27,618)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Change in cash balances	9	221	(650)	(274)	591	(27,618)
Cash balances beginning of year	203	4,728	5,311	2,388	12,630	152,005
Cash balances (deficit) end of year	212	4,949	4,661	2,114	13,221	124,387
<b>Cash Basis Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Library	212	-	-	-	-	-
Parks	-	-	-	-	-	-
Other purposes	-	4,949	4,661	2,114	13,221	124,387
Unassigned	-	-	-	-	-	-
Total cash basis fund balances (deficits)	212	4,949	4,661	2,114	13,221	124,387

See accompanying independent auditor's report.

Revenue		Permanent		Total
Senior Citizen Center	Friends of the Library	Cemetery Perpetual Care	Parks Planting (Hattery)	
-	-	-	-	621,864
-	-	-	-	9,875
40	-	-	-	70,693
-	-	-	-	231,348
-	-	3,200	-	13,098
<u>4,539</u>	<u>7,437</u>	-	-	<u>196,425</u>
<u>4,579</u>	<u>7,437</u>	<u>3,200</u>	-	<u>1,143,303</u>
-	-	-	-	190,384
5,765	5,662	-	-	151,810
-	-	-	-	336,932
<u>5,765</u>	<u>5,662</u>	-	-	<u>679,126</u>
<u>(1,186)</u>	<u>1,775</u>	<u>3,200</u>	-	<u>464,177</u>
-	-	-	-	20,000
-	-	-	-	(688,875)
-	-	-	-	(668,875)
<u>(1,186)</u>	<u>1,775</u>	<u>3,200</u>	-	<u>(204,698)</u>
<u>12,700</u>	<u>4,831</u>	<u>172,682</u>	<u>5,000</u>	<u>1,026,537</u>
<u>11,514</u>	<u>6,606</u>	<u>175,882</u>	<u>5,000</u>	<u>821,839</u>
-	-	175,882	5,000	180,882
-	6,606	-	-	338,298
-	-	-	-	109,651
11,514	-	-	-	313,008
-	-	-	-	(120,000)
<u>11,514</u>	<u>6,606</u>	<u>175,882</u>	<u>5,000</u>	<u>821,839</u>



**Schedule 2**

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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, 2024

	<u>Enterprise</u>		
	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total</u>
Operating receipts:			
Charges for service	\$ 72,519	181,046	253,565
Operating disbursements:			
Business type activities	73,362	30,206	103,568
Excess (deficiency) of operating receipts over (under) operating disbursements	(843)	150,840	149,997
Non-operating receipts:			
Interest on investments	16	51,825	51,841
Change in cash balances	(827)	202,665	201,838
Transfers out	-	(153,867)	(153,867)
Change in cash balances	(827)	48,798	47,971
Cash balances beginning of year	5,377	1,094,960	1,100,337
Cash balances end of year	\$ 4,550	1,143,758	1,148,308
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 4,550	1,143,758	1,148,308

See accompanying independent auditor's report.

## City of Nevada

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Internal Service Funds

As of and for the year ended June 30, 2024

	Internal Service		Total
	Self-Funded Insurance	Flexible Benefits	
Operating receipts:			
Charges for service	\$ 428,766	46,258	475,024
Miscellaneous	32,459	-	32,459
Total operating receipts	461,225	46,258	507,483
Operating disbursements:			
Governmental activities:			
Public safety	133,928	18,448	152,376
Public works	56,072	2,732	58,804
Culture and recreation	91,143	11,592	102,735
Community and economic development	5,872	-	5,872
General government	15,674	1,821	17,495
Business type activities	103,372	4,660	108,032
Total operating disbursements	406,061	39,253	445,314
Change in cash balances	55,164	7,005	62,169
Cash balances beginning of year	18,243	32,968	51,211
Cash balances end of year	\$ 73,407	39,973	113,380
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 73,407	39,973	113,380

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

	2024	2023	2022	2021
Receipts:				
Property tax	\$ 4,237,264	4,154,142	4,023,028	3,940,057
Tax increment financing	585,326	546,953	1,187,962	909,423
Local Options Sales Tax	1,341,838	1,298,104	1,278,941	1,256,703
Other city tax	71,644	71,683	78,284	76,388
Licenses and permits	69,035	77,579	84,353	107,291
Use of money and property	981,822	748,994	107,992	529,494
Intergovernmental	1,802,859	2,369,354	1,990,660	2,112,629
Charges for service	271,159	290,983	270,909	174,041
Miscellaneous	559,332	341,091	210,688	443,176
Total	\$ 9,920,279	9,898,883	9,232,817	9,549,202
Disbursements:				
Operating:				
Public safety	\$ 2,009,139	1,917,102	1,834,569	1,856,038
Public works	1,271,472	836,057	831,068	819,497
Health and social services	39,771	16,485	51,102	50,770
Culture and recreation	1,912,958	1,813,318	1,634,304	1,397,316
Community and economic development	879,422	788,770	611,389	448,052
General government	754,631	861,067	675,195	532,162
Debt service	1,908,938	1,384,063	1,512,213	1,535,493
Capital projects	5,628,029	4,666,160	3,944,689	3,950,938
Total	\$ 14,404,360	12,283,022	11,094,529	10,590,266

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
3,945,854	3,049,825	2,936,387	2,873,654	2,921,484	2,710,587
1,020,109	3,231,475	3,018,476	3,031,236	2,599,385	2,060,828
1,030,528	980,316	940,430	1,021,998	949,012	959,885
72,267	74,401	71,415	74,516	76,246	79,421
123,448	94,307	111,313	76,183	73,144	76,017
363,093	413,411	149,617	133,223	116,086	201,226
1,995,837	1,415,472	1,334,324	1,203,851	1,004,948	2,031,920
183,231	246,119	256,923	258,317	226,684	207,924
158,839	4,446,846	163,861	195,691	275,076	313,520
8,893,206	13,952,172	8,982,746	8,868,669	8,242,065	8,641,328
1,687,461	1,645,033	1,477,276	1,471,212	1,749,323	1,249,199
971,853	750,273	591,446	674,615	579,001	595,935
59,732	80,107	65,222	57,422	58,289	55,384
1,684,399	2,175,006	1,652,709	1,624,558	1,449,666	1,397,167
588,206	330,017	301,663	1,450,980	391,497	448,812
462,791	458,322	456,704	405,116	411,777	369,875
4,271,926	5,948,096	3,785,327	3,066,396	2,198,013	1,988,944
3,313,094	1,305,169	4,267,045	2,142,179	1,426,905	2,962,268
13,039,462	12,692,023	12,597,392	10,892,478	8,264,471	9,067,584



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STATE OF IOWA**

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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 units, each major fund and the aggregate remaining fund information of the City of Nevada, Iowa, as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2024. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings as item 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-003 and 2024-004 to be significant deficiencies.

## 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 noncompliance 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, 2024 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 comment 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

December 18, 2024

City of Nevada

Schedule of Findings

Year ended June 30, 2024

**Finding Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2024-001 Segregation of Duties – Component Units

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same individual. This segregation of duties helps prevent losses from individual error or dishonesty and maximizes the accuracy of the financial statements.

Condition – For the Friends of Nevada Public Library, one individual has control over each of the following areas:

- (1) Cash – handling, recording and reconciling.
- (2) Receipts – collecting, depositing, recording and reconciling.

For the Nevada Foundation, one individual has control over the each of the following areas:

- (1) Cash – handling, recording and reconciling.
- (2) Receipts – collecting, depositing, recording and reconciling.
- (3) Disbursements – check writing, check signing, recording and reconciling.

Cause – The Friends of Nevada Public Library and the Nevada Foundation have a limited number of employees and volunteers and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Friends of Nevada Public Library and the Nevada Foundation’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees and volunteers in the normal course of performing their assigned functions.

Recommendation – The Friends of Nevada Public Library and the Nevada Foundation should review their control activities to obtain the maximum internal control possible under the circumstances utilizing current available staff, including board members, to provide additional controls through review of financial transactions, reconciliations, and financial reports. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

City of Nevada

Schedule of Findings

Year ended June 30, 2024

Responses –

Friends of Nevada Public Library – To address the segregation of duties when handling donations, book sales receipts, membership dues and other funds, we will have a friends/library volunteer receive and count the funds, prepare the deposit slip and then pass the funds and deposit slip to the Treasurer for deposit in the bank and recording in the register. This change will be proposed at the next Friends board meeting (in November) and hopefully that addresses the segregation issues.

The Nevada Foundation – To compensate for dual control, the organization will move forward with addressing the recommendation to have a second reviewer of all transactions on the checking account. A Standard Operating Procedure (SOP) will be developed and implemented in the first quarter of 2025. Current controls on the fieldhouse Campaign account with Story County Community Foundation require the President and a board member to initiate grants/disbursements from the account.

Conclusion – Responses accepted.

2024-002 Bank Reconciliation – Component Units

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reconciling bank to book balances each month.

Condition – Bank reconciliations were not prepared for the Nevada Foundation. Although monthly bank reconciliations are prepared for the Nevada Firefighter’s Inc., and the Nevada Senior Citizens Center checking accounts, the reconciliations do not include evidence of independent review.

Cause – Policies have not been established and procedure have not been implemented to require preparation of a complete reconciliation of all bank accounts including investment accounts to the book balance or to require the bank reconciliations to be reviewed by an independent person.

Effect – Lack of performing and maintaining complete bank reconciliations and lack of review by an independent person could result in unrecorded transactions, undetected errors, and opportunity for misappropriation.

Recommendation – The Nevada Foundation, the Nevada Firefighter’s Inc. and the Nevada Senior Citizens Center should establish procedures to ensure bank and investment account balances for all activity are included in the financial reports and reconciled to their books monthly. Variances, if any, should be reviewed and resolved timely. An independent person should review the bank reconciliation and document the review by signing or initialing and dating the monthly bank reconciliation.



City of Nevada

Schedule of Findings

Year ended June 30, 2024

Responses –

The Nevada Foundation – The Nevada Foundation will implement a more robust tracking system for finances. QuickBooks will be implemented in the first quarter of 2025. This will allow us to track outstanding debits, a full view of our accounts (checking, fieldhouse fund, and any additional new funds), and allow our executive board access to the review process. Dual control will be implemented during this process.

Nevada Firefighter’s Inc. – The Nevada Firefighter’s Inc. will work to have a separate individual review the bank reconciliation after it has been completed by the Treasurer. That individual will compare the bank reconciliations to the bank’s monthly statements. They will, at the time of review, initial and date the statement and the reconciliation report.

Nevada Senior Citizens Center – Per our October 7, 2024 board meeting, an officer other than the Treasurer will review monthly financial reports and will initial and date each report.

Conclusion – Responses accepted.

2024-003 The Nevada Foundation – 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 – The Nevada Foundation has a debit card available for use for foundation business. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. Significant risks exist with the mishandling or theft of debit cards, as they provide no additional safeguards or audit trail for purchases.

Cause – Officials have been unaware of the repercussions of allowing the use of debit cards.

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

Recommendation – The Nevada Foundation should prohibit the use of debit cards.

Response – Reg E (Electronic Fund Transfers) protects consumers when they use electronic fund and remittance transfers, per 12 CFR Part 1005. Any access solution has risk, even a credit card. The board will take into consideration the recommendation stated above and explore options for other access devices/solutions.

Conclusion – Response accepted.

City of Nevada

Schedule of Findings

Year ended June 30, 2024

2024-004 The Nevada Firefighter's Inc – Venmo

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 – The Nevada Firefighter's Inc. uses a Venmo account to receive donations. Use of Venmo presents significant risks as it allows users to change the bank account assigned to the device at any time, through the Venmo app. There are no formal policies established for the use and control of the Venmo account.

Cause – Officials have been unaware of the repercussions of allowing the use of Venmo accounts.

Effect – Allowing the use of a Venmo account without established internal controls could result in unauthorized transactions and the opportunity for misappropriations.

Recommendation – The Nevada Firefighter's should implement a policy and written procedures for usage of these types of electronic payment systems. A reconciliation of Venmo's monthly activity to the deposit detail and accounting record should be performed. In addition, someone independent from the collection process should be reviewing the Venmo transactions and the reconciliations. This review should be documented by the signature or initials of the independent reviewer and the date of the review.

Response – The Nevada Firefighter's Inc. will continue to have the Treasurer handle and post the Venmo transactions. We will have a separate individual review the Venmo transactions via the transaction breakdown after the transactions have been posted to the bank account. This will be compared to the bank's monthly statements. They will, at the time of review, initial and date the monthly statement and the Venmo transaction report.

Conclusion – Response accepted.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

City of Nevada

Schedule of Findings

Year ended June 30, 2024

**Findings Related to Required Statutory Reporting:**

2024-A Certified Budget – Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.

2024-B Questionable Disbursements – In January 2016, the City approved Resolution No. 029 (2015/2016), “Misc. Expenses Policy.” The policy states, “The following expenditures are examples of events that may or may not be planned, but are necessary in conducting City business:

- The City may incur costs of providing a recognition event, including meal expenses for the purpose of retaining and recognizing quality public employees and volunteers.
- For the retirement of more than ten years working for the City or during the review process of any employment candidate, meals, receptions, consultant fees and travel may be required.
- For outgoing Council members, serving eight years or less, a plaque may be presented. If more than eight years served, the Council may elect to host a reception.
- For funerals of those full-time and permanent part-time staff, City Council members, and volunteer board members and immediate family members, flowers, a plant, or monetary memorials to the families wishes not to exceed \$100 per person may be necessary.
- For community visioning, strategic planning, work sessions, leadership training, etc., meal expenses, consultant fees and travel expenses may incur.
- For open houses or ribbon cutting events of city facilities, meals and other expenses may incur.

In accordance with Article III, section 31 of the Iowa Constitution, public funds may only be spent for the public benefit. Also, an Attorney General’s Opinion dated April 25, 1979 discusses public purpose and states, in part, it is possible for certain expenditures to meet the test of serving a public purpose, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

During the fiscal year, we noted one payment for \$81.99 for funeral flowers purchased for the father-in-law of a current employee. While the City’s policy allows disbursements for the benefit of City employees beyond their approved compensation, the City approved this disbursement as part of the consent agenda and did not debate and approve this specific disbursement.

City of Nevada

Schedule of Findings

Year ended June 30, 2024

Also, certain disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

Paid to	Purpose	Amount
Shaffer's Auto Body Co., Inc.	Sales tax	\$ 88.76
Unimart, Inc	Sales tax	0.57
At Home	Sales tax	16.92
Sam's Club	Sales tax	52.19
Sam's Club	Late fee	39.99
Sam's Club	Interest	147.03
Sam's Club	Interest	65.15

As a government entity, the City maintains a tax-exempt status. As a result, the City should not incur sales tax.

Recommendation – To ensure transparency for disbursements for the benefit of City employees beyond their approved compensation, the City Council should determine and document how the public benefits and debate and approve these individual disbursements each time they occur and not as part of the consent agenda. The debate and approval should be noted individually in the City Council minutes. Also, the City should establish procedures to ensure all payments are made timely to avoid late fees and interest, and payments are reviewed to prevent the payment of sales tax.

Response – All Department heads have been instructed to use vendors that will provide tax exempt when possible. Some items are not able to purchase through such vendors. New procedures have been set up for those vendors that charge fees and interest to retrieve statements earlier. Council approved Resolution No. 029 (15/16) giving approval of funeral flowers not to exceed \$100. These purchases don’t happen often and are timely in nature. Providing support during difficult times to employees is essential for the public purpose of staff retention.

Conclusion – Response acknowledged. For disbursements for the benefit of City employees beyond their approved compensation, the City Council should determine and document how the public benefits and debate and approve these individual disbursements each time they occur.

2024-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2024-D Business Transactions – There were no business transactions between the City and City officials or employees.

2024-E 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.

City of Nevada

Schedule of Findings

Year ended June 30, 2024

- 2024-F 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.
- 2024-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- 2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- 2024-I Revenue Bonds – No instances of noncompliance with the revenue bond resolutions were noted.
- 2024-J 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.
- 2024-K Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1, as required by Chapter 384.22(2) of the Code of Iowa. However, the amount reported by the City as TIF debt outstanding on the 2017R/2013 Bond – Airport Rd Portion was overstated by \$84,505.

Recommendation – The City should ensure the TIF obligations reported on the Annual Urban Renewal Report agree with the City’s records.

Response – The City will strive to ensure the TIF obligations are reported correctly.

Conclusion – Response accepted.

City of Nevada

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Luke M. Bormann, CPA, Senior II Auditor  
Deborah S. Krueger, Staff Auditor  
Bryce L. Rasmussen, Assistant Auditor