

**CRETE AIRPORT AUTHORITY  
CRETE, NEBRASKA  
(A Component Unit of the City of Crete, Nebraska)**

**FINANCIAL STATEMENTS**

**September 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Crete Airport Authority Board  
Crete, Nebraska

We have audited the accompanying financial statements of the governmental activities and the major fund of the Crete Airport Authority, Crete, Nebraska, a component unit of the City of Crete, Nebraska, as of and for the fourteen months ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Airport Authority'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

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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 and the major fund of the Crete Airport Authority, Crete, Nebraska as of September 30, 2021, and the respective changes in financial position, thereof for the fourteen months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

The financial statements present only the Crete Airport Authority component unit and do not purport to, and do not, present fairly the financial position of the City of Crete, Nebraska, as of September 30, 2021, and the change in its financial position and cash flows for the fourteen months then ended in conformity with accounting principles generally accepted in the United States of America.

### *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 5–10 and 36–37 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 December 17, 2021, on our consideration of the Crete Airport Authority'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 Crete Airport

Authority'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 Crete Airport Authority's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska  
December 17, 2021

**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Fourteen Months Ended September 30, 2021**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Crete Airport Authority, we offer readers of the Crete Airport Authority financial statements this narrative overview and analysis of the financial activities of the Crete Airport Authority for the fourteen months ended September 30, 2021.

**Financial Highlights**

- The assets of the Crete Airport Authority exceeded its liabilities at the close of the most recent fiscal period by \$3,024,056 (*net position*). *Unrestricted net position* which may be used to meet the government's ongoing obligations to citizens and creditors was \$237,759.
- At the end of the current fiscal period, unassigned fund balance for the General Fund was \$237,759, or 87.2 percent of General Fund expenditures for the fourteen months ended September 30, 2021.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Crete Airport Authority's basic financial statements. The Crete Airport Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Crete Airport Authority's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Crete Airport Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Crete Airport Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Crete Airport Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*).

**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Fourteen Months Ended September 30, 2021**

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The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Crete Airport Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The one fund of the Crete Airport Authority is a governmental fund.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Crete Airport Authority maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered to be a major fund.

The Crete Airport Authority adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-35 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Crete Airport Authority's budgetary comparison schedules. Required supplementary information can be found on pages 36-37 of this report.

**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Fourteen Months Ended September 30, 2021**

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**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Crete Airport Authority, assets exceeded liabilities by \$3,024,056 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	<u><b>2021</b></u>	<u><b>2020</b></u>
Current and Other Assets	\$ 259,411	\$ 208,778
Capital Assets	2,810,297	2,952,734
Total Assets	<u>3,069,708</u>	<u>3,161,512</u>
Long-term Liabilities	-	48,000
Other Liabilities	45,652	56,243
Total Liabilities	<u>45,652</u>	<u>104,243</u>
Net Position:		
Net Investment in Capital Assets	2,786,297	2,881,734
Unrestricted	237,759	175,535
Total Net Position	<u><u>\$ 3,024,056</u></u>	<u><u>\$ 3,057,269</u></u>

By far, the largest portion of the Crete Airport Authority's net position (92.1 percent) reflects its investment in capital assets (land, improvements, buildings, and equipment), net of any related debt used to acquire those assets that is still outstanding. The Crete Airport Authority uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Crete Airport Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net position*, (\$237,759), may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2021, the Crete Airport Authority is able to report positive balances in its two categories of net position.



**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Fourteen Months Ended September 30, 2021**

**Expenses and Program Revenues – Governmental Activities**

<u>Function</u>	<u>2021 (14 months)</u>		<u>2020 (12 months)</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Airport Operations	\$ 288,630	\$ 366,275	\$ 239,832	\$ 460,939
Interest	-	1,754	-	2,211
	<u>\$ 288,630</u>	<u>\$ 368,029</u>	<u>\$ 239,832</u>	<u>\$ 463,150</u>

**Revenues by Source – Governmental Activities**

<u>Sources of Revenue</u>	<u>2021 (14 months)</u>		<u>2020 (12 months)</u>	
Charges for Services	\$ 181,633	54.2 %	\$ 239,832	90.5 %
Capital Grants and Contributions	106,997	32.0	-	-
Property Taxes	33,503	10.0	24,952	9.5
Sale of Property	6,543	2.0	-	-
Other	6,140	1.8	99	-
Total	<u>\$ 334,816</u>	<u>100.0 %</u>	<u>\$ 264,883</u>	<u>100.0 %</u>

Net position decreased \$33,213 in the governmental activities during the year.

**Financial Analysis of the Government's Funds**

As noted earlier, the Crete Airport Authority used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Crete Airport Authority's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Crete Airport Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Crete Airport Authority's governmental funds reported an ending fund balance of \$237,759. This total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Crete Airport Authority. At the end of the current fiscal period, total fund balance (all unassigned) of the General Fund was \$237,759.

**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Fourteen Months Ended September 30, 2021**

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The fund balance of the Crete Airport Authority's General Fund increased by \$62,224 during the current fiscal period.

**General Fund Budgetary Highlights**

There was no difference between the original budget and the final adopted budget.

**Capital Asset and Debt Administration**

**Capital Assets.** The Crete Airport Authority's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$2,810,297 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, improvements, buildings, and equipment.

The capital asset addition during the fourteen months ended September 30, 2021 was construction in progress of \$63,998 on engineering for the fuel system.

**Crete Airport Authority's Capital Assets**  
**(net of depreciation)**

	<u><b>2021</b></u>	<u><b>2020</b></u>
Land	\$ 397,514	\$ 397,514
Construction in progress	63,998	-
Buildings and Improvements	2,040,322	2,198,811
Equipment	308,463	356,409
Total	<u><u>\$ 2,810,297</u></u>	<u><u>\$ 2,952,734</u></u>

Additional information on the Crete Airport Authority's capital assets can be found in Note C2 on page 31 of this report.

**Long-term debt.** At the end of the current fiscal year, the Crete Airport Authority had the following long-term debt outstanding:

**Crete Airport Authority's Outstanding Debt**

	September 30, <u>2021</u>	July 31, <u>2020</u>	Increase (Decrease)
Bonds payable	<u><u>\$ 24,000</u></u>	<u><u>\$ 71,000</u></u>	<u><u>\$ (47,000)</u></u>

The Crete Airport Authority's total debt during the current fiscal period decreased \$47,000 (66.2 percent) as scheduled principal payments were made.

**CRETE AIRPORT AUTHORITY, CRETE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Fourteen Months Ended September 30, 2021**

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The Crete Airport Authority does not have a bond rating.

Additional information on the Crete Airport Authority's long-term debt can be found in Note C3 on page 32 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Budgeted expenditures for the year ending September 30, 2022 are \$1,175,000, a \$49,934 (4.1 percent) decrease from the prior year. Also, \$900,000 is budgeted for Federal grant receipts compared to \$600,000 budgeted the prior year.
- As of September 30, 2021, the Crete Airport Authority has contractual commitments totaling \$698,530 remaining on the fuel system project. This project is expected to be completed by December 31, 2021.

**Request for Information**

This financial report is designed to provide a general overview of the Crete Airport Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Crete, P.O. Box 86, Crete, NE 68333.

**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
**(A Component Unit of the City of Crete)**

**STATEMENT OF NET POSITION**

**September 30, 2021**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 225,305
County treasurer cash	697
Accounts receivable	30,608
Prepaid insurance	<u>2,801</u>
Total current assets	259,411

Noncurrent assets:

Capital assets:

Land	397,514
Construction in progress	63,998
Other capital assets, net of depreciation	<u>2,348,785</u>
Net capital assets	<u>2,810,297</u>

<b>Total assets</b>	<b>3,069,708</b>
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**LIABILITIES**

Current liabilities:

Accounts payable	3,055
Due to the City of Crete	1,235
Accrued interest payable	97
Unearned rent revenue	17,265
Current portion of long-term obligations	<u>24,000</u>
Total current liabilities	<u>45,652</u>

**NET POSITION**

Net investment in capital assets	2,786,297
Unrestricted	<u>237,759</u>
<b>Total net position</b>	<b><u>\$ 3,024,056</u></b>

See notes to financial statements.

**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
**(A Component Unit of the City of Crete)**

**STATEMENT OF ACTIVITIES**

**For the fourteen months ended September 30, 2021**

Program expenses:

Airport:

Insurance and bonds	\$ 17,940
Utilities	21,272
Repairs and maintenance	47,552
Contract services	49,142
Printing and publishing	1,456
Credit card charges	2,963
Professional fees	5,460
Fuel	13,489
Miscellaneous	566
Depreciation	206,435
Interest	<u>1,754</u>
Total program expenses	368,029

Program revenues:

Charges for services	181,633
Capital grants	<u>106,997</u>
Total program revenues	<u>288,630</u>

Program expenses in excess of revenues (79,399)

General revenues:

Property taxes	33,503
Sale of property	6,543
Other income	<u>6,140</u>
Total general revenues	<u>46,186</u>

Decrease in net position (33,213)

Net position - July 31, 2020 3,057,269

Net position - September 30, 2021 \$ 3,024,056

See notes to financial statements.

**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
**(A Component Unit of the City of Crete)**

**BALANCE SHEET - GOVERNMENTAL FUND**

**September 30, 2021**

	General <u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 225,305
County treasurer cash	697
Accounts receivable	30,608
Prepaid insurance	<u>2,801</u>
<b>Total assets</b>	<u><u>\$ 259,411</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 3,055
Due to the City of Crete	1,235
Accrued interest payable	97
Unearned rent revenue	<u>17,265</u>
<b>Total liabilities</b>	21,652
Fund balance:	
Unassigned	<u>237,759</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 259,411</u></u>

See notes to financial statements.

**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
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**RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUND TO THE  
STATEMENT OF NET POSITION**

**September 30, 2021**

<b>Total fund balance - governmental fund</b>	\$ 237,759
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund. The cost of the assets is \$7,397,260, and the accumulated depreciation is \$4,586,963.	2,810,297
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental fund. Long-term liabilities at year-end consist of:

Bonds payable	<u>(24,000)</u>
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<b>Total net position - governmental activities</b>	<u><u>\$ 3,024,056</u></u>
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See notes to financial statements.

**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
**(A Component Unit of the City of Crete)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUND**

**For the fourteen months ended September 30, 2021**

	General <u>Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 33,503
Grant income	106,997
Rent and fuel sales	181,633
Sale of equipment	6,543
Other income	6,140
Total revenues	<u>334,816</u>
<b>EXPENDITURES</b>	
Airport operations	159,840
Capital outlay	63,998
Principal payments on debt	47,000
Interest on long-term debt	1,754
Total expenditures	<u>272,592</u>
<b>Net change in fund balances</b>	62,224
Fund balance - July 31, 2020	<u>175,535</u>
Fund balance - September 30, 2021	<u><u>\$ 237,759</u></u>

See notes to financial statements.



**CRETE AIRPORT AUTHORITY**  
**CRETE, NEBRASKA**  
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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

**For the fourteen months ended September 30, 2021**

<b>Total net change in fund balance - governmental fund</b>	\$ 62,224
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$63,998) was exceeded by depreciation expense (\$206,435) in the period.	
	(142,437)
Repayment of bond and note principal are expenditures in the governmental fund, but the repayments reduce long-term liabilities in the statement of net position.	<u>47,000</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (33,213)</u></u>

See notes to financial statements.

**CRETE AIRPORT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Crete Airport Authority, Crete, Nebraska (Airport Authority) (a component unit of the City of Crete, Nebraska) are prepared in accordance with generally accepted accounting principles (GAAP). The Airport Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. During the fiscal period ended September 30, 2021, the Airport Authority changed its year end from July 31 to September 30, so the accompanying financial statements present 14 months of operations.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

**1. Financial Reporting Entity**

The Airport Authority operates under a Board form of government with an elected legislative body composed of five members. The five members of the Airport Authority Board are elected for six-year terms, with elections held every other year. The Board elects its chairperson and vice-chairperson. The Airport Authority is reported as a component unit of the City of Crete.

The Airport Authority's financial reporting entity comprises the following:

Primary Government:	Crete Airport Authority
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In determining the financial reporting entity, the Airport Authority complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the Authority may be financially accountable, and, as such, should be included within the Authority's financial statements. The Authority (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Airport Authority Board or the component unit provides services entirely to the Airport Authority. These component units' funds are blended into those of the Airport Authority by appropriate activity type to compose the primary government presentation. Currently, the Airport Authority has no blended component units.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The Airport Authority currently has no discretely presented component units.

**2. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Airport Authority or meets the following criteria:

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fund Financial Statements, continued**

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

**Governmental Fund**

*General Fund*

The General Fund is the primary operating fund of the Airport Authority and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Major:</i>	
Governmental:	
General	See above for description.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity**

**Estimates**

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

**Cash and Cash Equivalents**

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. The County Treasurer’s cash represents revenues collected not yet remitted to the Airport Authority.

Additional cash and cash equivalent disclosures are presented in Notes B2, C1, and D1.

When both restricted and unrestricted resources are available for use, it is the Airport Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. The Airport Authority has recorded an allowance for uncollectible accounts receivable of \$1,715.

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets, continued**

*Government-wide Statements*

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets. The Airport Authority has a \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The Airport Authority has elected the depreciation approach for reporting infrastructure.

Depreciation of governmental capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Buildings	10-25 years
Improvements	10-25 years
Equipment	5-10 years

Prior to July 1, 1980, infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Unearned Rent Revenue**

In the government-wide statements, unearned rent revenue consists of rent and user fees received for future periods (not yet earned).



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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

*Government-wide Statements*

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of bonds payable.

*Fund Financial Statements*

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications, continued**

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Effective August 1, 2010, the Airport Authority adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements.

Fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the Airport Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by Airport Authority Board ordinance or resolution.

**Assigned**—Amounts that are designated by the Executive Director for a specific purpose but are not spendable until a budget ordinance is passed by the Airport Authority Board.

**Unassigned**—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Fund Balance Sheet (page 13). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Airport Authority Board or the Assignment has been changed by the Executive Director. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Property Taxes**

The Airport Authority has the power to levy taxes each year sufficient to pay any judgment existing against the Airport Authority, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Saline County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2020-2021 are recorded as revenue when received by the County.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by character and function for governmental activities.

In the fund financial statements, governmental funds report expenditures of financial resources, classified by character and function.

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the Airport Authority is subject to various federal, state, and local laws and contractual regulations. An analysis of the Airport Authority's compliance with significant laws and regulations and demonstration of its stewardship over Airport Authority resources follows:

**1. Fund Accounting Requirements**

The Airport Authority complies with all state and local laws and regulations requiring the use of separate funds. The legally required fund used by the Airport Authority is the General Fund.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**2. Deposit Laws and Regulations**

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Airport Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The Authority's cash deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the FDIC limits are insured by collateral held by the pledging institution in the Airport Authority's name.

**3. Revenue Restrictions**

The Airport Authority has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

**4. Debt Restrictions and Covenants**

*Bond Payable*

The bond ordinance relating to the bond payable contains some restrictions or covenants that are financial-related. These include covenants such as debt-service coverage requirements and required reserve account balances. The Airport Authority is in compliance with the bond restrictions and covenants.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data**

The Airport Authority is required by state laws to adopt annual budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditure and/or tax levy limitations.

The Airport Authority follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1, the Airport Authority prepares a budget for the fiscal year commencing October 1 and submits a preliminary request to the City Council for property tax dollars. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the Board adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the Airport Authority, which levied property taxes in the county the previous year based on the combined valuation and amount required for the Airport Authority the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data, continued**

- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The Crete Airport Authority adopts a budget by resolution for all funds.

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for the Airport Authority's various assets, liabilities, equity, revenues, and expenditures/expenses.

**1. Cash and Cash Equivalents**

**Deposits**

The Airport Authority's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2021. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Airport Authority (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Airport Authority's name.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**1. Cash and Cash Equivalents, continued**

**Deposits, continued**

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Airport Authority's name; or collateralized with no written or approved collateral agreement.

<b><u>Types of Deposits</u></b>	<b><u>Total Bank Balance</u></b>	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Total Carrying Value</u></b>
Demand deposits	\$ 233,044	\$ 233,044	\$ -	\$ -	\$ <u>225,305</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted cash and cash equivalents \$ 225,305

**CRETE AIRPORT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**2. Capital Assets**

Capital asset activity for the fourteen months ended September 30, 2021, was as follows:

	<u>Balance at July 31, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at September 30, 2021</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 397,514	\$ -	\$ -	\$ 397,514
Construction in progress	<u>-</u>	<u>63,998</u>	<u>-</u>	<u>63,998</u>
Total capital assets not being depreciated	397,514	63,998	-	461,512
Other capital assets being depreciated:				
Buildings and improvements	6,023,813	-	-	6,023,813
Equipment	<u>926,911</u>	<u>-</u>	<u>(14,976)</u>	<u>911,935</u>
Total other capital assets at historical cost	6,950,724	-	(14,976)	6,935,748
Less accumulated depreciation for:				
Buildings and improvements	(3,825,002)	(158,489)	-	(3,983,491)
Equipment	<u>(570,502)</u>	<u>(47,946)</u>	<u>14,976</u>	<u>(603,472)</u>
Total accumulated depreciation	<u>(4,395,504)</u>	<u>(206,435)</u>	<u>14,976</u>	<u>(4,586,963)</u>
Other capital assets, net	<u>2,555,220</u>	<u>(206,435)</u>	<u>-</u>	<u>2,348,785</u>
Governmental activities capital assets, net	<u>\$ 2,952,734</u>	<u>\$ (142,437)</u>	<u>\$ -</u>	<u>\$ 2,810,297</u>

Construction in progress at September 30, 2021, consists of \$63,998 of costs incurred on the fuel system engineering project. See note D2 for additional details on commitments remaining on this project.



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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. Long-term Debt**

**Changes in Long-term Debt:**

The following is a summary of changes in long-term debt for the fourteen months ended September 30, 2021:

<u>Type of Debt</u>	<u>Balance July 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	<u>\$ 71,000</u>	<u>\$ -</u>	<u>\$ (47,000)</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>

**Governmental Activities:**

As of September 30, 2021, the governmental long-term liabilities consisted of the following:

Bonds payable:

Airport limited tax bonds dated August 1, 2017, with original issue amount of \$114,000. Interest is 3.25 percent with final maturity August 15, 2022. \$ 24,000

Current portion \$ 24,000

Long-term portion -

Total bonds payable \$ 24,000

Annual debt service requirements to maturity as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 24,000	\$ 780
2023	-	-
2024	-	-
2025	-	-
2026	-	-
	<u>\$ 24,000</u>	<u>\$ 780</u>

**CRETE AIRPORT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES**

**1. Risk Management**

The Airport 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 Airport has purchased commercial insurance to minimize the effect of possible exposure to these risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three years.

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Airport Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Airport Authority's investments at September 30, 2021, are held by banks in the name of the Airport Authority. The Airport Authority only has a demand deposit account.

***Interest Rate Risk.*** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Airport Authority's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The Airport Authority did not have any certificates of deposit at September 30, 2021.

***Credit Risk.*** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Airport Authority does not have any investments.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**1. Risk Management, continued**

**Deposits and Investments, continued**

***Concentration of Credit Risk.*** The Airport Authority's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2021, the Airport Authority's cash consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank	\$ <u>235,305</u>

***Foreign Currency Risk.*** This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Airport Authority's investments had no exposure to foreign currency risk and the Airport Authority held no investments denominated in foreign currency at September 30, 2021.

**2. Commitments and Contingencies**

At September 30, 2021, the Airport had a contractual commitment of \$51,520 remaining on engineering services for the fuel system, having paid \$57,080 of the total \$108,600 contract. Also at September 30, 2021, the Airport had a contractual commitment of \$647,010 for the fuel system contractor. Nothing had been paid yet on this contract at the fiscal year end. The fuel system is expected to be completed by December 31, 2021.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen worldwide. While the disruption this pandemic is causing is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the financial impact to the Airport Authority that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2021**

**NOTE D – OTHER NOTES, continued**

**3. Subsequent Events**

Management has evaluated subsequent events through December 17, 2021, the date on which the financial statements were available for issue.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CRETE AIRPORT AUTHORITY  
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**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**Fourteen months ended September 30, 2021**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property taxes	\$ 24,575	\$ 33,503	\$ 8,928
Grant income	600,000	106,997	(493,003)
Rent and fuel sales	200,000	184,261	(15,739)
Sale of equipment	-	6,543	6,543
Other income	<u>375,000</u>	<u>6,140</u>	<u>(368,860)</u>
Total resources	1,199,575	337,444	(862,131)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Airport operations	300,000	149,368	(150,632)
Capital outlay	900,000	63,998	(836,002)
Principal payments on debt	24,000	47,000	23,000
Interest on long-term debt	<u>934</u>	<u>2,715</u>	<u>1,781</u>
Total charges to appropriations	<u>1,224,934</u>	<u>263,081</u>	<u>(961,853)</u>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (25,359)</u>	<u>\$ 74,363</u>	<u>\$ 99,722</u>

**CRETE AIRPORT AUTHORITY  
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**BUDGETARY COMPARISON SCHEDULE -  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**Fourteen months ended September 30, 2021**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
Accrual Basis Revenues and Expenditures**

	<u>General Fund</u>
<b>Sources/inflows of resources:</b>	
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 337,444
Differences - budget to accrual: Cash to accrual adjustments	<u>(2,628)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u><u>\$ 334,816</u></u>
<b>Uses/outflows of resources:</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 263,081
Differences - budget to accrual: Cash to accrual adjustments	<u>9,511</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental fund	<u><u>\$ 272,592</u></u>

**ADDITIONAL INFORMATION REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



**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 Crete Airport Authority Board  
Crete, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Crete Airport Authority, Crete, Nebraska as of and for the fourteen months ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 17, 2021.

**Internal Control Over Financial Reporting**

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

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

**SHAREHOLDERS:**

Robert D. Almquist  
Phillip D. Maltzahn  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump  
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.

#### Segregation of Duties

Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Crete Airport Authority's financial statements are free of 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*.

#### **Crete Airport Authority's Response to Findings**

The Crete Airport Authority's response to the findings identified in our audit is that due to the small size of the Authority, it is impractical to further segregate duties. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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.

AMGL, PC.

Grand Island, Nebraska  
December 17, 2021