

**Nevada City Hospital
doing business as
Nevada Regional Medical Center
A Component Unit of the
City of Nevada, Missouri**

**Basic Financial Statements and
Independent Auditors' Report**

June 30, 2025 and 2024



Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Table of Contents

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1-3
 <i>BASIC FINANCIAL STATEMENTS:</i>	
Statements of net position	4-5
Statements of revenues, expenses, and changes in net position	6
Statements of cash flows	7-8
Notes to financial statements	9-29
 <i>REQUIRED SUPPLEMENTARY INFORMATION:</i>	
Schedule of proportionate share of net pension liability Missouri Local Government Employees' Retirement System – Defined Benefit Pension Plan	30
Schedule of the Center's contributions Missouri Local Government Employees' Retirement System – Defined Benefit Pension Plan	31
Notes to required supplementary information	32



INDEPENDENT AUDITORS' REPORT

Board of Directors
Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Nevada, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nevada City Hospital doing business as Nevada Regional Medical Center, a Component Unit of the City of Nevada, Missouri (the Center), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, 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 opinion.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the financial information of the Center and do not purport to, and do not, present fairly the financial position of the City of Nevada, Missouri, as of June 30, 2025, and the changes in its financial position or its cash flows for the year then ended in accordance with GAAP. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Substantial Doubt About the Center's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Center will continue as a going concern. As discussed in Note 2 to the financial statements, the Center has suffered recurring losses from operations and has defaulted on long-term debt obligations. The Center currently has forbearance agreements in place through May 25, 2026. These conditions and events indicate that substantial doubt exists about the Center's ability to continue as a going concern for a reasonable period of time. Management's evaluation of the conditions and events and management's plans regarding these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter – Predecessor Auditor

The financial statements of the Center for the year ended June 30, 2024, were audited by Forvis Mazars, LLP, who expressed an unmodified opinion on those financial statements on January 28, 2025.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ 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 auditors’ report that includes our opinion. 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 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, 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 Center’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 Center’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that the following be presented to supplement the financial statements:

- Schedule of proportionate share of net pension liability
Missouri Local Government Employees' Retirement System (LAGERS) – Defined Benefit Pension Plan
- Schedule of the Center's contributions
Missouri Local Government Employees' Retirement System (LAGERS) – Defined Benefit Pension Plan

Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that GAAP require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

D3A PLLC

Spokane Valley, Washington
March 20, 2026

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Net Position
June 30, 2025 and 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,073,364	\$ 1,692,299
Cash and cash equivalents restricted by bond agreement	2,457,289	2,409,760
Investments	433,891	369,808
Receivables:		
Patient accounts, net	6,112,100	6,382,049
Estimated third-party payor settlements	85,466	-
Due from related party	1,457,742	1,457,666
CARES Act Employee Retention Credit	5,247,261	-
Other	1,032,918	1,931,565
Inventories	637,946	719,893
Prepaid expenses	692,275	837,312
Total current assets	19,230,252	15,800,352
<i>Noncurrent assets</i>		
Depreciable capital assets, net	8,851,359	11,826,720
Nondepreciable capital assets	775,559	672,248
Net pension asset	5,885,530	9,062,293
Total noncurrent assets	15,512,448	21,561,261
Total assets	34,742,700	37,361,613
<i>Deferred outflows of resources</i>		
Pension plan	4,367,485	2,117,294
Total assets and deferred outflows of resources	\$ 39,110,185	\$ 39,478,907

See accompanying notes to financial statements.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Net Position (Continued)
June 30, 2025 and 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2025	2024
<i>Current liabilities</i>		
Accounts payable	\$ 7,058,117	\$ 5,379,294
Accrued payroll and related liabilities	1,624,584	1,294,162
Accrued compensated absences	1,061,009	1,131,365
Estimated third-party payor settlements	1,130,336	400,000
Accrued interest	175,965	108,225
Current maturities of long-term debt	11,153,274	11,838,872
Current maturities of lease and subscription liabilities	808,120	966,576
Total current liabilities	23,011,405	21,118,494
<i>Noncurrent liabilities</i>		
Long-term debt, net of current maturities	1,159,020	1,797,652
Lease and subscription liabilities, net of current maturities	2,035,811	2,843,930
Total noncurrent liabilities	3,194,831	4,641,582
Total liabilities	26,206,236	25,760,076
<i>Deferred inflows of resources</i>		
Pension plan	966,738	1,782,178
Total liabilities and deferred inflows of resources	27,172,974	27,542,254
<i>Net position</i>		
Net investment in capital assets	(1,442,135)	(1,185,855)
Restricted for debt service	2,457,289	2,409,760
Unrestricted	10,922,057	10,712,748
Total net position	11,937,211	11,936,653
Total liabilities, deferred inflows of resources, and net position	\$ 39,110,185	\$ 39,478,907

See accompanying notes to financial statements.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
<i>Operating revenues</i>		
Net patient service revenue	\$ 47,336,257	\$ 38,557,024
340B pharmacy revenue	8,596,687	3,110,549
Other	907,812	529,242
Total operating revenues	56,840,756	42,196,815
<i>Operating expenses</i>		
Salaries and wages	29,959,732	21,847,517
Employee benefits	6,153,845	3,779,762
Professional fees and purchased services	9,816,098	8,334,952
Supplies	8,548,589	4,959,574
Depreciation and amortization	2,263,619	3,051,730
Utilities	1,047,090	1,081,688
Repairs and maintenance	535,938	136,883
Rentals and leases	233,602	7,887
Insurance	699,876	760,834
Other	799,424	567,306
Federal reimbursement allowance	1,819,380	1,436,447
Total operating expenses	61,877,193	45,964,580
<i>Operating loss</i>	(5,036,437)	(3,767,765)
<i>Nonoperating revenues (expenses)</i>		
COVID-19 grants	148,195	3,031,530
CARES Act Employee Retention Credit	5,247,261	-
CARES Act Employee Retention Credit professional fees	(784,468)	-
Sales tax revenue	1,060,089	1,074,628
Contributions	161,733	76,174
Investment income	98,282	748,775
Interest expense	(894,097)	(978,337)
Total nonoperating revenues, net	5,036,995	3,952,770
Change in net position	558	185,005
Net position, beginning of year	11,936,653	11,751,648
Net position, end of year	\$ 11,937,211	\$ 11,936,653

See accompanying notes to financial statements.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 48,251,076	\$ 35,199,169
Proceeds from 340B pharmacy	8,596,687	3,110,549
Other receipts	1,806,383	290,869
Payments to or on behalf of employees	(35,742,379)	(25,518,906)
Payments to suppliers and contractors	(22,378,658)	(15,695,540)
Net cash from operating activities	533,109	(2,613,859)
<i>Cash flows from noncapital financing activities</i>		
Proceeds from sales taxes	1,060,089	1,074,628
Proceeds from issuance of long-term debt	400,000	800,000
Proceeds from contributions	161,733	76,174
Proceeds from COVID-19 grants	148,195	3,031,530
Net cash from noncapital financing activities	1,770,017	4,982,332
<i>Cash flows from capital and related financing activities</i>		
Purchase of capital assets	(58,944)	(278,648)
Principal payments on lease and subscription liabilities	(966,575)	(1,619,483)
Principal payments on long-term debt	(1,160,035)	(1,226,402)
Interest paid	(723,177)	(886,129)
Net cash from capital and related financing activities	(2,908,731)	(4,010,662)
<i>Cash flows from investing activities</i>		
Investment income	34,199	848,491
Net change in cash and cash equivalents	(571,406)	(793,698)
Cash and cash equivalents, beginning of year	4,102,059	4,895,757
Cash and cash equivalents, end of year	\$ 3,530,653	\$ 4,102,059
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 1,073,364	\$ 1,692,299
Cash and cash equivalents restricted by bond agreement	2,457,289	2,409,760
Total cash and cash equivalents	\$ 3,530,653	\$ 4,102,059

See accompanying notes to financial statements.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Cash Flows (Continued)
Years Ended June 30, 2025 and 2024

	2025	2024
<i>Reconciliation of Operating Loss to Net Cash from Operating Activities</i>		
Operating loss	\$ (5,036,437)	\$ (3,767,765)
<i>Adjustments to reconcile operating loss to net cash from operating activities</i>		
Depreciation and amortization	2,263,619	3,051,730
Provision for bad debts	6,858,024	11,070,443
(Increase) decrease in assets:		
Receivables:		
Patient accounts, net	(6,588,075)	(13,173,590)
Estimated third-party payor settlements	(85,466)	615,292
Other	898,571	(238,373)
Inventories	81,947	101,952
Prepaid expenses	145,037	(251,864)
Net pension asset	3,176,763	(241,555)
Deferred outflows of resources, pension plan	(2,250,191)	(254,949)
Increase (decrease) in liabilities:		
Accounts payable	894,355	1,739,943
Accrued payroll and related liabilities	330,422	753,180
Accrued compensated absences	(70,356)	244,004
Estimated third-party payor settlements	730,336	(1,870,000)
Deferred inflows of resources, pension plan	(815,440)	(392,307)
Net cash from operating activities	\$ 533,109	\$ (2,613,859)

Noncash capital financing activities

During the year ended June 30, 2025, the Center wrote off financed purchases of \$667,375 and related net capital assets of \$696,596, related to the termination of a financed purchase agreement.

During the year ended June 30, 2024, the Center recorded lease liabilities and right-of-use equipment of \$357,461 and subscription liabilities and assets of \$2,936,095, for long-term arrangements entered into during the year.

See accompanying notes to financial statements.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements
Years Ended June 30, 2025 and 2024

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Nevada City Hospital doing business as Nevada Regional Medical Center (the Center) – The Center is a component unit of the City of Nevada, Missouri, (City) which owns and operates an acute care center in Nevada, Missouri. The Center primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in Nevada, Missouri, and the surrounding area. The Center also operates a psychiatric unit and provides physician clinic services in the same geographic area.

The Center also has dual status as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income tax.

Nevada Regional Medical Center Foundation, Inc. (the Foundation) – The Foundation is included in the Center’s financial statements as a component unit. The Foundation is a legally separate, not-for-profit entity that is, in substance, a part of the Center’s operations. It is organized exclusively to benefit the Center by raising charitable contributions on behalf of and holding the proceeds thereof for the Center. Board members include the Center’s chief executive officer, a member of the Center’s Board of Directors, a member of the Nevada Regional Medical Center Auxiliary, and between 15 and 19 elected members who are nominated by an appointed nominating committee.

Data of the Foundation is combined with data of the Center for financial reporting purposes using the blending method. All significant intercompany transactions have been eliminated.

Separate financial statements of the Foundation can be obtained by calling 417.667.3355 or writing to Nevada Regional Medical Center Foundation, 800 South Ash, Nevada, Missouri 64772.

b. Summary of Significant Accounting Policies

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

Enterprise fund accounting – The Center’s accounting policies conform to GAAP as applicable to proprietary funds of governments. The Center uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Assets restricted as to use – Assets restricted as to use include assets restricted for debt reserve and debt service as required by a bond agreement.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Investments – Investments in debt and equity securities are reported at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Inventories – Inventories are stated at cost using the first-in, first-out method. Inventories consist of medical supplies, drugs, and food and are stated at cost using the weighted average cost method.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses to be incurred in future periods and are amortized over the expected benefit period of the expense. Prepaid expenses include prepaid insurance and maintenance contracts.

Capital assets – The Center capitalizes assets whose costs exceed \$2,000 and have estimated useful lives of at least one year; lesser amounts are expensed. Donated capital assets are stated at cost or estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is classified in nonoperating revenues or expenses.

All capital assets, other than land and construction in progress, are depreciated or amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Useful lives have been estimated as follows:

Land improvements	15 to 20 years
Buildings and improvements	20 to 40 years
Equipment	3 to 10 years
Leased right-of-use assets – equipment	5 years
Subscription assets	5 years

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees’ Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated absences – The Center’s policies permit most employees to accumulate paid time off benefits that may be realized as paid time off, or, in limited circumstances, as a cash payment. Expenses and the related liability are recognized as benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statements of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Net position – Net position of the Center is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Center. *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses – The Center’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services — the Center’s principal activity. Nonexchange revenues, including property tax receipts, grants and contributions received for purposes other than capital asset acquisition, and investment income is reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services.

Grants and contributions – From time to time, the Center receives grants from the state of Missouri and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Grants that are unrestricted, or that are restricted to a specific operating purpose, are reported as operating revenues. Grants that are used to subsidize operating deficits are reported as nonoperating revenues. Contributions, except for capital contributions, are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Sales tax revenue – The Center receives sales tax revenues from the City, which will terminate when the Series 2007 bonds are retired or at the discretion of the Nevada City Council.

340B drug pricing program – The Center participates in the 340B Drug Pricing Program (340B Program) which provides discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The 340B Program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits at participating health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Change in accounting principles – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to update the recognition and measurement guidance for compensated absences. The implementation of the new standard had no material effect on the Center’s financial statements.

Reclassifications – Certain reclassifications have been made to the 2024 financial statements to conform with the 2025 presentation. These classifications had no effect on the previously reported change in net position.

Subsequent events – Subsequent events have been reviewed through March 20, 2026, the date on which the financial statements were available to be issued.

2. Management’s Consideration of Going Concern Matters:

The Center incurred total operating losses of \$5,036,437 and \$3,767,765 during 2025 and 2024, respectively, which has contributed to significant declines in cash. Days cash on hand as of June 30, 2025, is approximately five days. During 2025, the Center received notice of being in default on the Series 2007 Revenue Bonds and executed certain related forbearance agreements (see Note 6), causing that debt to be due in 2026 without sufficient liquid resources to pay.

The Center is evaluating opportunities to reduce operating losses and increase liquidity, including implementation of restructuring plans, optimizing revenues, and monitoring working capital amounts and reducing accounts receivable balances. The Center believes it will have sufficient cash to meet its cash flow requirements over the next year. However, there can be no assurance that the Center will be successful in achieving its objectives.

Management is cooperating with Build America Mutual (BAM), the bond reinsurance company, and the bond holder trustee through the forbearance agreement process. Management believes that all requirements of the forbearance agreement have been fulfilled except for the liquidity covenant of 70 days cash on hand and collection of a debt from the Nevada City Nursing Home, doing business as Moore-Few Care Center and Barone Care Center (the Nursing Home). It is anticipated by Management and the Board of Directors that BAM and the bond holder trustee will continue to work with the Center as it demonstrates ongoing improvements in governance and management. Management anticipates revenues and cash flows to increase and believes that the Center will exceed the break-even point in fiscal year 2026, repay the liquidity loan to BAM, and meet days cash on hand requirements of the forbearance agreement of ten days cash on hand. Receipt of Employee Retention Tax Credit (ERC) funds is expected in March 2026. Compensation from Medicaid changed from a per diem to a DRG method on July 1, 2026. Management is hopeful that this and other improvements in compensation will greatly improve financial performance. The federal government is implementing programs to assist and transform rural healthcare that Management believes will benefit the Center in fiscal year 2027. Management expresses appreciation to all who have supported the turnaround and rebuilding efforts and to the bondholders who have continued to support the hospital’s efforts.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

2. Management's Consideration of Going Concern Matters (continued):

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

3. Deposits and Investments:

Interest rate risk – Interest rate risk is the risk that the changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Center believes its interest rate risk is minimal.

Credit risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization, such as Standard & Poor's. The Center believes there is minimal credit risk with its investments at this time.

Custodial credit risk – Custodial credit risk is the risk that in the event of a depository institution failure, the Center's deposits may not be returned to it. The Center believes there is minimal custodial credit risk with their investments at this time. The Center's management monitors the entities which hold the various investments to ensure they remain in good standing. The Center's deposit policy for custodial credit risk is in accordance with Missouri state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities or the state of Missouri; bonds of any city, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. For the years ended June 30, 2025 and 2024, the Center's deposits were appropriately collateralized in accordance with state law.

Fair value – The Center categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Center's investments at June 30, 2025 and 2024, are held by the Foundation and consisted solely of mutual funds, valued using quoted prices (Level 1 inputs).

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

4. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patient accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. For example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.

For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicate that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted are charged off against the allowance for uncollectible accounts.

The Center's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year. The Center does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the Center consisted of these amounts:

	2025	2024
Receivables from patients and their insurance carriers	\$ 12,890,744	\$ 14,864,451
Receivable from Medicare	1,751,616	2,183,702
Receivable from Medicaid	1,568,696	1,380,319
Total patient accounts receivable	16,211,056	18,428,472
Less allowance for uncollectible accounts	10,098,956	12,046,423
Patient accounts receivable, net	\$ 6,112,100	\$ 6,382,049

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

5. Capital Assets:

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance				Balance
	June 30,				June 30,
	2024	Additions	Retirements	Transfers	2025
<i>Nondepreciable capital assets</i>					
Land	\$ 616,767	\$ -	\$ -	\$ -	\$ 616,767
Construction in progress	55,481	103,311	-	-	158,792
Total nondepreciable capital assets	672,248	103,311	-	-	775,559
<i>Depreciable capital assets</i>					
Land improvements	463,096	-	-	-	463,096
Buildings	33,427,584	-	-	-	33,427,584
Equipment	17,658,777	-	(15,146)	-	17,643,631
Leased right-of-use assets - equipment	2,488,378	-	(1,198,000)	-	1,290,378
Subscription assets	3,246,492	-	-	-	3,246,492
Total depreciable capital assets	57,284,327	-	(1,213,146)	-	56,071,181
<i>Less accumulated depreciation and amortization for</i>					
Land improvements	346,100	9,821	-	-	355,921
Buildings	27,793,344	607,293	-	-	28,400,637
Equipment	15,326,498	657,964	-	-	15,984,462
Leased right-of-use assets - equipment	1,399,551	499,101	(501,404)	-	1,397,248
Subscription assets	592,114	489,440	-	-	1,081,554
Total accumulated depreciation and amortization	45,457,607	2,263,619	(501,404)	-	47,219,822
<i>Total depreciable capital assets, net</i>	11,826,720	(2,263,619)	(711,742)	-	8,851,359
Capital assets and lease right-of-use assets, net	\$ 12,498,968	\$ (2,160,308)	\$ (711,742)	\$ -	\$ 9,626,918

Construction in progress at June 30, 2025, consisted primarily of assets purchased but expected to be placed in service in the next fiscal year, with no significant additional costs.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

5. Capital Assets (continued):

Capital asset additions, retirements, transfers, and balances continue as follows:

	Balance				Balance
	June 30,				June 30,
	2023	Additions	Retirements	Transfers	2024
<i>Nondepreciable capital assets</i>					
Land	\$ 616,767	\$ -	\$ -	\$ -	\$ 616,767
Construction in progress	90,712	23,625	-	(58,856)	55,481
Total nondepreciable capital assets	707,479	23,625	-	(58,856)	672,248
<i>Depreciable capital assets</i>					
Land improvements	463,096	-	-	-	463,096
Buildings	33,440,634	-	(13,050)	-	33,427,584
Equipment	17,465,339	265,441	(130,859)	58,856	17,658,777
Leased right-of-use assets - equipment	2,333,004	357,461	(202,087)	-	2,488,378
Subscription assets	2,573,285	2,936,095	(2,262,888)	-	3,246,492
Total depreciable capital assets	56,275,358	3,558,997	(2,608,884)	58,856	57,284,327
<i>Less accumulated depreciation and amortization for</i>					
Land improvements	336,280	9,820	-	-	346,100
Buildings	27,222,249	584,145	(13,050)	-	27,793,344
Equipment	14,758,511	688,428	(120,441)	-	15,326,498
Leased right-of-use assets - equipment	1,021,831	579,807	(202,087)	-	1,399,551
Subscription assets	1,665,472	1,189,530	(2,262,888)	-	592,114
Total accumulated depreciation and amortization	45,004,343	3,051,730	(2,598,466)	-	45,457,607
<i>Total depreciable capital assets, net</i>	11,271,015	507,267	(10,418)	58,856	11,826,720
Capital assets and lease right-of-use assets, net	\$ 11,978,494	\$ 530,892	\$ (10,418)	\$ -	\$ 12,498,968

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

6. Long-term Liabilities:

A schedule of changes in the Center's long-term liabilities are as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
<i>Long-term debt</i>					
Series 2007 revenue bonds	\$ 9,955,000	\$ -	\$ (1,085,000)	\$ 8,870,000	\$ 8,870,000
Bond discount	(748,058)	-	103,180	(644,878)	(644,878)
Note payable - forbearance	800,000	400,000	-	1,200,000	1,200,000
Note payable - clinic	1,312,207	-	(75,035)	1,237,172	78,152
Nursing home loan	1,650,000	-	-	1,650,000	1,650,000
Financed purchases	667,375	-	(667,375)	-	-
Total long-term debt	13,636,524	400,000	(1,724,230)	12,312,294	11,153,274
<i>Lease and subscription liabilities</i>					
Leases	1,074,361	-	(530,048)	544,313	368,669
Subscriptions	2,736,145	-	(436,527)	2,299,618	439,451
Total lease and subscription liabilities	3,810,506	-	(966,575)	2,843,931	808,120
Total long-term liabilities	\$ 17,447,030	\$ 400,000	\$ (2,690,805)	\$ 15,156,225	\$ 11,961,394

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
<i>Long-term debt</i>					
Series 2007 revenue bonds	\$ 11,000,000	\$ -	\$ (1,045,000)	\$ 9,955,000	\$ 9,955,000
Bond discount	(851,238)	-	103,180	(748,058)	(748,058)
Note payable - forbearance	-	800,000	-	800,000	800,000
Note payable - clinic	1,351,077	-	(38,870)	1,312,207	75,149
Nursing home loan	1,650,000	-	-	1,650,000	1,650,000
Financed purchases	809,908	-	(142,533)	667,375	106,781
Total long-term debt	13,959,747	800,000	(1,123,223)	13,636,524	11,838,872
<i>Lease and subscription liabilities</i>					
Leases	1,171,191	357,461	(454,291)	1,074,361	530,048
Subscriptions	965,242	2,936,095	(1,165,192)	2,736,145	436,528
Total lease and subscription liabilities	2,136,433	3,293,556	(1,619,483)	3,810,506	966,576
Total long-term liabilities	\$ 16,096,180	\$ 4,093,556	\$ (2,742,706)	\$ 17,447,030	\$ 12,805,448

Long-term debt – The terms and due dates of the Center's long-term debt are as follows:

- *Series 2007 revenue bonds* – The Center issued \$21,730,000 of health facilities revenue bonds dated March 15, 2007, which bear interest at 3.7 percent to 4.375 percent. The bonds are payable in graduated annual installments ranging from \$1,317,861 to \$1,445,953, including interest, through October 1, 2031. Under the terms of the bonds, the Center is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements. The terms also place limits on the occurrence of additional borrowings and require that the Center satisfy certain measures of financial performance as long as the bonds are outstanding.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

6. Long-term Liabilities (continued):

Long-term debt (continued) –

- During 2024, the Center received an event of default notice. The Center has executed forbearance agreements through May 25, 2026, with the bond insurer which forbears certain rights of the bond insurer, provided the Center complies with requirements under the forbearance agreements.
- *Note payable, forbearance* – During the years ended June 30, 2025 and 2024, the Center received advances as part of the forbearance agreement for the Series 2007 revenue bonds in the amount of \$400,000 and \$800,000, respectively, to aid the Center in meeting short-term obligations. The advances are considered part of the original indebtedness of the bonds and accrue interest at a rate of prime plus 2 percent. The note is secured by a mortgage on Center property. In the event of a termination event, the advances are payable on demand of the bond insurer. The Center plans to repay the advances on receipt of Employee Retention Credit (ERC) funds. See Note 13 for additional information on these funds.
- *Note payable, clinic* – In 2023, the Center entered into a note payable for the purchase of a physician clinic building. The note is repayable in monthly payments of \$10,581 and an eight-year balloon payment, including interest at 5.2 percent, through November 2030.
- *Nursing home loan* – The Center received loans totaling \$1,650,000 from the Nursing Home, which is also a component unit of the City. The Center is required to pay the full amount to the Nursing Home if it meets certain days cash on hand amounts. The loan is unsecured with no interest.
- *Financed purchases* included the following:
 - Amounts payable for the purchase of endoscopic equipment, which was fully paid in July 2024.
 - The purchase of a clinic building from the City. In September 2024, the Center received notice from the City that the Center had defaulted on the agreement due to delinquent payments. The agreement was terminated, and the Center now rents the property from the City on a monthly basis.

Lease liabilities – The Center leases various medical equipment, payable in various amounts ranging from \$1,039 to \$8,370, including interest from 2.59 percent to 10.6 percent, through August 2028.

Subscription liabilities – The Center’s subscription liabilities consist primarily of a subscription for the use of electronic health records software, payable in monthly installments of \$44,544, including interest at 7 percent, through June 2030. Other subscription liabilities are payable in various amounts ranging from \$847 to \$2,970, including interest at 7 percent, through June 2026.

The Center’s lease and subscription agreements do not contain any material residual value guarantees or material restrictive covenants.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

6. Long-term Liabilities (continued):

Scheduled principal and interest repayments on long-term obligations are as follows:

Years Ending June 30,	Note Payable, Clinic			Lease and Subscription Liabilities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2026	\$ 78,152	\$ 48,990	\$ 127,142	\$ 808,120	\$ 170,112	\$ 978,232
2027	81,399	45,743	127,142	547,749	124,982	672,731
2028	84,780	42,362	127,142	489,905	88,763	578,668
2029	88,302	38,840	127,142	483,356	54,459	537,815
2030	904,539	35,172	939,711	514,801	19,728	534,529
	\$ 1,237,172	\$ 211,107	\$ 1,448,279	\$ 2,843,931	\$ 458,044	\$ 3,301,975

As noted above, during the year ended June 30, 2025, the Center received an event of default notice related to its Series 2007 revenue bonds. Under the bond indenture, this default gives the bond trustee the option to declare the outstanding principal immediately due and payable. Because the bonds are callable as a result of this default and no waiver of the trustee's rights had been obtained for a period exceeding one year from the statements of net position date, the outstanding principal of \$8,870,000 and forbearance note principal of \$1,200,000 has been classified as a current liability in the accompanying statements of net position.

The debt service requirements to maturity table excludes the Series 2007 revenue bonds and the forbearance note from the future years' principal columns because the bonds are currently callable due to the default. Contractual scheduled principal payments on these bonds, absent acceleration, would have extended through the Center's year ending June 30, 2032.

7. Employee Health Self-insurance:

The Center self-insures the cost of employee health care. The Center accrues an incurred but not reported (IBNR) liability for plan claims that have been incurred but have not yet been reported to the Center. The liability is included in accrued payroll and related liabilities on the statements of net position. The Center also purchased annual stop-loss insurance coverage for all claims in excess of \$135,000 per eligible participant.

Changes in the Center's IBNR amount were as follows:

	2025	2024
Claim liability, beginning of year	\$ 693,205	\$ 461,000
Current year claims and changes in estimates	2,855,848	2,161,217
Claim payments	(2,936,008)	(1,929,012)
Claim liability, end of year	\$ 613,045	\$ 693,205

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

8. Net Patient Service Revenue:

The Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts related to uninsured patients in the period the services are provided. The Center has not changed its charity care or uninsured discount policies during fiscal years 2025 or 2024. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2025
Patient service revenue (net of contractual adjustments and discounts):	
Medicare	\$ 15,201,917
Medicaid	10,424,285
Other third-party payors	18,936,135
Patients	11,597,805
Federal Reimbursement Allowance	4,059,202
	60,219,344
Less:	
Charity care	6,025,063
Provision for bad debts	6,858,024
	12,883,087
Net patient service revenue	\$ 47,336,257

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Swing-bed services are paid at prospectively determined per diem rates that are based on the patients' acuity. The Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicare administrative contractor. The Center has been designated as a sole-community hospital.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

8. Net Patient Service Revenue (continued):

- **Medicaid** – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively established rates. Physician services outside the rural health clinic are paid on a fee schedule.
- The Center also has entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue decreased by approximately \$711,000 in the year ended June 30, 2025, due to differences between original estimates and final settlements.

As a hospital operating in the state of Missouri, the Center is assessed a Federal Reimbursement Allowance (FRA) fee each year, calculated as a percentage of inpatient and outpatient adjusted net revenues. The state uses these funds to supplement inpatient and outpatient hospital services and to earn federal Medicaid matching funds. The FRA assessment is recorded as an operating expense, and any related reimbursement through enhanced Medicaid payments is recorded with net patient service revenue in the accompanying statements of revenues, expenses, and changes in net position, in the period in which related services are provided.

The Center provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Center's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Center does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The Center determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2025 and 2024, were approximately \$2,573,000 and \$1,936,000, respectively. The Center did not receive any gifts or grants to subsidize charity services during 2025 and 2024.

9. Contingencies:

Risk management – The Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical malpractice claims – The Center obtains medical malpractice insurance through Missouri Hospital Plan. Missouri Hospital Plan offers the Center a professional and general liability policy on a "claims made" basis, with primary limits of \$2,000,000 per claim and an annual aggregate limit of \$6,000,000. The policy has a \$10,000 deductible per claim. No liability has been accrued for future coverage for acts occurring in this or prior years, and it is possible that claims may exceed coverage obtained in any given year.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

9. Contingencies (continued):

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the Center is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. If the Center is found in violation of these laws, the Center could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

10. Defined Benefit Pension Plan:

The Center reports an asset, deferred outflows of resources, deferred inflows of resources, and expense as a result of its requirement to contribute to the Missouri Local Government Employees' Retirement System (LAGERS).

Plan description – The Center's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Center participates in LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the IRC Section 401(a) and is tax-exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided – LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police, fire, and public safety groups) with five or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 and receive a reduced allowance.

Benefit terms provide for annual postretirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

10. Defined Benefit Pension Plan (continued):

Benefits provided (continued) – The following employees were covered by the benefit terms:

	2025	2024
Inactive employees or beneficiaries currently receiving benefits	223	229
Inactive employees or beneficiaries entitled to but not yet receiving benefits	125	131
Active employees	256	212
Total plan membership	604	572

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount to finance an unfunded accrued liability. Full-time employees do not contribute to the pension plan. For the years ended June 30, 2025 and 2024, the employer contribution rate was 4.7 and 4.1 percent, respectively.

Net pension asset – The employer’s net pension asset was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2025 and February 29, 2024, rolled forward to June 30, 2025 and 2024, respectively.

Actuarial assumptions – The total pension liability in the February 28, 2025 and February 29, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent wage inflation; 2.25 percent price inflation
Salary increases	2.75 percent to 6.75 percent average, including inflation
Investment rate of return	7.00 percent net of investment and administrative expenses

The healthy retiree mortality tables for postretirement mortality were 115 percent of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality were 115 percent of the PUBNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75 percent of the PubG-2010 Employee Mortality Table for males and females of general groups and 75 percent of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

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

The actuarial assumptions used in the valuations were based on the results of an actuarial experience study for the period March 1, 2015 through February 28, 2020.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

10. Defined Benefit Pension Plan (continued):

Actuarial assumptions (continued) – The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Alpha	5%	1.76%
Equity	39%	3.39%
Fixed income	23%	3.54%
Real assets	33%	2.68%
Strategic assets	7%	2.83%
Cash/leverage	-7%	-0.86%

Discount rate – The discount rate used to measure the total pension liability was 7 percent for the years ended June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

10. Defined Benefit Pension Plan (continued):

Changes in the total pension liability, plan fiduciary net position, and the net position asset are as follows:

	2025		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, beginning of year	\$ 38,151,428	\$ 47,213,721	\$ (9,062,293)
Changes for the year			
Service cost	935,303	-	935,303
Interest	2,635,297	-	2,635,297
Differences between expected and actual experience	2,725,230	-	2,725,230
Contributions - employer	-	743,261	(743,261)
Net investment income	-	2,818,018	(2,818,018)
Benefit payments, including refunds of employee contributions	(1,961,325)	(1,961,325)	-
Administrative expense	-	(77,410)	77,410
Other	-	(364,802)	364,802
Net changes	4,334,505	1,157,742	3,176,763
Balance, end of year	\$ 42,485,933	\$ 48,371,463	\$ (5,885,530)
	2024		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, beginning of year	\$ 37,259,875	\$ 46,080,613	\$ (8,820,738)
Changes for the year			
Service cost	866,495	-	866,495
Interest	2,572,494	-	2,572,494
Differences between expected and actual experience	(643,483)	-	(643,483)
Contributions - employer	-	618,469	(618,469)
Net investment income	-	2,408,845	(2,408,845)
Benefit payments, including refunds of employee contributions	(1,903,953)	(1,903,953)	-
Administrative expense	-	(74,379)	74,379
Other	-	84,126	(84,126)
Net changes	891,553	1,133,108	(241,555)
Balance, end of year	\$ 38,151,428	\$ 47,213,721	\$ (9,062,293)

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

10. Defined Benefit Pension Plan (continued):

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the Center calculated using the discount rate of 7.00 percent, as well as what the Center’s net pension liability would be using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	2025		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension asset	\$ 106,795	\$ 5,885,530	\$ 10,641,804

	2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension asset	\$ 3,975,107	\$ 9,062,293	\$ 13,252,857

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the years ended June 30, 2025 and 2024, the employer recognized pension expense (credit) of \$854,393 and (\$270,342), respectively. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 2,085,798	\$ -
Difference between expected and actual experience	2,281,687	966,738
Total	\$ 4,367,485	\$ 966,738

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 1,329,898	\$ -
Changes in assumptions	-	160,193
Difference between expected and actual experience	787,396	1,621,985
Total	\$ 2,117,294	\$ 1,782,178

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

10. Defined Benefit Pension Plan (continued):

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued LAGERS financial report.

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

Years Ending June 30,		
2026	\$	1,699,942
2027		986,178
2028		628,663
2029		85,964
Total	\$	3,400,747

11. Concentration of Risk:

Patient accounts receivable – The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements.

The mix of patient receivables was as follows:

	2025	2024
Medicare	21 %	28 %
Medicaid	19	17
Other third-party payors	22	21
Patients	38	34
	100 %	100 %

Physicians – The Center is dependent on local physicians practicing in its service area to provide admissions and utilize Center services on an outpatient basis. A decrease in the number of physicians providing these services or changes in their utilization patterns may have an adverse effect on the Center’s operations.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

12. Federal Emergency Management Agency (FEMA) Public Assistance:

During the year ended June 30, 2024, the Center was obligated and received approximately \$2,780,000 of funding to reimburse for eligible costs under the FEMA COVID-19 Public Assistance Program. These amounts obligated are included in nonoperating revenue – COVID-19 grants on the statement of revenues, expenses, and changes in net position.

These obligations from FEMA were received based on project applications for reimbursement of eligible COVID-19 costs and are not expected to be subject to repayment, provided the Center is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the amounts received do not duplicate assistance received by any other parties. In October 2022, FEMA issued clarifying guidance with respect to its COVID-19 patient care revenue duplication of benefits policy introducing a risk-based approach to their audits of these projects bringing additional scrutiny to these payments.

The Center will continue to monitor compliance with the terms and conditions of the FEMA payments, and the effect of the pandemic on the Center's expenses. The terms and conditions governing FEMA payments are complex and subject to interpretation and change. If the Center is unable to attest to or comply with current or future terms and conditions, the Center's ability to retain some or all of the distributions received may be impacted. Additionally, FEMA payments are subject to government oversight, including potential audits.

13. CARES Act Employee Retention Credit:

In 2025, the Center claimed the CARES Act ERC in the amount of \$3,920,318 by amending its Form 941, *Employer Quarterly Federal Tax Return*, for the first two quarters of 2021. The Center used a consultant to assist with the filing and claiming of the ERC. As per the contract, the Center recorded a payable to the consultant in the amount of \$787,089 in 2025, which is included in accounts payable on the accompanying statements of net position. The Center received payments from the Internal Revenue Service in the amount of \$5,247,261, including interest of \$1,326,943, in February 2026.

Laws and regulations concerning the ERC are complex and subject to varying interpretations. ERC claims may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Center's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Center.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements (Continued)
Years Ended June 30, 2025 and 2024

14. Related-Party Transactions:

The Center historically provided dietary, maintenance, and administrative services to the Nursing Home. The Center has recorded receivables of \$1,457,742 and \$1,457,666 from the Nursing Home in 2025 and 2024, respectively, reported as due from related party on the statements of net position.

During 2017, the Nursing Home purchased property and two clinics for \$1,198,000 which it then leased to the Center. The City subsequently purchased the property and assumed the lease from the Nursing Home. The Center accounted for the transaction as a financed purchase. See Note 6 for additional details on payment terms and the termination of the agreement in the year ended June 30, 2025. Starting in October 2024, the Center rents the property from the City on a monthly basis at \$4,000 per month.

The Nursing Home has also loaned \$1,650,000 to the Center. See Note 6 for related terms.

15. Subsequent Event:

On August 29, 2025, the Center entered into a lease agreement with CareFusions Solutions, LLC for pharmacy equipment in the total amount of \$1,000,000, payable in monthly installments of \$9,411, including interest at 0.359 percent, through August 2034.

REQUIRED SUPPLEMENTARY INFORMATION

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Schedule of Proportionate Share of Net Pension Liability
Missouri Local Government Employees' Retirement System -
Defined Benefit Pension Plan
Last 10 Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>Total pension liability</i>										
Service cost	\$ 935,303	\$ 866,495	\$ 958,839	\$ 873,283	\$ 793,708	\$ 780,750	\$ 778,440	\$ 752,518	\$ 705,588	\$ 659,381
Interest on total pension liability	2,635,297	2,572,494	2,594,346	2,340,523	2,429,735	2,362,289	2,246,734	2,185,342	2,092,854	1,926,517
Changes in assumptions	-	-	-	-	(1,188,065)	-	-	-	-	1,181,100
Difference between expected and actual experience	2,725,230	(643,483)	(1,963,964)	2,180,440	(428,904)	(593,711)	173,753	(659,631)	(206,621)	(228,887)
Benefit payments	(1,961,325)	(1,903,953)	(1,809,641)	(1,810,834)	(1,637,877)	(1,613,365)	(1,599,276)	(1,294,408)	(1,382,404)	(1,154,593)
Net change in total pension liability	4,334,505	891,553	(220,420)	3,583,412	(31,403)	935,963	1,599,651	983,821	1,209,417	2,383,518
<i>Total pension liability, beginning of year</i>	38,151,428	37,259,875	37,480,295	33,896,883	33,928,286	32,992,323	31,392,672	30,408,851	29,199,434	26,815,916
Total pension liability, end of year	42,485,933	38,151,428	37,259,875	37,480,295	33,896,883	33,928,286	32,992,323	31,392,672	30,408,851	29,199,434
<i>Fiduciary net position</i>										
Employer contributions	743,261	618,469	499,435	644,969	527,353	445,235	477,031	410,332	345,604	459,442
Net investment income	2,818,018	2,408,845	1,635,320	35,874	10,455,321	523,292	2,502,067	4,332,089	3,895,180	(79,813)
Benefit payments	(1,961,325)	(1,903,953)	(1,809,641)	(1,810,834)	(1,637,877)	(1,613,365)	(1,599,276)	(1,294,408)	(1,382,404)	(1,154,593)
Administrative expenses	(77,410)	(74,379)	(85,552)	(61,216)	(55,685)	(71,129)	(61,579)	(44,049)	(43,069)	(43,493)
Other	(364,802)	84,126	(832,215)	(233,300)	(385,420)	(60,421)	(208,849)	(387,772)	(122,608)	24,293
Net change in fiduciary net position	1,157,742	1,133,108	(592,653)	(1,424,507)	8,903,692	(776,388)	1,109,394	3,016,192	2,692,703	(794,164)
<i>Fiduciary net position, beginning of year</i>	47,213,721	46,080,613	46,673,266	48,097,773	39,194,081	39,970,469	38,861,075	35,844,883	33,152,180	33,946,344
Fiduciary net position, end of year	48,371,463	47,213,721	46,080,613	46,673,266	48,097,773	39,194,081	39,970,469	38,861,075	35,844,883	33,152,180
Center's net pension asset	\$ (5,885,530)	\$ (9,062,293)	\$ (8,820,738)	\$ (9,192,971)	\$ (14,200,890)	\$ (5,265,795)	\$ (6,978,146)	\$ (7,468,403)	\$ (5,436,032)	\$ (3,952,746)
<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>										
	113.85%	123.75%	123.67%	124.53%	141.89%	115.52%	121.15%	123.79%	117.88%	113.54%
Covered Payroll	\$ 20,212,586	\$ 13,996,765	\$ 15,608,052	\$ 17,391,437	\$ 14,046,663	\$ 13,113,471	\$ 13,350,685	\$ 13,168,042	\$ 12,399,005	\$ 11,684,198
<i>Center's Net Pension Asset as a Percentage of Covered Payroll</i>										
	-29.12%	-64.75%	-56.51%	-52.86%	-101.10%	-40.16%	-52.27%	-56.72%	-43.84%	-33.83%

See accompanying independent auditors' report and notes to required supplementary information.

Nevada City Hospital
doing business as Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Schedule of the Center's Contributions
Missouri Local Government Employees' Retirement System -
Defined Benefit Pension Plan
Last 10 Years

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	\$ 457,185	\$ 457,185	\$ -	\$ 12,031,173	3.80%
2017	344,144	344,144	-	12,746,064	2.70%
2018	409,133	409,133	-	13,197,802	3.10%
2019	478,897	478,897	-	12,943,165	3.70%
2020	441,695	441,695	-	12,991,024	3.40%
2021	528,856	528,856	-	14,690,422	3.60%
2022	653,188	653,188	-	18,144,103	3.60%
2023	494,161	494,161	-	15,940,697	3.10%
2024	632,899	632,899	-	15,069,016	4.20%
2025	714,921	714,921	-	21,027,078	3.40%

See accompanying independent auditors' report and notes to required supplementary information.

**Nevada City Hospital
 doing business as Nevada Regional Medical Center
 A Component Unit of the City of Nevada, Missouri
 Notes to Required Supplementary Information**

1. Missouri Local Government Employees' Retirement System:

The rollforward of total pension liability from February 28, 2025 to June 30, 2025, reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates are:

Methods and Assumptions Used to Determine Contribution Rates:

<i>Actuarial Cost Method</i>	Entry Age Normal and Modified Terminal Funding
<i>Amortization Method</i>	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
<i>Remaining Amortization Period</i>	Multiple bases from 9 to 15 years
<i>Asset Valuation Method</i>	5-year smoothed market; 20% corridor
<i>Inflation</i>	2.75% wage inflation; 2.25% price inflation
<i>Salary Increases</i>	2.75% to 6.75% including wage inflation
<i>Investment Rate of Return</i>	7.00%, net of investment expenses
<i>Retirement Age</i>	Experience-based table of rates that are specific to the type of eligibility condition.
<i>Mortality</i>	The healthy retiree mortality tables, for post retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

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