



AGENDA

COUNCIL MEETING

Tuesday, May 3, 2022

7:00PM at City Hall

1. Call to Order and Declaration of Quorum

Time: _____

2. Invocation

3. Pledge of Allegiance to the United States of America

4. Pledge of Allegiance to the Texas Flag

4. Public Comment

Citizens are invited to address the City Council with public comments. Comments regarding items for which notice has not been given will be limited to three minutes, prior to discussion of agenda items, and Council responses shall be in accordance with Sec. 551.042 of the Texas Government Code. Comments regarding an item on the agenda may be given before or during discussion of that item. An intentional act intended to disrupt a Government meeting is prohibited.

5. Approval of previous meeting's minutes, or notes.

a. April 19, 2022 MINUTES

6. Reports:

a. City Secretary Report

b. Code Enforcement Report

c. Financial Report (2nd meeting of the month)

d. Mayor Pro Tem Report

e. Mayor's Report/Status

f. NVFD Report (1st meeting of every month)

7. Business Session:

- a. Discuss/Take Action: Financial Audit presented to the Council by Kyle Caperton, with Murrey Paschall & Caperton, P.C.
- b. Discuss/Take Action: Ray Smith CPA, providing the 1st quarter financial report to the Council.
- c. Discuss/Take Action: The City of Nevada, Collin County, Texas (City) has requested Hayter Engineering Inc. to prepare a Capital Improvement Plan (CIP). This CIP will include a study of and development of Impact Fees for the City's street system within the city limits. To plan for future conditions, the CIP will also include population projections, impact fee calculations, service unit equivalent, and funding options. The services and fees described herein pertain to the required civil engineering for said CIP.
- d. Discuss/Take Action: Culvert quotes for the downtown area to determine if they need to be replaced, cleaned out, or have peaks that keep them from functioning properly. Receiving quotes from Streamline and Joe Turney.

8. Future Agenda Items

Future agenda items shall be designated by the Mayor. In addition, a motion and a second from any two Councilpersons shall be sufficient to add an agenda item for a future meeting. Staff and counsel shall have prior consent of the Mayor to add an agenda item for a future meeting.

9. Executive Session - Time: _____

As authorized by Section 551.071 (2) of the Texas Government Code, this meeting may be convened into closed. Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein. 551.071 of the Texas Government Code legal advice from the City Attorney regarding legal process requirements for code enforcement, building permits, and inspections.

10. Regular Session: Reconvene from Executive Session - Time: _____

11. If required, act on items reviewed in Executive Session.

12. Adjournment / Closing - Time: _____

I, Judy Hill, City Secretary, certify that the Agenda of the City of Nevada Council Regular Meeting to be held on **May 3, 2022**, was posted at City Hall on **April 29, 2022**.

NOTE: The City of Nevada, Texas, City Council meets regularly on the first and third Tuesday of each month at 7:00 P.M. The Council adheres to the printed Agenda for official action. Any individuals desiring official action on a matter should submit a request for the item to be considered for inclusion on a future Agenda to the office of the City Secretary no later than fourteen (14) days prior to the Council Meeting.

Nevada

TX

★ Designed by TownMapsUSA.com

ITEM 6. b.
Code Enforcement Report

Code Enforcement Activity Summary

Nevada

04/01/2022 - 04/30/2022

Violation Type	Open	Closed
Junk Vehicles	3	0
Trash and Debris	11	1
Weeds	2	0
Total	16	1

ITEM 7. a.
Financial Audit –
Presented by Kyle
Caperton

M **Murrey Paschall & Caperton PC**
Certified Public Accountants

April 6, 2022

To the Honorable Mayor and Members of the City Council
City of Nevada, Texas

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units and each major fund of the City of Nevada, Texas, for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 11, 2021. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Nevada, Texas are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City of Nevada, Texas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Nevada, Texas's financial statements were:

Management's estimate of the depreciation of the City's fixed assets is based upon management's estimate of the specific asset's useful life and the cost of the assets is depreciated accordingly. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CITY OF NEVADA, TEXAS
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

MURREY PASCHALL & CAPERTON, P.C.
Certified Public Accountants

CITY OF NEVADA, TEXAS
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M **Murrey Paschall & Caperton PC**
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Nevada, Texas
Nevada, Texas

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the City of Nevada, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the City of Nevada, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

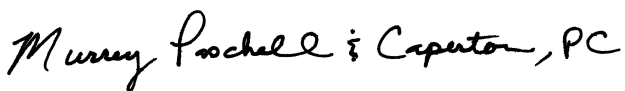
OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–11 and page 25-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022, on our consideration of the City of Nevada, Texas'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 of Nevada, Texas'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, Texas's internal control over financial reporting and compliance.



Murrey Paschall & Caperton, P.C.
Forney, Texas
April 6, 2022

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Within this section of the City of Nevada, Texas annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$1,607,118 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$1,693,454 (unaudited).
- Total net assets are comprised of the following:
 - (1) Capital assets of \$554,298.
 - (2) Unrestricted net assets of \$593,516 represent the portion available to maintain the City's obligations to citizens and creditors.
 - (3) Restricted for ARPA grant funds of \$155,733.
 - (4) Restricted for community development of \$303,571.
- The City's governmental funds reported total ending fund balance of \$749,249 this year. This compares to the prior year fund balance of \$863,347 (unaudited), which is a decrease of \$114,098.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide financial statements is the *Statement of Net Assets*. This is a citywide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, the

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

increases or decreases of net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide financial statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. All current year revenue and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish the governmental activities of the City that are principally supported by taxes and fees and on occasion grants from state and federal sources. Governmental activities include general government, public safety, public services, and culture. Business-type activities include airports, water utilities, solid waste management, storm water drainage, golf courses, fairgrounds and stadiums, ground transportation, and parking. Fiduciary activities such as employee pension plans are not included in government-wide statements since these assets are not available to fund City programs. The City currently has no business-type or fiduciary activities.

The City's financial reporting entity includes the funds of the City (primary government) and organizations for which the City is accountable (component units). The City has only one component unit, the Nevada Economic Development Corporation. Established August 31, 2005, the Economic Development Corporation operates independently from the City yet the City is accountable for its activities. The Nevada City Council appoints the Board of Directors. More comprehensive information about the City's component unit can be found in Note A on page 8.

The government-wide financial statements are presented on pages 12-13 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated by specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City taken as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. All of the funds of the City of Nevada, Texas are governmental funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with the fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide reconciliation to the government-wide statements to assist in understanding the differences between the two perspectives.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The budgetary comparison statements can be found on page 25-28 of this report.

NOTES TO FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements on page 18 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

Comparative data is accumulated and presented to assist analysis. Please note the PY financial balances were unaudited. The City's net assets at fiscal year-end are \$1,607,118. This is a \$86,336 decrease from last year's net assets of \$1,693,454 (unaudited).

A portion of the City's net assets (34.49%) reflects its investments in capital assets (e.g. building, streets and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$593,516, may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

The following table provides a summary of the City's net assets at September 30:

Summary of Net Assets

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u> <u>'Unaudited'</u>
Current and other assets	\$ 1,240,191	\$ 1,150,309
Capital assets	<u>554,298</u>	<u>574,395</u>
Total assets	<u>1,794,489</u>	<u>1,724,704</u>
Current liabilities	<u>187,371</u>	<u>31,250</u>
Total liabilities	<u>187,371</u>	<u>31,250</u>
Net assets:		
Invested in capital assets, net of related debt	554,298	574,395
Restricted – ARPA grant	155,733	-
Restricted - EDC	303,571	255,712
Unrestricted	<u>593,516</u>	<u>863,347</u>
Total net assets	\$ <u>1,607,118</u>	\$ <u>1,693,454</u>

The City reported positive balances in net assets for its governmental activities. Net assets decreased by \$86,336.

Revenue and expenditures exceeded budgeted projections for the 2021 fiscal year.

- *Property tax revenues amounted to 37.7% of the City's total revenue.*
- *Permits and plat fee revenues amounted to 27.4% of the City's total revenue.*
- *The City's revenue relies partly on sales tax revenues. Sales tax revenues comprised 24.7% of the City's total revenue.*
- *The City also benefits from franchise fee revenues. Franchise fee revenues comprised 10.1% of the City's total revenue*

Investment income in the form of interest earned on bank and CD accounts is also a component of the resources funding the City's continuing operations and service levels. Earnings performance and market status are carefully monitored and remain stable.

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net assets for the year ended September 30:

Summary of Changes in Net Assets
Governmental Activities

	<u>2021</u>	%	<u>2020</u> <u>'Unaudited'</u>	%
General Revenues:				
Property taxes	\$ 219,453	37.72	\$ 206,225	40.03
Sales taxes	143,503	24.67	174,565	33.88
Franchise fees	59,146	10.17	55,904	10.85
Permits, fines & plat fees	159,416	27.40	78,107	15.16
Interest & other income	217	0.04	405	0.08
Total revenues	581,735	100.00	515,206	100.00
Expenses:				
General government	\$ 134,996	20.21	107,450	22.78
City council	2,685	0.40	11,509	2.44
Public safety	190,695	28.54	163,250	34.61
Payroll expense	126,845	18.99	98,380	20.86
Planning & development	93,112	13.94	24,360	5.16
Streets & roads	58,777	8.80	18,250	3.87
Inspections	38,384	5.75	25,677	5.44
Municipal court	2,480	0.37	2,750	0.58
Depreciation	20,097	3.01	20,097	4.26
Total expenses	668,071	100.00	471,723	100.00
Increase in net assets before transfers:	(86,336)		43,483	
Transfers in	-		-	
Change in net assets	(86,336)		43,483	
Beginning net assets	1,693,454		1,649,971	
Prior period adjustment	-		-	
Ending net assets	\$ 1,607,118		\$ 1,693,454	

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources. Governmental funds reported ending fund balances of \$1,607,118. Of this year-end total, approximately \$593,516 is unassigned indicating availability for continuing City service requirements.

Major Governmental Funds

The general fund is the City's primary operating fund. The fund balance of \$749,249 is comprised of the unassigned general funds and restricted ARPA grant funds totaling \$155,733.

Other governmental funds consist of the Economic Development Corporation. The Economic Development Corporation is responsible for collecting the one-half percent sales tax to be used for parks and/or economic development. The Economic Development Corporation fund amounted to \$303,571 of the combined governmental fund balances. The Economic Development Corporation made no contributions to the City during the fiscal year ending September 30, 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget for fiscal year 2021 was \$572,300 for expenditures. The general fund budget complied with financial policies approved by the City Council and maintained core services.

Budgetary comparisons are found on pages 25-28 of this report.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities, net of depreciation, as of September 30, 2021 is \$554,298. These include land, buildings, improvements, office furniture and equipment. Depreciation expense for the year ended September 30, 2021 amounted to \$20,097.

Additional information regarding the City of Nevada's capital assets can be found in Note D on page 22.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGETS AND RATES

Management believes the City of Nevada will continue to experience controlled growth with the addition of residential developments and will continue to provide the services necessary to the citizens.

CITY OF NEVADA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

General Fund expenses for the 2021-2022 fiscal year are budgeted to increase 10% in total because of development growth and road repairs. Nearly all other accounts are expected remain consistent with the 2020-2021 budget. Property taxes are estimated to be \$361,206 which will make up about 57.4% of general fund revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City office at 424 FM 6, Nevada, TX 75173, (972) 853-0027.

CITY OF NEVADA, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2021

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,188,464
CD Investments	24,647
Sales taxes receivable	26,670
Other current assets	410
Total Current Assets	<u>1,240,191</u>
Non-Current Assets	
Capital assets, net of accumulated depreciation	<u>554,298</u>
Total Non-Current Assets	<u>554,298</u>
TOTAL ASSETS	<u>1,794,489</u>
LIABILITIES	
Current Liabilities	
Accounts payable	30,728
Deferred grant income	155,733
Payroll taxes	910
Total Current Liabilities	<u>187,371</u>
TOTAL LIABILITIES	<u>187,371</u>
NET ASSETS	
Invested in capital assets, net of related debt	554,298
Restricted for ARPA grant special fund	155,733
Restricted for community development	303,571
Unrestricted	<u>593,516</u>
TOTAL NET ASSETS	<u><u>\$ 1,607,118</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Net (Expense) Revenue
Primary government:			
Governmental activities:			
General government	\$ 134,996	\$ -	\$ (134,996)
City council	2,685	-	(2,685)
Public safety	190,695	-	(190,695)
Payroll expense	126,845	-	(126,845)
Planning & development	93,112	116,189	23,077
Streets & roads	58,777	-	(58,777)
Inspections	38,384	43,227	4,843
Municipal court	2,480	-	(2,480)
Depreciation	20,097	-	(20,097)
Total governmental activities	<u>668,071</u>	<u>159,416</u>	<u>(508,655)</u>
Total primary government	<u>\$ 668,071</u>	<u>\$ 159,416</u>	<u>\$ (508,655)</u>
General Revenues:			
Property taxes			219,453
Sales taxes			143,503
Franchise fees			59,146
Interest and other income			<u>217</u>
Total general revenues			<u>422,319</u>
Change in net assets			(86,336)
Net assets-beginning			<u>1,693,454</u>
Net assets-ending			<u><u>\$ 1,607,118</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Economic Development Corporation	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,006,229	\$ 182,235	\$ 1,188,464
CD Investments	12,796	11,851	24,647
Sales taxes receivable	26,670	-	26,670
Other current assets	410		410
Due to/from other funds	<u>(109,485)</u>	<u>109,485</u>	<u>-</u>
Total Assets	<u><u>\$ 936,620</u></u>	<u><u>\$ 303,571</u></u>	<u><u>\$ 1,240,191</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 30,728	\$ -	\$ 30,728
Deferred grant income	155,733	-	155,733
Payroll taxes	<u>910</u>	<u>-</u>	<u>910</u>
Total Liabilities	<u>187,371</u>	<u>-</u>	<u>187,371</u>
Fund Balances			
Restricted for:			
ARPA grant special fund	155,733	-	155,733
Community development	-	303,571	303,571
Unassigned	<u>593,516</u>	<u>-</u>	<u>593,516</u>
Total Fund Balances	<u>749,249</u>	<u>303,571</u>	<u>1,052,820</u>
Total Liabilities and Fund Balance	<u><u>\$ 936,620</u></u>	<u><u>\$ 303,571</u></u>	<u><u>\$ 1,240,191</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENT FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2021

Total fund balance - total governmental funds	\$ 1,052,820
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$803,341 net of depreciation of \$249,043 are not financial resources and, therefore, are not reported in the funds. See note D for detail.	<u>554,298</u>
Net Assets of governmental activities	<u><u>\$ 1,607,118</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Governmental Fund Types		
	General	Economic Development Corporation	Total Governmental Funds
REVENUES			
Property taxes	\$ 219,453	\$ -	\$ 219,453
Sales taxes	95,669	47,834	143,503
Franchise fees	59,146	-	59,146
Permits, fines and plat fees	159,416	-	159,416
Interest and other income	192	25	217
Total Revenues	<u>533,876</u>	<u>47,859</u>	<u>581,735</u>
EXPENDITURES			
General government	134,996	-	134,996
City council	2,685	-	2,685
Public safety	190,695	-	190,695
Payroll expense	126,845	-	126,845
Planning & development	93,112	-	93,112
Streets & roads	58,777	-	58,777
Inspections	38,384	-	38,384
Municipal court	2,480	-	2,480
Investment in fixed assets	-	-	-
Total Expenditures	<u>647,974</u>	<u>-</u>	<u>647,974</u>
Excess (Deficiency) of Revenues over Expenditures	(114,098)	47,859	(66,239)
Fund Balances, beginning	<u>863,347</u>	<u>255,712</u>	<u>1,119,059</u>
Fund Balances, ending	<u>\$ 749,249</u>	<u>\$ 303,571</u>	<u>\$ 1,052,820</u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	\$ (66,239)
--	-------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is	<u>(20,097)</u>
---	-----------------

Changes in net assets of the governmental activities	<u><u>\$ (86,336)</u></u>
--	---------------------------

The accompanying notes are an integral part of the financial statements.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Nevada, Texas (City) are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations, including required disclosures, of the City's activities for the fiscal year ended September 30, 2021.

Reporting Entity

The City of Nevada, Texas (the "City") was founded in 1861 and is located two miles east of Lavon Lake in southeastern Collin County. The City is a Type A General-Law city, in which citizens elect the mayor and five members of the City Council. The financial statements of the City of Nevada, Texas have been prepared in conformity with accounting principles applicable to governmental units, which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Component Unit

The accompanying financial statements of the City include the accounts of its operations and present the City's primary government and component unit over which the City exercises significant influence. Significant influence or accountability is based on operational or financial relationships with the City (as distinct from legal relationships). The City adopted a local sales and use tax of 1.5% and designated 0.5% for economic development. The City collects these taxes and remits this portion to the Nevada Economic Development Corporation (the "Corporation"). The Economic Development Corporation has the same fiscal year end as the City.

The City applied the criteria set forth in GASB Statement No. 14 to determine whether any other entities should be included in the comprehensive annual financial report. Criteria set forth in this standard include, but are not limited to, the legal status of the organization, the City's ability to impose its will on the organization, fiscal dependency of the organization and the City's financial accountability for the operations of the component unit.

The component unit's operations are reported in the City's financial statements as blended with the primary government. The Nevada Economic Development Corporation is considered a Type B corporation. Type B corporations may pay for land, buildings, equipment, facilities, targeted infrastructure and improvements for professional and amateur sports and athletic facilities, tourism and entertainment facilities, convention facilities and public parks; related store, restaurant, concession, parking and transportation facilities; related street, water and sewer facilities; and affordable housing.

Separate financial statements of the Nevada Economic Development Corporation are not issued.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Government-wide financial statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government units are presented separately in the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and City revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major governmental funds are reported in separate columns with composite columns for non-major funds. The City uses a general fund and special revenue funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statement uses the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Financial statements of the component unit also report using this same basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty days of the fiscal year-end. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: property taxes, sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Allocation of indirect expenses: The City currently has no indirect expenses.

Estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

Fund Types and Major Funds

The City reports a general fund and a component fund, the EDC discussed above.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Other Significant Accounting Policies

Receivables – Sales taxes are collected and paid out by the comptroller typically within two months of collection. As such, the City records payments received within 60 days of year end as accounts receivable.

Capital Assets – The City’s capital assets with useful lives of more than one year are stated at historical cost if purchased or constructed and comprehensively reported in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. The City generally capitalizes assets with cost of \$5,000 or more as purchase outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets held by the City are depreciated using the straight-line method over periods of between 5 and 39 years.

Impairment of Long-lived Assets – The City reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset’s carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flows is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of September 30, 2021, no impairment of long-lived assets is necessary.

Fund Equity – Beginning with the fiscal year 2011, the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or enabling legislation.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification as the result of overspending for specific purposes for which amount had been restricted, committed, or assigned.

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

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are prepared by the city council and city secretary. The city secretary serves as the primary budget officer. The budget officer prepares each year a budget to cover the proposed expenditures of the municipal government for the succeeding year. In preparing the budget, the budget officer may require any municipal officer or Council member to furnish information necessary for the budget officer to properly prepare the budget. The proposed budget is available for inspection by any taxpayer. A public hearing on the proposed budget is held. Public notice of the hearing is provided for according to Texas statute. After the public hearing, action is taken on the proposed budget. The governing body may make any changes it considers warranted by law or in the best interest of the municipal taxpayers. Upon final approval of the budget by the Council, the Council files the budget with the municipal clerk. The budget of the general fund is prepared on the cash and expenditures/encumbrances basis.

The appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by class as follows: General government, city council, public safety, payroll expense, planning & development, streets & roads, inspections, municipal court and investment in fixed assets.

For the fiscal year ended September 30, 2021, the general fund expenses did exceed budgeted expectations, specifically in the area of legal fees, accounting services, and inspections.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year-end the City's accounts are at a federally insured institution and the balances amounted to \$1,213,110. This entire amount is covered by federal depository insurance and collateral pledged in the City's name. The pledged value of this collateral at September 30, 2021 was approximately \$1,154,024.

Investments – The Texas Public Funds Investment Act and the City's investment policy authorize the City to invest in specific types of investments, including certificates of deposit.

Currently, all investments are held in certificates of deposit. The City's certificates of deposit are not rated.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE D – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2021:

<u>Asset</u>	<u>Balance— 9/30/20</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance— 9/30/21</u>
Office Equipment	\$ 2,461	\$ -	\$ -	\$ 2,461
Building	31,534	-	-	31,534
Streets	761,846	-	-	761,846
Land	7,500	-	-	7,500
Accm Depreciation	<u>(228,946)</u>	<u>(20,097)</u>	<u>-</u>	<u>(249,043)</u>
Total Fixed Assets	<u>\$ 574,395</u>	<u>\$ (20,097)</u>	<u>\$ -</u>	<u>\$ 554,298</u>

*Fair value of existing assets was considered and there were no impairments to record.

** There were no capital asset additions during the current year.

NOTE E – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

- In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

- Following are funds having deficit fund balances or net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None Reported	Not applicable

Budgets and Budgetary Accounting

- The Texas Uniform Budget Law requires each mayor or city manager to prepare a budget each year to cover all the expenditures of the municipality for the succeeding year. The budget should be prepared at least thirty days prior to the setting of a tax levy by the city. Not less than fifteen days prior to the levying of taxes a public hearing should be held, after being duly advertised. After this the Council should adopt the budget. The City complied with state requirements.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE F – FEDERAL AND GRANT REVENUE

GRANT - CLFRF

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Under the American Rescue Plan Act (ARPA) of 2021, the Coronavirus Local Fiscal Recovery Fund (CLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as non-entitlement units of local government (NEUs) and will receive funding distributed by TDEM.

The City of Nevada was awarded a total of \$311,466.94. Half of this balance was released to the City in August 2021 (\$155,733.47) and the remaining portion will be released in August 2022. The City did not spend any of these funds prior to year end.

The City is currently trying to confirm an approved project for the funds. As such, these remaining funds (\$155,733.47) were included in the financials as a deferred grant revenue liability and should be released to income in FY2022 when the funds are spent.

NOTE G. PROPERTY TAXES

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those expected to be collected during a 60-day period after the close to the City's fiscal year.

NOTE H – OTHER INFORMATION

1. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims, if any, have not exceeded this commercial coverage in any of the past three fiscal years.

CITY OF NEVADA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

2. Commitments

Public Safety

- Fire: The City has an agreement with the Nevada Volunteer Fire Department to provide fire protection services to residents in the Nevada.
- Police: The City had an agreement with the Lavon Police Department for FY2021. This will transition back to the Collin County Sherriff Department in FY2022.
- Emergency: The City has an agreement with Collin County to provide Ambulance Service.

Infrastructure

- During FY2021, the City contracted with J&L Paving, Streamline Property Maintenance and Collin County for various road repairs.

Utilities

- Sewer is not provided by the City. Septic systems are individually owned and maintained personally by residents.
- Water is provided by Nevada Special Utility District.
- Electric service is deregulated and anyone that services the area may be chosen.
- Gas service is not provided by the City. Residents may privately own propane tanks for their personal use or can utilize the services of Atmos Energy.
- Trash collection is not provided by the City. However, the City has contracted with Barnes Waste Disposal, Inc. for trash pickup for the City residents and businesses.

3. Subsequent Event

- Currently management is unaware of significant pending litigation against the City.
- The City has evaluated all events or transactions that occurred after September 30, 2021 up through April 6, 2022, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.

CITY OF NEVADA, TEXAS
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUE			
City Sales Taxes	95,669	90,000	5,669
Franchise Fees			
Electric Franchise Fee	49,432	60,000	(10,568)
Gas Franchise Fee	3,148	4,000	(852)
Telephone Franchise Fee	1,029	1,000	29
Trash Service Franchise Fee	5,537	4,000	1,537
Total Franchise Fees	<u>59,146</u>	<u>69,000</u>	<u>(9,854)</u>
Other Revenue			
Interest Income	63	-	63
Miscellaneous Income	129		129
Property Taxes			
General Property Taxes	219,453	214,038	5,415
Total Property Taxes	<u>219,453</u>	<u>214,038</u>	<u>5,415</u>
Total Revenue from Administration	<u>374,460</u>	<u>373,038</u>	<u>1,422</u>
Permit Fees			
Building Permit Fees	40,302	33,000	7,302
Health/Food Permit Fees	620	500	120
Subdivision/Development Fees	116,189	3,000	113,189
Septic Permit Fees	570	6,200	(5,630)
Permit Fees - Other	1,735	2,500	(765)
Total Permit Fees	<u>159,416</u>	<u>45,200</u>	<u>114,216</u>
TOTAL REVENUE	<u>533,876</u>	<u>418,238</u>	<u>115,638</u>

See Independent Auditor's Report

CITY OF NEVADA, TEXAS
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
EXPENDITURES			
City Council Expenses			
Council Meeting Supplies	50	-	50
Dues and Memberships	985	600	385
Election Fees and Supplies	1,650	6,000	(4,350)
Total City Council Expenses	<u>2,685</u>	<u>6,600</u>	<u>(3,915)</u>
City Government Expenses			
Accounting Services	19,160	-	19,160
Advertising & Notices	-	500	(500)
Animal Control	3,125	4,000	(875)
Central Appraisal Dist budget	1,455	1,500	(45)
City Property Maintenance	7,770	5,000	2,770
Contingency	-	1,225	(1,225)
Contracted Services	-	2,000	(2,000)
Dues and Subscriptions	-	3,000	(3,000)
Electricity	10,541	10,000	541
Equipment and Furniture	1,110	750	360
Financial Audit	1,607	7,500	(5,893)
Insurance	-	3,500	(3,500)
Internet	2,204	800	1,404
Legal Fees	74,146	30,000	44,146
Legal Notices	4,066	1,000	3,066
Miscellaneous Expense	48		48
NSF Return Check	350	-	350
Office Supplies	2,164	1,500	664
Postage	435	500	(65)
Property Tax Collection Fees	555	1,500	(945)
Software/Cloud Services	4,432	5,000	(568)
Technical/Legal Books	-	1,500	(1,500)
Telephone	1,406	2,000	(594)
Water	420	350	70
Website	-	500	(500)
Total City Government Expenses	<u>134,996</u>	<u>83,625</u>	<u>51,371</u>

See Independent Auditor's Report

CITY OF NEVADA, TEXAS
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Payroll Expenses			
Salaries	109,507	95,760	13,747
Payroll Taxes	8,119	8,000	119
Unemployment Taxes	324	800	(476)
Employee Health Insurance	7,147	20,000	(12,853)
Payroll Processing Fees	1,748	1,000	748
Total Payroll Expenses	<u>126,845</u>	<u>125,560</u>	<u>1,285</u>
Public Safety			
Ambulance Service	10,695	12,000	(1,305)
Fire Department Service	30,000	30,000	-
Police Services	150,000	150,000	-
Total Public Safety	<u>190,695</u>	<u>192,000</u>	<u>(1,305)</u>
Streets and Roads			
Ditch and culvert upkeep	-	5,000	(5,000)
Signs	645	4,000	(3,355)
Street Repairs	58,132	60,000	(1,868)
Trim bushes/trees	-	12,500	(12,500)
Total Streets and Roads	<u>58,777</u>	<u>81,500</u>	<u>(22,723)</u>
Inspections and P&D Expenses			
Buidling Inspections	30,577	10,000	20,577
Health/Food Inspections	1,050	2,000	(950)
Planning and Development	56,199	20,000	36,199
Engineering Fees	36,915	25,000	11,915
Other Inspections	6,757	5,000	1,757
Total Inspections/P&D Expenses	<u>131,497</u>	<u>62,000</u>	<u>69,497</u>

See Independent Auditor's Report

CITY OF NEVADA, TEXAS
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Municipal Court & Code Enforcement			
Clean up of Properties	-	3,000	(3,000)
Code Enforcement - Other	2,480	2,500	(20)
Judge Fees	-	3,000	(3,000)
Contract Fees	-	1,000	(1,000)
Deputy/Police Services	-	3,000	(3,000)
City Attorney Fees	-	8,000	(8,000)
Mileage Reimbursement	-	515	(515)
Total Municipal Court Code Enf Exp	<u>2,480</u>	<u>21,015</u>	<u>(18,535)</u>
 TOTAL EXPENDITURES	 <u>647,974</u>	 <u>572,300</u>	 <u>75,674</u>
 EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	<u>(114,098)</u>	<u>(154,062)</u>	<u>39,964</u>

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
City of Nevada, Texas

We have audited, in accordance with the 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 aggregate discretely presented component units, and each major fund of the City of Nevada, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Nevada, Texas' basic financial statements as listed in the table of contents, and have issued our report thereon dated April 6, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City of Nevada, Texas' internal control over financial reporting (internal control) to determine the 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, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nevada, Texas' internal control.

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

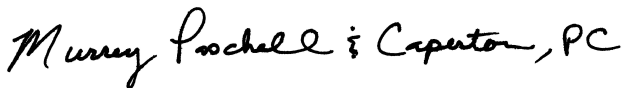
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Nevada, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

A handwritten signature in black ink that reads "Murrey Paschall & Caperton, PC". The signature is written in a cursive, flowing style.

Murrey Paschall & Caperton, P.C.
Forney, Texas
April 6, 2022

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 6, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Nevada, Texas's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Nevada, Texas's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the MD&A, Budget and Actual schedules by fund type, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

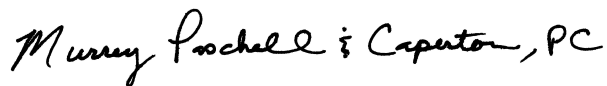
during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

- *As noted in the MD&A section of the financial statements, any prior year balances presented were unaudited. To gain comfort with these amounts, we reviewed the last financial statement audit performed as of September 30, 2014. We also had multiple discussions with the city's attorney and 3rd party CPA bookkeeper and obtained their reconciliations and reports. No significant findings or issues were noted.*

RESTRICTION ON USE

This information is intended solely for the use of the Honorable Mayor and City Council and management of the City of Nevada, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Murrey Paschall & Caperton, PC". The signature is written in a cursive, flowing style.

Murrey Paschall & Caperton, P.C.

ITEM 7. c.
Hayter Engineering CIP



Ben Ponce, Mayor
City of Nevada
424 FM 6
Nevada, TX 75173

March 31, 2022

RE: City of Nevada – Roadway Capital Improvement Plan & Impact Fee Determination

Dear Mr. Ponce:

Thank you for selecting Hayter Engineering and giving us the opportunity to provide a proposal in regard to the City of Nevada's Roadway Capital Improvement Plan (CIP) and Impact Fee Determination. It is our understanding that your selection of Hayter Engineering is based upon our ability and experience as required by the Texas Engineering Practice Act.

It is our understanding that the City of Nevada wishes to develop roadway impact fees to assess against new development in order to generate revenue for funding/recouping the costs of capital improvements and/or roadway facility expansions necessitated by and attributed to new development within the City. As such, the City has asked that Hayter Engineering provide a proposal for the necessary engineering services to develop a roadway impact fee for future development within the City.

We look forward to the opportunity to work with you on this endeavor. Please review our attached Agreement for Professional Services to ensure it meets your approval. We will work closely with you to enhance the overall quality of this project. If you have any questions, please do not hesitate to email cdonnan@haytereng.com or call 903-785-0303.

Sincerely,

HAYTER ENGINEERING, INC.

A handwritten signature in black ink, appearing to read "Christopher M. Donnan", written over a horizontal line.

Christopher M. Donnan, P.E., CFM
Principal/Project Manager

Enclosures: Agreement for Professional Services, Exhibit A, Exhibit B

Practical Infrastructure **Solutions**

4445 SE Loop 286 | Paris, TX 75460 | haytereng.com

TxEng F-315 | TxSurv F-10028600 | OSBPE/LS #603 | ASBPE #2521 | LA #EF6529

Texas | Oklahoma | Arkansas | Louisiana

AGREEMENT FOR PROFESSIONAL SERVICES

This AGREEMENT is entered into by the CITY OF NEVADA, a municipal corporation, acting herein through its MAYOR, duly authorized to act by the CITY COUNCIL, hereinafter called "OWNER," and HAYTER ENGINEERING, INC., a Texas corporation, acting herein through a duly authorized officer, herein called "ENGINEER," because OWNER desires ENGINEER'S services in connection with engineering services for the development of impact fees.

WITNESSETH:

For the mutual promises and benefits herein described, the parties agree as follows:

1. Term of AGREEMENT: This AGREEMENT shall become effective on the day it is executed and shall continue in effect thereafter until the services provided for herein have been performed, or until terminated as provided herein.
2. Services to be Performed by ENGINEER: Professional services are detailed in Exhibit B – Scope of Services hereto.

OWNER may request additional services of any type normally rendered by ENGINEER. These will be called "Additional Services," and compensation shall be determined as per Section 3(b) hereof.

Basic services during the construction period, if any such services are included in this AGREEMENT, are understood to be for the time of completion initially specified in the corresponding construction contract, and services beyond that time, including services as expert witness or assisting in litigation, or services due to failure of the CONTRACTOR to complete on time, will be deemed additional services.

Professional services provided are limited to those set forth in this agreement. The ENGINEER shall have no other obligations or responsibilities beyond those listed herein.

3. Compensation of ENGINEER: Owner shall pay ENGINEER as follows:

- (a) Professional Services:

CIP Report & Impact Fee Determination	\$18,425.00
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- (b) OWNER shall pay ENGINEER for additional services requested by OWNER, at the hourly rates on Exhibit A hereto, plus reimbursable expenses. At this time, there are no known additional services to be required.
- (c) ENGINEER may submit monthly statements for basic and additional services. These will be based upon ENGINEER'S estimate of services completed at the time, and OWNER shall make prompt payments. If OWNER fails to pay ENGINEER within sixty (60) calendar days of the receipt of ENGINEER'S statement, the

amounts due ENGINEER shall increase at the rate of one percent (1%) a month. ENGINEER may, after giving seven (7) days written notice to OWNER, suspend services until paid.

- (d) In the event of termination by OWNER, ENGINEER shall be entitled to payment for services rendered through receipt of termination notice. ENGINEER will also be entitled to payment for all reasonable termination expenses.
- (e) "Termination expenses" means reimbursable expenses, salaries, and overhead costs due to termination, including, but not limited to, transferring job records to OWNER, termination negotiations, and reassignment of personnel.

"Reimbursable expenses" include, but are not limited to, long distance telephone, postage, equipment, expendables, mileage, subcontractors or special consultants, freight, testing fees, copies, and blueprints. Where special consultants or subcontractors are used as additional services, the ENGINEER'S reimbursement shall include a service charge equal to 5% of the subcontractor's invoice amount.

- 4. Services to be Performed by OWNER: OWNER shall: (i) designate a specific person as OWNER's representative; (ii) provide ENGINEER with any previous studies, reports, data, final site layouts, budget constraints, special OWNER requirements, or other pertinent information known to OWNER; no charge will be made to ENGINEER for such information, and OWNER and its agencies will cooperate with ENGINEER to provide said information, in every way possible to facilitate the performance of the project; (iii) ensure access for the ENGINEER to properties necessary for performance of the ENGINEER'S work; (iv) provide legal, accounting, or insurance consultants, financial advisors or other similar specialists as required for the project; (v) make prompt payments in response to ENGINEER'S statements; and (vi) respond in a timely fashion to requests from the ENGINEER. ENGINEER is entitled to rely upon and use, without independent verification and without liability, all information and services provided by OWNER or OWNER's appointees, or with respect to buried utilities, the utility providing service in the project area.
- 5. Termination: The obligation to provide further services under this AGREEMENT may be terminated by either party upon ten (10) calendar days written notice, in the event of substantial failure by the other party to perform in accordance with the terms hereof.
- 6. Reuse of Documents: All documents prepared by ENGINEER are instruments of service for the specific project contemplated under this AGREEMENT. They are not intended for reuse on extensions of that project, or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at OWNER's sole risk and without liability to ENGINEER.
- 7. Ownership of Documents: All documents prepared by ENGINEER are instruments of service for the specific project contemplated under this AGREEMENT. The ENGINEER shall retain ownership of all reports, drawings, plans, specifications, electronic files, field data,

notes and other documents and instruments prepared by the ENGINEER as instruments of service. The ENGINEER shall retain all common law, statutory and other reserved rights, including, without limitation, all copyrights thereto.

8. Notices: Any notices to be given hereunder by either party to the other may be affected either by personal delivery, in writing, or by registered or certified mail.
9. Sole Parties and Entire AGREEMENT: This AGREEMENT shall not create any rights or benefits to anyone except the OWNER and ENGINEER and contains the entire agreement between the parties. Oral modifications to this agreement shall have no force or effect.
10. Texas Law to Apply; Successors; Construction: This AGREEMENT shall be construed under and in accordance with the laws of the State of Texas. It shall be binding upon, and inure to the benefit of, the parties hereto and their representatives, successors, and assigns.
11. Insurance: ENGINEER and any CONSULTANT the ENGINEER might hire shall provide, pay for, and maintain in force at all times during the performance of the Services insurance in compliance with the insurance requirements of this Contract. In the event this Contract does not contain any insurance requirements, or to the extent such insurance requirements contained in this Contract are less than the following insurance requirements, ENGINEER and CONSULTANT shall provide, pay for, and maintain the following minimum insurance:
 - i. Workers' Compensation Insurance as may be required by all state and federal workers' compensation acts, the Federal Longshoremen's and Harbor Workers' Compensation Act and such other acts as may be applicable to the Services, however, such coverage shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for CONSULTANT under any Workers' Compensation Acts, Disability Benefit Acts, or other such statutory employee benefit acts. As a minimum with amounts required by law or \$1,000,000 whichever is greater.
 - ii. Employers' Liability Insurance with amounts required by law or \$1,000,000 whichever is greater.
 - iii. Commercial General Liability Insurance covering liabilities for death and personal injury and liabilities for loss of or damage to property with combined single limit of \$1,000,000 per occurrence, \$300,000 damages to rented facilities, \$5,000 medical expenses, \$100,000 for personal injury, and \$2,000,000 in the aggregate.
 - iv. Commercial Automobile Liability Insurance with a minimum \$1,000,000 per occurrence coverage for both bodily injury and property damage.
 - v. ENGINEER'S Professional Liability Insurance with limits of liability not less than \$2,000,000 per claim and in the aggregate. ENGINEER'S CONSULTANT Professional Liability Insurance with limits of liability not less than \$1,000,000 per claim and in the aggregate.
 - vi. If the ENGINEER'S CONSULTANTS Services are to be performed within 50 feet from any railroad, ENGINEER'S CONSULTANT shall obtain and present

to ENGINEER before the commencement of the Services a CG 2417 endorsement for its Commercial General Liability coverage. Such endorsement shall list ENGINEER and the Client as additional insureds.

12. Other Provisions: The parties hereto further agree as follows:

- (a) **Limitation of Liability.** In recognition of the relative risks and benefits of the project to both the OWNER and the ENGINEER, the risks have been allocated such that the OWNER agrees, to the fullest extent permitted by law, to limit the liability of the ENGINEER and his subcontractors on the project for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, so that the total aggregate liability of the ENGINEER and his or her sub-consultants to all those named shall not exceed \$100,000 or the ENGINEER'S total fee for services rendered on this project, whichever is greater. Such claims and causes include, but are not limited to, negligence, professional errors or omissions, strict liability, and breach of contract.
- (b) The ENGINEER shall not be responsible for delays caused by factors beyond the ENGINEER's reasonable control, including but not limited to delays because of strikes, lockouts, work slowdowns or stoppages, or other labor disputes; supply chain delays; government ordered industry shutdowns; power or server outages; widespread infectious disease outbreaks (including, but not limited to epidemics and pandemics) or other natural disasters, fires, riots, war or other emergencies; failure of any governmental or other regulatory authority to act in a timely manner, failure of the OWNER to furnish timely information or approve or disapprove of the ENGINEER's services or work product, or delays caused by faulty performance by the OWNER's or by contractors of any level or discovery of any hazardous substances or differing site conditions. When such delays beyond the ENGINEER's reasonable control occur, the OWNER agrees that the ENGINEER shall not be responsible for damages (monetary or otherwise), nor shall the ENGINEER be deemed in default of this Agreement.
- (c) Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statute of limitations shall commence to run not later than either the date of Substantial Completion for acts or failures to act occurring prior to Substantial Completion or the date of issuance of the final Certificate for Payment for acts or failures to act occurring after Substantial Completion. In no event shall such statute of limitations commence to run any later than the date when the ENGINEER'S services are substantially completed.
- (d) Any opinion of the probable construction cost prepared by the ENGINEER represents only his judgment as a design professional and is supplied for the general guidance of the OWNER. Since the ENGINEER has no control over the cost of

labor and material, or many other factors, the ENGINEER does not imply nor guarantee the accuracy of such opinions. If the OWNER elects to redesign or rebid the project to reduce costs, ENGINEER'S services for such rebidding or redesign shall be additional services.

- (e) The ENGINEER has not been retained or compensated to provide design and construction review services relating to any construction contractor's safety precautions or to means, methods, techniques, sequences, or procedures required for the contractor to perform his work, but not relating to the final or completed structure. The ENGINEER does not in any manner guarantee the performance of the construction contractors.
- (f) ENGINEER will strive to perform services hereunder in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. No other representation, express or implied, and no warranty or guarantee is included or intended in this AGREEMENT, or in any report, opinion, document, or otherwise.
- (g) ENGINEER is not responsible for any damages, including those to third parties, resulting from modifications made to the ENGINEER'S design or technical specifications by a construction manager, value engineer, or other party to the project selected or approved by the OWNER.
- (h) When the ENGINEER is providing an assessment or survey of property being considered for purchase by the OWNER, the OWNER shall secure an agreement from the property owner to protect the OWNER and ENGINEER in the event said assessment or survey finds a condition that could potentially reduce the value of the property.
- (i) Consequential damages. Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, neither the OWNER nor the ENGINEER, their respective officers, directors, partners, employees, contractors or subconsultants shall be liable to the other or shall make any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the Project or to this Agreement. This mutual waiver of consequential damages shall include, but is not limited to, loss of use; loss of profit; loss of business; loss of goodwill; loss of income; cost of substitute facilities, goods, or services; cost of capital; loss or reputation or any other consequential damages that either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied warranty. Both the OWNER and ENGINEER shall require similar waivers of consequential damages protecting all the entities or persons named herein in all contracts and subcontracts with others involved in this project.
- (j) Reference communications. The ENGINEER may be required to render opinions about the performance or qualifications of others engaged or being considered for

engagement by the OWNER. Those about whom opinions are rendered may, as a consequence, initiate claims against the ENGINEER. To help create an atmosphere in which the ENGINEER may freely report or express such opinions candidly in the interest of the OWNER, the OWNER agrees to indemnify and hold harmless the ENGINEER against all damages, liabilities, or costs, including reasonable attorneys' fees arising from the rendering of such confidential opinions and reports by the ENGINEER to the OWNER.

- (k) Delivery of Electronic Files – In accepting and utilizing any drawings, reports, and data on any form of electronic media from the ENGINEER, Owner agrees that such files are instruments of service of the ENGINEER, solely for this particular Project. The Owner agrees not to reuse these electronic files for any purpose other than of the Project. The Owner agrees to waive all claims against the ENGINEER resulting from any unauthorized changes to or reuse of the electronic files for any other project.

Electronic files furnished by either party shall be subject to an acceptance period of sixty (60) days. After the acceptance period, the electronic files shall be deemed to be accepted and neither party shall have any obligation to correct errors or maintain electronic files.

In the event of a conflict between the hard-copy construction documents and record drawings prepared by the ENGINEER and the electronic files, the signed and sealed hard-copy construction documents shall govern.

In addition, the OWNER agrees, to the fullest extent permitted by law, to indemnify and hold harmless the ENGINEER, its officers, directors, employees and sub-consultants against all damages, liabilities, or costs, including reasonable attorneys' fees and defense costs, arising from any changes made by anyone other than the ENGINEER or from any reuse of the electronic files.

- (l) Mediation – In an effort to resolve any conflicts that arise during the design and construction of the Project or following the completion of the Project, the OWNER and the ENGINEER agree that all disputes between them arising out of or relating to this Agreement or the Project shall be submitted to nonbinding mediation.
- (m) Design without Construction Administration - It is understood and agreed the ENGINEER's basic services under this agreement do not include project observation or review of the Contractor's performance or any other construction phase services, and that such services will be provided by OWNER. OWNER assumes all responsibility for interpretation of the Contract Documents and for construction observation, and OWNER waives any claims against ENGINEER that may in any way be connected thereto.

In addition, OWNER agrees, to the fullest extent permitted by law, to indemnify and hold harmless ENGINEER, its Officers, employees and subconsultants, against

all damages, liabilities or other costs, including reasonable attorneys' fees and defense costs, arising out of or in any way connected with the performance of such services by other persons or entities and from any and all claims arising from modifications, clarifications, interpretations, adjustments or changes made to the Construction Documents to reflect changed field or other conditions, except for claims arising from the sole negligence or willful misconduct of the ENGINEER.

If OWNER requests in writing that ENGINEER provide any specific construction phase services, and if ENGINEER agrees in writing to provide such services, ENGINEER shall be compensated for said service in accordance with Section 3 (b) herein.


14. This AGREEMENT is subject to the provisions of Exhibit A and B.
15. Amendments to this contract shall be in writing and be signed by the appropriate authorized parties for both OWNER and ENGINEER.
16. Legal Construction: If any one or more of the provisions contained in this Agreement shall for any reasons be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
17. The OWNER shall provide prompt written notice to the ENGINEER if the OWNER becomes aware of any fault or defect in the Project, including any errors, omissions or inconsistencies in the ENGINEER'S Instruments of Service.

IN WITNESS WHEREOF, the parties, having read and understood this AGREEMENT, have executed such in duplicate copies, each of which shall have full dignity and force as an original, on the March 31, 2022.

Engineer: HAYTER ENGINEERING, INC.

Owner: CITY OF NEVADA, TEXAS

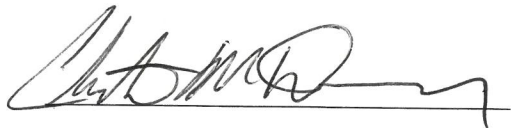
By:


Michael J. Donnan, President

By:

Ben Ponce, Mayor

Attest:



Attest:

EXHIBIT A
Schedule of Per Diem Rates
January 17, 2022

Personnel	Hourly Rates
Principal	190.00
Project Manager	160.00
Project Engineer	140.00
Design Engineer II	130.00
Design Engineer I	115.00
Senior CAD/Survey Technician	100.00
CAD Technician II	75.00
CAD Technician I	65.00
Senior Administrative Assistant	90.00
Administrative Assistant	75.00
On-Site Observer	90.00
Surveyor	150.00
Survey Technician II	65.00
Survey Technician I	50.00
Survey Crew - 2 Man Party	115.00
Survey Crew - 3 Man Party	190.00
Survey Crew – 1 Man GPS	105.00

The schedule of per diem rates may be changed by the ENGINEER at his sole discretion. Time billed for per diem rate services shall be in minimum increments of ¼ hour.

EXHIBIT B

SCOPE OF SERVICES

PROJECT UNDERSTANDING

A. General

The City of Nevada, Collin County, Texas (City) has selected Hayter Engineering Inc. to prepare a Capital Improvement Plan (CIP). This CIP will include a study of and development of Impact Fees for the City's street system within the city limits. To plan for future conditions, the CIP will also include population projections, impact fee calculations, service unit equivalent, and funding options. The services and fees described herein pertain to the required civil engineering for said CIP.

This scope of services is provided as a supplement to the Agreement for Professional Services. The provisions in this scope of services shall supersede those noted in the Agreement for Professional Services.

SCOPE

B. Population Projection & Land Use

Population projections will be developed for the City based on historical growth as well as future anticipated growth in and around Nevada. Earlier this year, the City of Nevada developed future land use assumptions for the City and its ETJ. These land use assumptions will be used as part of the effort to develop future population projections and ultimately a roadway impact fee.

C. Street System Study

In July of 2020 Hayter Engineering prepared a Street System Study for the City of Nevada. This Study included an existing system inventory and evaluation, a prioritized list of improvements complete with an opinion of probable construction cost (OPCC) for each prioritized street, as well as supporting tables and exhibits. Hayter Engineering will review this report and update the 2020 OPCCs to reflect 2022 market conditions. The findings and recommendations from this Study in conjunction with the updated OPCCs will be utilized to help develop a roadway impact fee.

D. CIP Report

Hayter Engineering will prepare a CIP summarizing their methodologies and findings, complete with supporting tables and exhibits. The CIP report will include the following:

1. Summary of population projection methodology and results, complete with supporting tables and exhibits.
2. Summary of impact fee determination methodology and results, complete with supporting tables and a comparison in relation to other cities.
 - a. The impact fee will be based on a standard water meter; however, a service unit equivalent will be determined to allow the City to adjust the standard impact for a larger meter (e.g. shopping center).

3. Appendices including the City's 2020 Street System Study and Future Land Use Assumptions.

E. Review Meetings

Hayter Engineering will attend two (2) Capital Improvements Advisory Committee review meetings and one (1) City Council meeting. Based on comments from these meetings, Hayter Engineering will make appropriate updates and finalize the report. Once the report is finalized, Hayter Engineering will provide the City with three (3) hard copies and one digital copy of the CIP report.

F. Project Management and Coordination

These activities shall include the time required for task leadership and direction, telephone and written communication, project status updates, personnel and data management, general project management activities, and administrative services.

G. Additional Services

Services in addition to those defined above are not included; however, can be performed, with approval. These additional services will be performed based on a time and materials basis.

Additional services include, but are not limited to:

1. Additional meetings not specified above;
2. Design of any CIP improvement projects;
3. Required CIP/Impact Fee updates;
4. Survey phase services;
5. Bidding phase services;
6. Construction phase services;
7. Public outreach such as meetings with concerned citizens/property owners;
8. Coordination with adjacent property owners;
9. Geotechnical services;
10. Environmental and/or archeological services; and
11. Easement or right-of-way research and/or acquisitions

H. Limitations and Exclusions

1. Services not set forth above in Exhibit B of this Agreement are specifically excluded from the scope of Hayter Engineering's services. Hayter Engineering assumes no responsibility to perform any services not specifically listed in Exhibit B.
2. Hayter Engineering shall not be held responsible for delays in the project schedule or additional costs associated with the City's review and approval process.

I. Compensation

The fee for the above described services shall be by **LUMP SUM** basis in the amount of **\$18,425** (eighteen thousand four hundred twenty-five dollars and zero cents).